

Appendix 2

Gloucestershire County Council

Medium Term Financial Strategy Approved by County Council 13th February 2019

2019/20 to 2021/22

Budget 2019/20

A Context

- 1 This Medium Term Financial Strategy (MTFS) was presented to Cabinet for approval on 30th January 2019, prior to final approval of County Council on 13th February 2019. It has been prepared using best estimates from available data, based on the final settlement made 29th January 2019.
- 2 The MTFS contains the approved budget for 2019/20. The budget totals £429.661 million and is based on a 2.99% Council Tax increase. In addition, this is the final year of the Adult Social Care levy which allows the Council to increase council tax levels by 2% specifically to fund Adult Social Care. This 2% levy raises an additional £5.6 million for Adult Social Care services.
- 3 The approved revenue budget is £1.305 million more than the consultation budget, due to funding changes as outlined in section E below.
- 4 The approved MTFS should be considered in the context of the Council Strategy, which sets out our ambitions for Gloucestershire and our plans and priorities for the next three years.
- 5 In the context of the Council Strategy, Commissioning Intentions for each area are provided in Annex 1. The Commissioning Intentions highlight current achievements and future plans in relation to the redesign of services within Gloucestershire, which aim to maximise effectiveness whilst delivering on the significant financial challenges facing the Council. These detailed narratives cover Adults (Annex 1.1), Children and Families (Annex 1.2), Communities and Infrastructure (Annex 1.3) and Prevention and Well Being (Annex 1.4).

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 alongside the MTFS and sets out the Council’s vision, our ambitions for the county and our priorities for addressing the challenges and opportunities we face.
- 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 next 3 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 2018 and 21st January 2019 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 in Appendix 3.
- 12 The Overview and Scrutiny Management Committee (OSMC) have also undertaken their own budget scrutiny process on 10th January 2019. The Chair of the OSMC presented the findings of the scrutiny process to Cabinet 30th January 2019.

D Finance Settlement and Funding Assumptions

- 13 The overall spending context for the Council is based on central governments 2015 Spending Review updated for more recent Budget announcements, in particular the Autumn Statement 2018 and provisional and final financial settlements received in December 2018 and January 2019.
- 14 The 2015 Spending Review made an offer to local authorities which gave more certainty about medium term funding levels. The Council accepted this four year offer as a minimum funding guarantee – 2019/20 is the final year of this four year deal.
- 15 Funding beyond 2019/20 will be subject to the Comprehensive Spending Review (CSR) which is expected to commence in the summer of 2019.

- 16 The final 2019/20 local government settlement was received on the 29th January 2019.

Financial Settlement

- 17 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.
- 18 The settlement sets out the Settlement Funding Assessment (SFA) and core spending power 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).
- 19 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 County Council's share of the locally retained element is 20%. A Top Up grant is received in order to protect upper tier services, 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.
- 20 During 2018/19 the Council, together with the district councils in Gloucestershire, was part of a 100% Business Rate Pilot scheme. This meant that instead of receiving RSG, a Top Up grant and a 10% share of rates raised, all of the rates income within Gloucestershire was retained. This is detailed more fully in the Business Rate Pool / Pilot section below.
- 21 The Government now envisages that a 75% BRR scheme will be introduced in 2020/21 and alongside the provisional settlement in December 2018 announced that 15 local authorities will trial the 75% scheme. Gloucestershire, along with most other current 100% pilot areas, was not successful in its bid to be a 75% pilot in 2019/20. As a result the Council will revert to a 50% BRR scheme for 2019/20.
- 22 Under the current 50% arrangements, Revenue Support Grant (RSG) will have reduced by 84% by the end of the current CSR period whilst Top Up grant remains relatively stable increasing in line with CPI. The Council's share of business rate yield is forecast to rise in line with CPI.

Other Funding Streams

- 23 In addition to the main un-ring fenced grants received, the Council also receives a number of other grants, which central government include in their presentation of Core Spending Power of local authorities. These include:
- Improved Better Care Fund
The 2015 Comprehensive Spending Review (CSR) announced an additional £1.5 billion for Adult Social Care by 2019/20 through the Improved Better Care Fund and subsequently additional money was announced on a reducing balance basis from 2017/18. In total for 2019/20 the Council will receive £16.9 million, £13.3 million forms part of the council's base funding from the original CSR announcement and £3.6 million is treated as a specific grant being announced after the 2017 finance settlement.

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 Funding

The Autumn Statement issued in October 2018 provided some additional one-off funding for social care in 2019/20. A sum of £2.53 million will be received to manage winter pressures and reduce the burden on the NHS. The money is intended to ensure people can leave hospital when they are ready and transfer into a care setting that best meets their needs. In addition, a sum of £4.32 million will be received to enable the council to improve their social care offer for older people, people with disabilities and children. This amount will be split evenly between Adults and Children in Gloucestershire with detailed spending proposals currently being devised. This grant is not within the Council's base budget, but is treated as a specific grant.

- 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, originally for six years, but now reduced to four years plus a bonus for each affordable home. The Council's allocation of grant was slightly lower than expected for 2019/20 at £3.04 million. This grant is shown within the Council's base budget.

- In addition to these grants the Council is also expected to receive £23.63 million for Public Health, this is included in the base budget. From 2020/21 it is expected that this grant will become part of the BRR system.

- 24 Well over half of the Council's funding now comes from Council Tax. The general Council Tax referendum limit for upper tier authorities was confirmed at 3%, plus the Adult Social Care levy (which in the case of this Council is up to 2% for 2019/20). The Budget for 2019/20 proposes to raise council tax by 2.99%, which generates income of £8.3 million and the Adult Social Care Levy of 2% which generates an estimated £5.6 million (both these amounts are calculated excluding the impact of any increase in the taxbase). Both these measures help to mitigate the impact of the reduction in government grants outlined above and fund pressures on council services.
- 25 Following dialogue with the district councils, additional funding has been built into the base budget for a 2.2% increase in the tax base for the county in 2019/20. Taking this increased tax base into account the Council generates £6.0 million from the ASC levy (£5.6 million 2% council tax increase plus £0.4 million taxbase uplift) and £14.2 million from the general council tax increase (£8.3 million 2.99% council tax increase plus £5.9 million taxbase uplift). A surplus of £3.8 million on the Collection Fund has also been achieved.
- 26 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 move to 75% BRR, the Adult Social Care Green paper, the Fair Funding Review and the 2019 Comprehensive Spending Review.

The Gloucestershire Pool / Pilot

- 27 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. This is as a result of paying a lower levy on growth above the baseline to central government.
- 28 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.
- 29 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 an extra £4.6 million one off funding was built into 2018/19 Budget. Latest estimates for the Council's share of the pilot gain forecasts £2.4 million in excess of the £4.6 million originally estimated. The final position will not be known until the end of April when outturn figures on business rates collected are available. Any surplus in addition to the originally estimated £4.6 million pilot gain will be transferred to the Rates Retention Reserve. The approved budget for 2019/20 includes a proposal to use £2.23 million of this additional money to fund one-off investments in services to Vulnerable Children. All allocations from this Reserve will need Cabinet approval.
- 30 As mentioned earlier in the report this Council along with the district councils was unsuccessful in its bid to be a 75% pilot in 2019/20, so will revert to a Pool for 2019/20.

Fair Funding Review

- 31 The National Fair Funding Review is reviewing 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 it is now expected to be implemented in 2020/21.
- 32 A consultation paper was released with the provisional settlement and the Council will review and feed back as necessary on this. Of particular importance will be "transition" (or damping) arrangements that are put in place, so that authorities can develop financial plans with some knowledge of the potential "worst-case" scenario. The design of this "transition" is going to be crucial, as well as the amount and timing of transition allowed.

E Revenue Budget Proposal 2019/20

- 33 The following table shows the changes since the Cabinet report in December 2018:

Detail	£m
Budget per Cabinet 19 December 2018	428.356
Reduction in grant (provisional finance settlement 13/12/18)	-0.272
Additional Taxbase linked to Council Tax	1.834
Additional Taxbase linked to ASC Council Tax	0.143
Reduction in declared Council Tax Surplus Declared (one off funding)	-0.400
Provisional Revised Budget	429.661

- 34 The approved revenue budget for 2019/20 totals £429.661 million, a net increase of £16.18 million from 2018/19 – this is made up of £37.115 million of investment in services offset by £20.935 million of savings and efficiencies. These investments and savings are detailed in annex 2.
- 35 In addition to the permanent investments within the 2019/20 budget, proposals also include a one-off investment of £2.230 million to relieve pressures in Children's Services, which will be funded from the Rates Retention Reserve.
- 36 The following changes have been made to the revenue budget proposal for 2019/20:
- Looking to the Future implementation costs (£0.085 million)
 - Increase to the provision for demographic growth in adult services to reflect additional social care levy funding (£0.142 million, of which £0.134 million to be used in the provision of services to people with physical disabilities to avoid a 1.2% cut in services)
 - Additional inflation provisions to Adults, Children & Families and Support Services (£0.040 million)
 - Additional investment bid for GDPR compliance (£0.035 million)
 - Permanent allocation to eliminate the GFRS Efficiency Saving in the draft budget (£0.160 million)
 - Additional one off investment to fund a 5G Readiness Study in 2019/20 (£0.025 million)
 - Additional one off investment to provide suicide prevention training (£0.050 million)
 - Additional one off investment to provide additional capacity in sexually transmitted infections (STIs) testing (£0.050 million)
 - Provision of district youth pot (£10,000 for each district) controlled by Councillors in each district (£0.060 million)
 - One off investment and promotion of Gloucestershire Credit Union with a specific goal of supporting care leavers (£0.050 million)
 - One off investment to tackle holiday hunger (£0.050 million)

- One off investment for mapping existing cycle ways in the County, funded from the MtC3 contingency (£0.030 million)
 - Additional investment to maintain subsidised bus services, funded from the MtC3 contingency (£0.150 million)
 - One off contribution to the Vulnerable Peoples' Reserve to mitigate the demand risks associated with services to vulnerable adults and children (£0.558 million)
- 37 These investments will be funded by £1.305 million from additional council tax income summarised above and £0.180 million from a reduction in the MtC3 contingency budget.
- 38 In addition to the increases outlined above the starting budget for individual services (shown in Annexes 2 and 3) has been realigned to reflect permanent budget transfers occurring in 2018/19.
- 39 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
	2018/19	2019/20
	£'000	£'000
Additional Social Care Funding	7,176	3,569
Adult and Community Learning	2,067	2067
Adult Social Care Winter Pressure Grant	2,530	2,530
Brexit Preparation Grant	88	87
Better Care Fund (joint funding with CCG)	37,995	38,717
Dedicated Schools Grant (DSG)	253,435	257,146
Emergency Services Mobile Communication Programme (ESMCP)	1,048	1,048
Extended Personal Adviser Duty Implementation Grant	26	0
Extended Rights to Free Travel	516	413
Fire Revenue Grant	233	233
Independent Living Fund	945	887
Lead Local Flood	49	52
Local Reform and Community Voices	356	0
Music service	795	795
New Dimension Service and Maintenance Grant	58	58
Primary School PE and Sport Funding	3,546	3,546
Pupil Premium Grant	12,060	12,060
School Improvement Grant	426	426
SEN Implementation	417	417
Sixth Form Funding	2,083	1,493
Social Care Support Grant	1,581	4,322
Staying Put	260	260
Tackling Troubled Families & PbR	1,148	1,148
Teacher's Pay Grant	867	1,486
The Private Finance Initiative (PFI)	4,875	4,875
Unaccompanied Asylum Seekers	765	765
Universal Infant Free School Meals Grant	5,483	5,483
Virtual School Head s31	41	41
War pension disregard grant	169	169
Youth Justice Board	480	480
Youth Justice Board - Remands	43	43
Total Ringfenced Grant	341,561	344,616

40 A summary of the approved budget is provided below. This includes the one off investment to be funded from the Rates Retention Reserve.

Medium Term Financial Strategy – 2019/20 Budget – Overall Summary

	2018/19 Agreed MTFS Budget	Transfer of 2018/19 One Off Budget Support to T&C for MTFS Presentation	Agreed 2018/19 Budget adjustments *	2018/19 Revised MTFS Base Budget	Pay Inflation Costs	Cost Increases	Cost Reductions	Proposed 2019/20 Budget	Cash Increase / Decrease	Percentage Increase / Decrease
Budget Area	£000	£000	£000	£000	£'000	£'000	£'000	£'000	£'000	%
Programme Budget Areas										
Adults	133,172	-	1,384	134,556	1,190	11,429	-10,498	136,677	2,121	1.6%
Vulnerable Children	73,696	-1,123	611	73,184	917	11,792	-1,700	84,193	11,009	15.0%
Other Children Services	29,278	-	-9,619	19,659	391	215	-550	19,715	56	0.3%
Communities and Infrastructure	80,426	-530	-506	79,390	1,098	4,148	-830	83,806	4,416	5.6%
Support Services	27,917	-	47	27,964	769	3,653	-1,467	30,919	2,955	10.6%
Technical and Cross Cutting	44,721	1,703	-1,599	44,825	3	1,290	-4,850	41,268	-3,557	-7.9%
Prevention & Wellbeing	24,271	-50	9,682	33,903	20	200	-1,040	33,083	-820	-2.4%
Total Budget	413,481	-	-	413,481	4,388	32,727	-20,935	429,661	16,180	3.9%

* Includes the budget transfer of £9.485 million for Supporting People and Prevention Hub Services from Other Children Services to Prevention & Wellbeing

- 41 The 2019/20 approved budget is funded as follows:

	£000
Original 2018/19 Budget	413,481
Inflation	4,388
Cost and spending increases	32,727
Cost Reductions	<u>-20,935</u>
Total	429,661
Less:	
Settlement Funding	83,522
Public Health Grant	23,630
Improved Better Care Fund	13,337
New Homes Bonus	3,043
Other Non Ring Fenced Grants	2,365
Collection Fund Surplus	3,779
Reserves	<u>2,230</u>
Budget to be met by Council Tax Payers	297,755
Council Tax at band D = £1,293.70	

- 42 The approved budget for 2019/20 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 2018/19

- 43 The current forecast of the year end revenue position for 2018/19, based on actual expenditure at the end of November 2018 and forecasts made in December 2018, is an over spend of £0.957 million. 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 2018

Service Area	2018/19 Budget	Additional Budget from BRR Pilot	Revised 2018/19 Budget	Forecast Outturn Position	Forecast Outturn Variance	Variance %	Forecast Variance Previously reported	Change in variance
	£000	£000	£000	£000	£000	%	£000	£000
Adults	144,420	1,000	145,420	145,420	0	0.0%	0	0
Prevention & Wellbeing	33,953		33,953	33,903	-50	-0.1%	-96	46
Children & Families	103,488	2,600	106,088	114,054	7,966	7.5%	7,227	739
Communities & Infrastructure	87,166	1,000	88,166	88,127	-39	0.0%	256	-295
Business Support Services	28,798		28,798	28,798	0	0.0%	150	-150
Support Services Recharges	-28,776		-28,776	-28,776	0	0.0%	0	0
Total for Services	369,049	4,600	373,649	381,526	7,877	2.1%	7,537	340
Technical & Corporate	44,432		44,432	37,512	-6,920	-15.6%	-5,321	-1,599
Total	413,481	4,600	418,081	419,038	957	0.23%	2,216	-1,259

- 44 Further details of the forecast year end position can be found in the Financial Monitoring Report 2018/19 presented to Cabinet 30th January 2019. The assumption built into the MTFS is that the budget will be balanced at the end of 2018/19.

G Dedicated Schools Grant (DSG)

- 45 The DfE announced the DSG for 2019/20 on the 17th December 2018 and confirmed there will still be 4 separate allocation blocks within it for Schools, Central School Services, High Needs and Early Years. The early years block of the DSG will be updated further in summer 2019 and summer 2020 for the January pupil Counts.
- 46 The 2019/20 position for Gloucestershire is:

DSG Movement 2018/19 to 2019/20	Schools	Central School Services	High Needs	Early Years	Total DSG
	£m	£m	£m	£m	£m
2018/19 DSG at December 2018	348.425	2.568	58.919	32.246	442.158
Change to 2019/20	7.88	-0.009	1.042	0.001	8.914
2019/20 DSG announced 17th December 2018	356.305	2.559	59.961	32.247	451.072
5 Change from 2018/19	2.26%	-0.35%	1.77%	0.00%	2.02%

- 47 This represents an increase of £8.9 million (2.0%) from the current 2018/19 DSG and includes the additional funding for high needs that was announced at the same time.

- 48 Where a specific unit of funding has been used within a block formula Gloucestershire's position out of 149 authorities is shown below:

2019/20 schools block <u>Primary</u> unit of funding	Ranking (1=high, 149 low)	2019/20 schools block <u>Secondary</u> unit of funding	Ranking (1=high, 149 low)	2019/20 CSSB unit of funding	Ranking (1=high, 149 low)	2019/20 High Needs Block ACA-weighted basic entitlement factor unit rate	Ranking (1=high, 149 low)
£3,973.10	89	£4,952.91	130	£31.94	92	£4,037.88	63

- 49 It should be noted however that these funding units are only part of the funding a Local Authority (LA) receives as there are other historic (non unit) based elements that cannot be ranked.

Schools Block.

- 50 The DfE uses the national funding formula to set notional allocations for each school, which are then aggregated, and used to calculate the total schools block received by each LA. LAs are then responsible for setting a local schools formula, in consultation with their schools and Schools Forum.
- 51 Last year the Secretary of State announced that LAs in consultation with the Schools Forum would continue to be responsible for setting school budgets for 2018/19 and 2019/20. A subsequent announcement In July 2018 stated that the DfE were pleased to see the significant progress across the system in moving towards the national funding formula (NFF) in its first year, and in light of that progress, confirmed that LAs will continue to determine local formulas in 2020/21. No information is yet available on the position for 2021/22 onwards.
- 52 The arrangements for the schools NFF for 2019/20 were also published in July 2018. The guidance confirmed that the facility to be able to transfer up to 0.5% from the Schools Block to the High Needs block would continue.
- 53 The key changes were:
- allocations for growth will be based on a formula that measures actual growth in the previous year, instead of the current method of using planned growth.
 - changes to the Authority Pro-Forma Tool (APT) that LAs have to use to calculate school budgets. This allows the inclusion of the funding floor factor and alternative gains cap that are both used in the NFF and allows LAs to get a closer match to the DfE's NFF.
 - the government's NFF calculations included the planned increase in the Minimum Funding levels to £3,500 for primary schools (from £3,300) and to £4,800 for secondary schools (from £4,600).
 - the remaining formula figures are unchanged apart from prior attainment for primary schools where the rate per qualifying pupil has been reduced from £1,050 to £1,022 to reflect the greater proportion assessed as meeting the criteria.

- The capping level for schools due to gain through the formula increases to 6.09% when compared to the 2017/18 baseline.
- 54 The LA and Schools Forum have been in discussion over two key strategic issues for 2019/20:
- i. The formula and whether to depart from the strategy agreed at the Forum's October 2017 meeting to mirror the NFF as closely as possible.
 - ii. Whether to transfer funding from the schools block to the high needs block.
- 55 A consultation with all schools about these issues was also issued in November 2018.
- 56 For point 1 above the view continues to be that the local schools formula should continue to mirror the NFF as closely as the available funding and APT allows.
- 57 For point 2 the Schools Forum voted against any transfer of funds from the schools to high needs block at its November 2018 meeting. The Council then submitted an appeal to the Secretary of State to be able to transfer 0.25% of the Schools block to the High Needs Block, but then withdrew that request when additional high needs funding was announced on the 16th December. Further information about this is covered under the high needs block heading below.

High Needs Block

- 58 The pressure on the high needs budgets is a nationally recognised one and Gloucestershire's is no exception. On 16th December the Secretary of State announced some additional funding for high needs totalling £350 million: £100 million capital and £250 million revenue. Gloucestershire will receive an additional £1.35 million revenue funding in 2018/19 and the same amount again in 2019/20.
- 59 As a result of this announcement and after consultation with Cabinet members the appeal to the Secretary of State to transfer 0.25% of the schools block to the high needs block was withdrawn.
- 60 However the pressure on the high needs budget remains and the forecast position for 2018/19 has worsened further - reflecting the national picture. The forecast now shows an overspend, allowing for the £1.35 million addition announced on 16th December, of £4.7 million, reduced to £2.7 million once the High Needs carry forward reserve has been applied.
- 61 Proposals on how to resolve this deficit, and initiatives to tackle need more effectively and reduce costs in the long run were presented at the September 2018 and November 2018 Schools Forum meetings. The following savings actions for 2019/20 were agreed by the Forum:
- £0.4 million of efficiencies and savings from a planned review of special school placements; a new approach to Fair Access; removing the overspend on the Advisory Teaching Service; and savings on post 16 from the implementation of banded funding.

- Amending the discretionary policy of providing additional support to schools who attract disproportionate numbers of high needs pupils, from the current maximum contribution a school makes based on 1 pupil for every 75 on roll, to 1 pupil for every 40 on roll, in order to target support more proportionately. This is currently estimated to save £2.2 million.

The summary position on high needs now is:

	2018/19 £m	2019/20 £m
Balance b/fwd	-2.0	2.7
High Needs block allocation	-58.9	-60.0
Projected spending	63.6	61.0
Balance c/fwd (deficit)	2.7	3.7

NB spending for 2019/20 allows for the change to 1 in 40 and efficiency savings of £0.4 million but with spending otherwise unchanged from 2018/19 i.e. this is a likely best case scenario.

- 62 The additional £2.7 million high needs funding eases the deficit to a degree but recovering the position remains heavily dependent on:
- a favourable Spending Review settlement for 2020/21 onwards and
 - finding strategic solutions locally. To that end the Schools Forum have set an additional meeting date for a high needs seminar on 28th February 2019.

Schools Formula

- 63 In line with previous Schools Forum discussions the 2019/20 delegated formula has been based on the following:
- Allocation of all the schools block funding remaining after the deduction for the growth fund.
 - Using all the DfE's updated data provided on the 17th December 2018 e.g. October 2018 pupil census and other census data.
 - Including the national reduction the DfE have made to the primary prior attainment allocation due to the increase in pupils counted as a result of the new count method.
 - Applying an MFG of 0%.
 - Using the formulas from the National Funding Formula (NFF) where allowed within the ESFA's Authority Proforma Tool (APT). This includes the NFF 1% funding floor and alternative gains CAP methods that were not available in 2018/19.
- 64 A percentage reduction of 0.46% has then been necessary in order to avoid a £0.8 million overspend of the schools block. The reduction has been applied to all the NFF factors including the minimum funding levels of £4,800 secondary, £3,500 primary; the lump sum, sparsity maximum allocations; split site allocations; the 3% CAP; and all pupil led factors, in order to balance back to the funding available.

- 65 The main reasons a percentage reduction has been needed is because:
- The APT (that the LA has to use when submitting school funding formulas) has not previously allowed the exact NFF formulas to be replicated.
 - The APT uses an MFG that is not part of the NFF so some previous funding differences are now being protected by the funding floor protection and MFGs in 2019/20.
- 66 This means the funding shortfall cannot be taken from those protected schools and those who are not protected are therefore having to bear more of the £0.8 million shortfall via the 0.46% reduction.
- 67 If changes in pupil numbers for additional factors such as deprivation, prior attainment and English as additional language (EAL) are at a higher percentage increase than the NOR increase this can also result in a shortfall in the funding needed or additional MFG protections for schools.
- 68 A summary of the 2019/20 funding formula for submission to the ESFA by 21st January 2019 is shown under Annex 9. At its 10th January 2019 meeting Schools Forum recommended that Council agree that formula. It is then subject to approval by the ESFA before 2019/20 budgets are notified to individual schools by 28th February 2019.

Central School Services Block (CSSB)

- 69 The CSSB for 2019/20 is £2.559 million and is based on an average unit of funding of £31.94 reduced from £32.41 (-1.5% reduction) with 90% based on per pupil funding and 10% on a deprivation factor. The unit of funding is then multiplied by the number of mainstream pupil numbers on the October 2018 census, which for Gloucestershire was 80,115 pupils. Due to the increase in pupil numbers the net decrease in 2019/20 is only £9,279.
- 70 These funds cover the following costs:-

Central School Services Block	£M
Copyright licences	0.483
Schools Forum	0.127
Admissions Coordination	0.750
Centrally Retained Duties	1.199
TOTAL	2.559

Early Years Block

- 71 The initial total for the Early Years block for 2019/20 is £32.25 million and includes the Early Years pupil premium and the disability access fund. The total will be updated following the January 2019 and 2020 census. The £0.1 million increase in the funding is due to a very small rise in the disability access fund.

- 72 Schools Forum have agreed that the hourly rates for 2, 3 and 4 year olds remain the same as 2018/19 at
- 2 year olds a hourly rate of £4.91
 - 3 and 4 year olds hourly rate of £3.91 plus an allowance for deprivation and quality
- 73 Schools Forum have also agreed that the £0.02 per hour quality supplement continues to be delegated to the Local Authority to enable providers to have access to relevant advice and information on quality.
- 74 The Early Years regulations limited the cost of central services to 5% from 2018/19. Schools Forum have agreed that the budget for central costs should be set at the maximum level (circa £1.6 million). This will continue to fund an element of children and family centres, Early Years team and supporting overheads.
- 75 Early years providers have faced cost pressures from the impact of increases in teachers pay and pensions, the national living wage and support staff pay.

H Council Tax

- 76 The Council's current 2018/19 Band D Council Tax is £1,232.21, including the Adult Social Care Precept. For 2019/20 Council Tax will increase by 2.99% plus an additional 2% for the Adult Social Care Precept.
- 77 Forecast Council Tax levels for each band are shown below.

	2019/20 Budget	Increase on 2018/19
Band	£	£
A	862.47	41.00
B	1,006.21	47.82
C	1,149.96	54.66
D	1,293.70	61.49
E	1,581.19	75.16
F	1,868.68	88.82
G	2,156.17	102.49
H	2,587.40	122.98

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

I The Robustness of the Budget Proposals

- 78 The MTFS and approved detailed budget for 2019/20 have been formulated in accordance with the medium term financial planning framework and budget principles as detailed in Annex 4.

- 79 The starting point for producing the MTFS for the next three years and the detailed budget proposals for 2019/20 is the 2018/19 MTFS.
- 80 The approved 2019/20 budget and future years' budgets takes into account forecast funding changes, new unavoidable commitments, changes in legislation and Administration priorities.

J Flexible Use of Capital Receipts

- 81 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. Plans for utilising capital receipts in this way need to be approved by County Council, incorporated in the Council's Efficiency Statement and progress reported on an annual basis to MHCLG.
- 82 The approved budget 2019/20 does not anticipate the use of capital receipts in this way during 2019/20 financial year. 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 will be required in future.
- 83 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

- 84 Under the Local Government Act 2003 the Council has a responsibility to ensure that reserves are adequate. During 2018/19 all reserves have been examined in detail.
- 85 A summary of the Council's forecast reserves as at 31st March 2019, and movements since 31st March 2018 are as follows:

	31st March	31st March
	2018	2019
	£000	£000
Earmarked Revenue Reserves -Non Schools	119,317	113,833
Earmarked Reserves – School Related	20,520	15,160
General Fund Reserves	18,520	18,520

- 86 General balances are anticipated to remain unchanged at a level of £18.520 million, assuming a balanced revenue outturn position for 2018/19. These equate to 4.43% of the 2019/20 net budget. If an over spend occurs in 2018/19 general fund balances may need to reduce.
- 87 This is considered to be a satisfactory level of general reserves, being within the target range of 4% to 6%. However given the risks facing the council, it is not recommended that General Reserves drop below this level.

- 88 Non School Revenue Earmarked Reserves are forecast to fall from £119.317 million as at 31st March 2018, to £113.833 million as at 31st March 2019, a reduction of £5.484 million. This is largely as a result of drawdowns from the Vulnerable Children's, Adults and the Public Health Reserves to support in year budget pressures. In addition a drawdown from the Economic Stimulus Reserve is planned for the broadband project.
- 89 School Related Reserves are forecast to reduce from £20.520 million at 31st March 2018, to £15.160 million as at 31st March 2019, as a result of the forecast over spend on the Dedicated School Grant. The DSG reserve is anticipated to be in a £2.0 million deficit position as at 31st March 2019 after allowing for the additional funding announced by the DFE in December 2018, as a result a full recovery plan is currently being developed with the Schools Forum.
- 90 It is anticipated that Capital Reserves will remain at similar levels as those held at 31st March 2018.
- 91 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

- 92 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.
- 93 In addition further information is awaited from the Government on proposed changes to the employer's contributions under the Fire Pension Scheme which are likely to be applicable from April 2019 exceeding the level provided for within the budget proposals. It is anticipated that specific grant funding will be available in 2019/20 but it is currently unclear if this will be sufficient to fund the additional pressure.
- 94 In preparing the budget, and in the context that non schools earmarked reserves will fall during 2018/19, the following factors mitigate the risks in the budget:
- Account has been taken of current spending trends and, where known, additional unavoidable cost pressures have been built into the approved 2019/20 budget.
 - 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 older and vulnerable people including Children in Care where demand is continuing to increase. Additional resources are being invested in these areas under the proposed 2019/20 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, if the High Needs block continues to overspend, further measures will need to be taken to reduce expenditure. Ultimately if these measures are not successful then eventually there would be a risk that this liability could fall on the Council.

95 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, the financial standing of the Council is sound in the context of the key risks and that the approved budget is robust and achievable.

M Public Sector Equality Duty

96 Cabinet 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

97 The Council's plans are set for the three years covering 2019/20 to 2021/22. The approved detailed budget for 2019/20 is set out within the MTFS, whilst the current draft forecast budgets for 2020/21 and 2021/22 are:

	2020/21	2021/22
	£m	£m
Budget	436.5	452.2

98 Annex 6 gives outline financial proposals for 2020/21 and 2021/22, and will be updated as further information becomes available.

O Capital Strategy and the Prudential Code

- 99 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.
- 100 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.
- 101 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.
- 102 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.
- 103 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.
- 104 The capital programme has been developed in accordance with the Capital Strategy which is set out in Annex 7.

P Capital Expenditure

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

- 106 The capital programme provides investment in the county totalling £606.12 million. The main investment relates to Communities and Infrastructure (£317.22 million), Schools and facilities for children (£170.20 million) Business Support (£93.66million) and Adults (£25.04 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 2019/20 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 2019/20 onwards

- 107 The capital programme for 2019/20 onwards contains £181.799 million of new investment on capital schemes, financed from grants, developer s106 contributions, revenue contributions and capital financing budgets.
- 108 The capital budget has increased by £2.786 million since the consultation budget was approved by Cabinet on 19th December 2018. The changes are summarised in the table below

Funding for New Capital Investment	£m
Budget per Cabinet 19 December 2018	179.013
Developer s106 contributions	
- St. David's Primary School	1.200
- Winchcombe Secondary School	0.119
Revenue contributions – Schools Capital Maintenance Programme (estimate)	0.575
Grant – Schools Condition Allocation increase	0.097
Capital Receipts – Highways Locals	0.795
Revised Budget	181.799

Increase in Capital Funding

2.786

109 The new capital investment approved is set out in the table below.

Funding for New Capital Investment

New Capital Funding	£000
Adults – Disabled Facilities Grant 2019/20 (indicative)	5,589
Children and Families – Basic Need Grant 2019/20 (balance remaining)	7,565
Children and Families – Basic Need Grant 2020/21 (balance remaining)	30,807
Children and Families – Schools Condition Allocation 2019/20	4,897
Infrastructure – Highways Block Maintenance Grant 2019/20	14,350
Infrastructure – Highways Block Maintenance Grant - Incentive Element 2019/20 (estimate)	3,012
Infrastructure – Integrated Transport Block Grant 2019/20	2,861
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 – Highways Block Maintenance Grant 2021/22 (estimate)	14,350
Infrastructure – Highways Block Maintenance Grant - Incentive Element 2021/22 (estimate)	3,012
Infrastructure – Integrated Transport Block Grant 2021/22 (estimate)	2,861
Total Grant	109,527
Internal Borrowing - Highways	29,000
Capital Receipts - Highways Locals	795
Capital Receipts - MTFS Bids	32,533
Internal Borrowing - MTFS Bids	7,550
Total Capital Financing Budgets	69,878
Developer s106 Contributions	1,319
Revenue contributions – Highways (estimate)	500
Revenue contributions – Children & Families (estimate)	575
Total Revenue Contributions	1,075
Total New Capital Funding 2019/20 onwards	181,799

- 110 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 £40.88 million. The £29.00 million of internal borrowing, listed separately in the table above, is the future years element of the £39.00 million approved last year to invest in Highways structural maintenance.

Children and Families

- 111 The Council receives 2 main capital grants for schools from the Department for Education: Basic Need and Schools Condition Allocation (SCA).
- 112 The Basic Need allocation of £12.57 million for 2019/20 was approved in the 2018/19 MTFS for future years' spend. The Basic Need allocation for 2020/21 is confirmed as £35.81 million. £10.00 million of the above basic need grants has been allocated to the new Cheltenham Secondary School scheme.
- 113 The Schools Condition Allocation for 2019/20 has been confirmed as £4.90 million. This is an increase of £0.10 million on the estimate included in the MTFS reported to December 2018 Cabinet.
- 114 Estimated school revenue contributions of £0.575 million have been included in the Schools Capital Maintenance Programme.
- 115 Developer contributions totalling £1.319 million have been included for the following school schemes

St. David's Primary	£1.200 million
Winchcombe Secondary	£0.119 million

Communities and Infrastructure

- 116 The Council receives capital grants for Highways Maintenance Block and Integrated Transport Block.
- 117 The Department of Transport has confirmed the Maintenance Block Grant allocation for 2019/20 as £14.35 million and has provided an indicative amount of £14.35 million for 2020/21.
- 118 The Integrated Transport Block Grant funding arrangements were revised from 2015/16. In 2019/20 the total Integrated Transport Grant allocation for Gloucestershire is £2.861 million of non ring-fenced grant directly from the government. The same figure has been provided as the indicative amount for 2020/21.

Q Borrowing

- 119 Total borrowing requirement at the end of 2018/19 is forecast to be £300.3 million, a reduction of £1.8 million compared with the £302.1 million outstanding at the end of 2017/18.
- 120 If external borrowing were required it would generally be obtained from the Public Works Loans Board (PWLb), usually at fixed rates of interest, over a set number of years.
- 121 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.
- 122 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. £40 million of capital receipts are expected over the 3 year period 2019/20 to 2021/22. This funding will mainly be used to repay debt or finance capital expenditure to avoid new borrowing. A disposal schedule is considered by Cabinet every six months.
- 123 The approved 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 two major investment projects: Cheltenham School, where we have a statutory duty to provide sufficient school placements and highway investment to fulfil the manifesto promise of investing over £150 million in highways over a 5 year period.

R Treasury Management and Investment Strategy

- 124 The approved Treasury Management Strategy Statement 2019/20 is shown in Annex 10.
- 125 It was considered by the Audit and Governance Committee on 25th January 2019 alongside the Capital Strategy and newly required non treasury Investment Strategy.
- 126 Annex 10 provides details of:
- Treasury Management Strategy for 2019/20.
 - Non Treasury Management Investment Strategy 2019/20.
 - Policy on the use of Financial Derivatives.
 - Minimum Revenue Provision (MRP) Statement.
- 127 The main changes to the Treasury Management Strategy and Investment Strategy for 2019/20, when compared with the 2018/19 strategy, are as follows:
- The removal of reference to specific credit rating agencies, as this requirement has been removed from the revised Treasury Management Code.

- The addition of registered social landlords, under the category of Registered Providers within the approved investment counterparties.
- The addition of “units”, under the category of Pooled Funds within the approved investment counterparties.
- The addition of Real Estate Investment Trusts as an approved investment counterparty.
- The removal of specified and unspecified investments as part of the Treasury Management Strategy, as they are no longer applicable to these investments per the MHCLG Investment Guidance 2018.
- The addition of a section on non treasury management investments as per MHCLG requirements.

S Risk Management Policy Statement and Strategy

- 128 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 2019/20
Annex 8b	New Schemes 2019/20 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

Context

The 2018/19 net budget for Adult Social Care is £134.6 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 well being. 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 is 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 commissioning work is carried out jointly with the Gloucestershire Clinical Commissioning Group (GCCG) and many of the intentions referred to reflect joint priorities. During 2019/20 and beyond the Council will also work with GCCG and other local Health partners on the developments needed to take Gloucestershire to full Integrated Care System status having acquired shadow status in 2018.

Needs Analysis

The number of adults aged 18 and over in Gloucestershire is projected to rise from 492,300 to 576,600 between 2015 and 2039, with the 18-64 age group predicted to grow by 1.8% and the over- 65s by 66.6% in the same period. The projected increase in older people (over-65s) in Gloucestershire, in particular, exceeds the national level (56.4%), and the number is predicted to rise from 126,800 in 2015 to reach 206,300 by 2039.

In 2018, an estimated 26,900 older people had a long-term illness or disability that limits their day-to-day activities a lot. The number is predicted to rise to 37,600 by 2030. The number unable to manage at least one self-care activity is also predicted to grow, from 45,000 to 62,300 in the same period. The majority of this increase will be among the over-75s.

There will be a significant percentage increase in the number of older people in the county who have severe hearing impairment, dementia and obesity between now and 2030. In absolute numbers, the biggest increases are expected to be among people who are unable to manage at least one mobility activity, have obesity, bladder problem, moderate or severe sensory impairment and diabetes. The main area of concern among carers who care for older people is social isolation; more than 1 in 5 of carers caring for older people have little contact with people and feel socially isolated.

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.

An estimated 9,200 people aged 18-64 in Gloucestershire have a serious physical disability, and an additional 30,300 people aged 18-64 have a moderate physical disability. Both numbers are expected to increase slightly between 2018 and 2025 and then to fall slightly between 2025 and 2030.

For both working-age and older people in Gloucestershire, arthritis is the most common physical disabling condition for claiming disability benefit. This is followed by neurological diseases, disease of the muscles/bones or joints and back pain for the under-65s, and heart disease, disease of the muscles/bones or joints 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.

Around four-fifths of carers caring for people with physical disabilities have difficulty finding time to do the things they enjoy and a high proportion also have difficulty looking after themselves.

An estimated 11,892 people aged 18 and over in Gloucestershire will have a learning disability by 2020. Of these, 2,430 have a moderate or severe learning disability. There were 3,545 people in Gloucestershire diagnosed by local GPs as having a learning disability in 2016/17. The most prevalent type of learning disabilities in Gloucestershire is autistic spectrum disorder, affecting around 5,000 adults in 2017. While the overall number of adults with moderate or severe learning disability is predicted to rise by 4.6% between 2020 and 2030, the number is predicted to rise most steeply in the older age group, rising by 22.6% for the over-65s in the same 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.

Carers providing learning disability support are more likely than other carers to have concerns about their personal safety with just under a fifth having such concerns. They are also amongst the least likely to say they get encouragement and support.

The PANSI model estimates that in 2018, around 59,000 people aged 18-64 in Gloucestershire have a common mental disorder (depression/anxiety) and a further 4,400 aged 18-64 experience psychotic disorder, antisocial personality disorder or borderline personality disorder. The model also estimates that 26,000 people aged 18-64 have two or more psychiatric disorders.

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.

Compared to other carers, carers caring for someone with a mental health condition are more likely to experience mental health needs themselves, and they are also at a higher risk of neglecting themselves.

Meeting the Challenge 2018/19

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

The approved budget for 2019/20 includes an 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
- 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 well being gains)
- further improvements in the efficiency and effectiveness of services we commission including those commissioned jointly with the Clinical Commissioning Group (CCG)
- 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
- develop jointly 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
- 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

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 joint developments we will continue to operate a single programme governance structure for Adult Social Care.

Annex 1.2: Children and Families Commissioning Intentions

Context

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 2018/19 the total budget for children's services excluding Dedicated Schools Grant was £92.8 million. The strategic direction for children's services is set by the local Families Framework; this together with the current Council Strategy, identifies a continuing need to improve outcomes for the most vulnerable.

In March 2017 Ofsted inspected services for children in need of help and protection, looked after children and care leavers and graded the overall service as inadequate. Whilst there were strengths in our adoption services (graded good) and an improving picture for our children in care and care leavers (graded requires improvement), our help and protection and leadership and management were inadequate. The Council has developed an improvement plan to set 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 continued quarterly Ofsted monitoring visits over the past 18mths, Children's Services continue to be on a very structured improvement journey. Whilst there are some clear signs of improvement, the challenge of achieving overall improvement at pace remains. The January 2019 quarterly monitoring visit may be the last monitoring visit before a full Ofsted inspection takes place during 2019.

Strategic Direction

We have developed our new "Families" framework, which replaces the old Children and Young Peoples Plan (CYPP), and this outlines the County's approach to the needs of children, young people and their families for the next 3 years. The framework is currently being circulated for consultation with partners, and there will be an element of transition for 2019-20 as we move from a purely child and young person focus to a wider families approach. The new framework will also support and embed our Ofsted improvement journey, both for the short and longer term. 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 have a new Placement Sufficiency Strategy for Gloucestershire which sets out our vision over the next three years. This 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.

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. A decision to reconfigure the young carers' service and disaggregate it from the Adult Service is underway.

The Children and Social Work Act 2017 is intended to improve support for looked after children and care leavers, promote the welfare and safeguarding of children, and make provisions about the regulation of social workers. The Act sets out corporate parenting principles for the Council as a whole to be the best parent it can be to children in its care. These are largely a collation of existing duties Local Authorities have towards looked after children and those leaving care, and will now extend our duties up to the age of 25 for all those leaving care. We will be 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.

Needs Analysis

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

Gloucestershire has a high number of school exclusions in comparison to national, regional, and Statistical Neighbour rates. In particular, the permanent exclusions in both primary and secondary schools are high, with fixed term exclusions being broadly in-line with comparators. The proportion of secondary pupils excluded is the highest among our statistical neighbours, and in the highest quartile among England authorities. A significant proportion of these exclusions relate to children and young people with additional needs. In Gloucestershire, a review will be required on the appropriateness of placements and the support arrangements that are put in place to reduce the number of placements in independent special schools and out of County.

For the Early Years Foundation Stage in 2018, 69.1% of children achieved a good level of development (GLD), this has been steadily improving since 2014, but Gloucestershire remains slightly below the national average of 72%. There remains a notable gap in gender with 76% of girls, and 63% of boys achieving a GLD (mirroring the national gender differences). The achievement gap between the lowest attaining 20% of children is reducing in Gloucestershire and is currently at 30.1%. This is compared to the national gap, which is increasing and currently at 31.8%. 50% of the children in Gloucestershire who are eligible for free school meals have achieved a good level of development, which is slightly below the 57% national level however the trend is upwards and has improved significantly from 30% in 2013. More work is required to fully implement the 2 - 2.5 year integrated check which brings together the Early Years Foundation Stage (EYFS) Progress Check at age two, and the Healthy Child Programme (HCP) 2-2½ year health and development check, in order to identify those who might otherwise struggle to reach a GLD.

Gloucestershire currently has an increasing cared for population which is forecast to reach nearly 700 by March 2019 from a previous level of around 550. There are a number of possible reasons for this; the current improvement journey shows that our thresholds are poorly understood, and therefore not constantly 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 leaving care up to the age of 25 (previously 21), which will automatically increase our care population.

The 2016/17 rates of young people aged 10-24 admitted to hospital for self-harm in Gloucestershire (507.0 per 100,000) is significantly worse than England (396.0) but mid-range for the North South West sub region (386.5 – 637.5). The Gloucestershire rates have decreased from 526 per 100,000 in 14/15 to 507 per 100,000 in 2016/17. Led locally by Gloucestershire Clinical Commissioning Group (GCCG), all key partners are now working together on a transformation plan that takes a 'whole system approach' to supporting mental health and wellbeing of children and young people.

Meeting the Challenge (MTC) 2019/20.

MTC targets for Children's Commissioning for 2019/20 total £1.7 million. The MTC targets for 2017/18 totalled £10.07million, but only savings of £9.9 million were delivered due to the front loading of some children's centre restructure costs in 2017/18 and higher costs against pension budgets than planned.

While having a substantial increase to the external placement budget for 2018/19 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. Therefore, savings have been set for 2018/19 of £1 million savings target, which increases to a further £1.7 million savings target for 2019/20.

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

The Ofsted inspection leaves Children's Services on a very structured improvement journey. The associated improvement plan over the past 18 months has focused and driven our priorities, which will continue over the next year in preparation for our full inspection. While the latest Ofsted monitoring feedback was more positive, and can evidence some 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 Families framework will underpin our wider strategic direction with our partners. During 2018/19 the Council reviewed our needs analysis and worked with all partners to develop both the Families Framework and 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 new Families framework for 2018 onwards will have a family based focus and will frame the longer term commissioning strategy.

Delivering Change

There are five main drivers to the work:

- Delivering against the OFSTED improvement plan / and subsequent monitoring visits
- Commissioning to take forward the priorities identified in the Families framework including areas identified in the JSNA.
- Implementing the changes in legislation outlined in the Children and Social Care Act 2017.
- Delivering business as usual or on going commissioning arrangements.
- Delivering the sufficiency needs for ALL children and young people, including school place planning, early years places, placements for children in care and those with additional needs and disabilities

Specific planned activities for 2019/20 include:

1. Implementation of the new Placement Sufficiency strategy for children's services "Right Placement First Time". 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 review of Early Help services, to deliver a robust Early Help offer that is understood and implement across partners.
 - The reconfiguration of the IRIS project to offer a multi agency service that meets the needs of our most complex young people.
 - Improved placement stability – through better planning and market developments.
 - 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.
- The development of emergency provision to meet current needs, including the out of hours and PACE placements.

- Development of the market for accommodation of young people to meet the new Duty for leaving care young people which comes into force from January 2019 - this will include UASC young people.
 - The Review Edge of Care Services, reconfigure provision and where appropriate, prevent children and young people from coming into care.
 - Redesign services for young people who are at risk of Missing and Criminal Exploitation, jointly with our partners.
 - 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.
 - Increasing the capacity of in-house fostering provision by 100 new households over the next three years.
2. Update of the current multi agency strategy for CSE and ensure action plans for both CSE and missing are robust and reflect current challenges.
 3. Re-tender/ re-configuration of the Youth Support Service to support the new sufficiency strategy. The current contract comes to an end in March 2020; therefore this contract will require extensive commissioning activity over the next year.
 4. Development of a preventative pathway for young people in vulnerable circumstances, by working in partnership with Supporting People tendering process for young people 16 +years.
 5. The need to 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 prepared adequately for independence in adulthood from the age of 16.
 6. To continue to pursue the development of a Positive Behaviour Support Social Impact Bond (SIB) for children with complex needs to be commissioned and mobilised in 2019.
 7. The implementation of the new statutory guidance for leaving care young people, as stated within the new Children and Social Work Act 2017, which will be required from Jan 2019. Requirements include:
 - To publish information about the authorities "Leaving care Offer"
 - Appoint a personal advisor for 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 persons needs and to provide the necessary advice and support
 - Meeting the requirements for leaving care young people within the new Reducing Homelessness Act 2018.

8. The on-going implementation of 'Gloucestershire's Future in Mind- Children's Mental Health Transformation' plan, with a focus on providing a balance between the need for more early intervention and prevention, and on meeting the needs of those very vulnerable children and young people who achieve poorer outcomes than most of the population. 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.
9. Joint Initial scoping for a new 0-19yrs service model for children and young people, working with prevention and wellbeing commissioning hub, partners, and colleagues.
10. 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.
11. Work with Public Health Nursing and Education, to ensure the 2 – 2.5 years integrated checks are fully embedded across the County.
12. Work to embed ACE's (Adverse Childhood Experiences) within all new children's services contracts; pilot and evaluate the newly developed ACE's tools, within services and partner agencies. Host the new ACE's champion post within the commissioning hub to drive the ACE's agenda forward in partnership with the Prevention and Wellbeing commissioning Hub.
13. Continue to deliver the Council's statutory responsibilities for education. These 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.
 - SEND Commissioning Strategy developed to inform our commissioning decisions – due for completion in Spring 2019.

Annex 1.3: Communities & Infrastructure Commissioning Intentions

Context

We have a fundamentally important role to play in delivering sustainable economic growth in a changing national and global context, delivering essential infrastructure to enable innovation and good growth, ensuring customers and communities can connect with, access and use services. We also help communities to feel and be safe. This includes road safety, trading standards, fire and rescue and regulating licensed premises.

Our commissioning intentions support the delivery of the Council Strategy and enable the Council Strategy vision to be realised. We shape places, provide access, enable prosperity, and build resilience by:

- Helping to plan and provide the infrastructure and access needed to support business growth, jobs and prosperity
- Supporting people and communities to feel safe and empowered, and creating a sense of place
- Delivering the new homes that are needed for local people and to enable future economic growth
- Building the resilience to adapt to climate change, protect homes and businesses in emergencies, and recover quickly when they happen

The County Council, along with its partners, is not only responsible for providing services now; we design strategies and invest in infrastructure to enable the future. These lay the foundations for the economically, socially and environmentally successful communities we need to become. Examples of this include the Gloucestershire 2050 Vision and the GFirst's Local Enterprise Partnership's (LEP) Local Industrial Strategy.

Gloucestershire 2050 is a Leadership Gloucestershire led county-wide conversation to explore ideas and shape the county's long-term future. A recent public consultation generated around 2,500 responses, which will feed into a full report on the project in autumn 2018. Three Delivery Boards are in the process of being established covering (i) Central Gloucestershire Growth, (ii) Severn Vale and (iii) Rural Ambitions. The LEP's Industrial Strategy will input into this work.

Strategic Direction

Technological innovation is increasingly shaping our behaviour and how our places operate. Our transport, environment and economic systems will become more driven by data and technology than they are today. Our services – including health, libraries, education and skills - will need to function as part of our integrated infrastructure to support our communities and businesses.

By responding to the inspections undertaken by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services and through the ongoing Fire and Rescue Service wide review process, we aim to drive efficiencies across the Service delivering continual improvements in the way we work. The Fire and Rescue Integrated Risk Management Plan (IRMP) is a statutory document and covers the period 2018-21. Within the plan it outlines how we will continue to develop a service delivery model, which focuses on prevention work, ensuring that all areas of the Service are dedicated to and support efforts towards reducing incidence of fire and other emergencies in a climate of change.

The Fire and Rescue service will build on the fundamental review of operational response that was conducted during the previous IRMP, maintaining a focus on how we deliver our services to ensure that we maintain the right resources, in the right place, at the right time to ensure we continue to deliver an excellent emergency response. In addition, we will also review the makeup of our workforce and seek to increase the number of females and individuals from ethnic minority backgrounds.

Our priorities across Communities and Infrastructure are shaped on understanding the different timescales, taking action that recognises the need to deliver over the next 3-years up to 2020, to enable already planned growth and change from 2020-2035 and to facilitate discussion and plan new growth for 2035-2050.

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 for business tomorrow morning.

Our commissioning strategy is to:

- 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 where possible.

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.

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.

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

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.

The Strategic Economic Plan sets out ambitious plans to accelerate economic growth by focusing on key drivers of productivity and supporting growth in high value sectors. They include the nuclear-based power generation industry, high tech manufacturing particularly relating to Aerospace and precision engineering and medical instruments and knowledge intensive services including the finance and insurance sectors; the ICT sector (particularly digital media) and businesses in professional, scientific and technical activities. While these sectors provide a focus, Gloucestershire will also offer a supportive environment for all businesses to move up the value chain regardless of which sector they are in. For example, there are opportunities for productivity growth in agriculture through agri-tech which has been identified by government as one of 'eight great technologies' needed to address the increasing demand for more efficient food production and land management.

Maintaining economic growth in light of issues including the ageing workforce, retention of young qualified people, skill shortages in certain sectors, presents both opportunities and challenges to the future economy of Gloucestershire.

Gloucestershire compares well to the South West region and U.K. in terms of internet access. Fastershire, a partnership between the county councils of Gloucestershire and Herefordshire, aims to bring faster broadband to the two counties. Whilst the broadband infrastructure develops, Gloucestershire County Council has been working in partnership with district councils and housing associations to maximise access to the internet.

The county's natural environment is a valuable resource it provides us with food, flood control, business opportunities, and open space that contributes to the health and wellbeing of people in Gloucestershire. 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.

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. 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. 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.

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 2013-15 7% of new residential properties created in the Cotswold district were built in National Flood Zone 3, this is similar to the England proportion but higher than the other districts who range from only 1% in Cheltenham to 4% in Gloucester.

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 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. In 2014/15 the majority of the county's household waste (52.3%) was sent to landfill, this was followed by recycling which accounted for 46.7%, which is inline with the regional (47.3%) and above the national (43%) averages. Incineration of waste was minimal at a county level accounting for only 0.89% of waste; this is significantly lower than the regional (14.1%) and national (30.1%) average. The development of the Javelin Park facility due to be completed in 2019, will dramatically increase the amount of incineration, with estimates suggesting in the future 30% of Gloucestershire's waste will be processed in this way.

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 all our communities at all times. 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 and; Developing and maintaining a workforce that is resilient, skilled, flexible and diverse.

Meeting the Challenge

Transformation will only take Place based services so far into the future as they will need continued public subsidy. Investment in economic growth to generate tax revenues will therefore be essential. Continued access to resources will be essential to help develop a pipeline of capital infrastructure projects. This will allow the Council to successfully compete in an ever more competitive bidding environment for Government Funding. The need for strong partnerships with the Local Planning Authorities and G.First LEP will be necessary to ensure that infrastructure investment supports and enables planned housing and employment land developments and economic growth. Better Business for All is one such programme that shows how Gloucestershire's regulatory services, such as Trading Standards can develop the right skills and culture to support new and expanding businesses whilst generating new income streams to compensate for reduced public funding. Certainty, over the longer term Business Rate retention and devolution will be critical in understanding how the Council can invest in different ways to enable critical infrastructure.

Similarly, the Council will need to work in partnership through the new Employment and Skills Board to make sure that the economy has the long term workforce necessary to sustain the economy in the long term allowing businesses to start and / or grow in the County.

The challenge for the Council will be to continue to invest in enabling the economic growth that will generate the revenues necessary to deliver place based and wider social care services that are fit for today and also for tomorrow.

Looking Forward

Providing Place services that support thriving communities' means getting the basics right. Our positive relationships with partners, contractors and communities are enabling us to deliver and transform our services targeting investment based on need.

The national landscape is experiencing profound change and uncertainty. Decision-making has to happen at the most appropriate level. The County Council and its partners are clear that localised infrastructure, environment and industrial strategies, aligned with national objectives can deliver certainty.

The County Council and its partners can provide the expertise and leadership needed to transform our communities and our localised economies. We will continue to work with Government to make the case for Gloucestershire - sharing our best practice to make a positive difference, creating solutions, advising and advocating where needed.

Tackling the challenges of: climate change; employment; housing and population growth; helping communities to feel and be safe; and change requires: vision; leadership and innovation, harnessing the power of big data and people to find creative solutions. The County Council is facilitating and enabling change now to shape, plan and deliver the future.

Infrastructure delivery requires long-term planning, but the preparation starts now. Enabling the future will require new partnerships, where communities, technology and data come together to drive new thinking. The County Council is already building the networks to support our changing communities and places.

There are a number of themes that may influence or shape the future of Gloucestershire Fire and Rescue Service provision including: Achieving compliance with new requirements outlined within the Police and Crime Act 2017 which focus on collaboration between blue light services wherever possible; The implementation of the HMICFRS inspection regime looking at efficiency, effectiveness and people across all English fire and rescue services; a continued focus on governance arrangements for the Service which are being kept under review by the Police and Crime Commissioner; and achieving compliance with the revised National Framework for Fire and Rescue Services (when introduced).

Delivering Change

Our commissioning intentions will include:

- Investment in Gloucestershire Highways to deliver the £150m+ five year highway maintenance and resurfacing improvement programme.
- Continued implementation of waste, transport, digital and libraries delivery plans.
- Implementation of the Gloucestershire Fire & Rescue Integrated Management Plan.
- Increased focus on Fire and Rescue prevention and protection initiatives to meet the changing nature of risk within the county.
- Considering ways to benefit from investment in energy technology at the local level, including grid supply and balancing and servicing new technologies such as electric vehicles and bicycles.
- Exploiting new approaches to cashless parking and differentiating offers to residents, visitors and commuters.
- Developing new ways of accessing Gloucestershire Registration Services in order to improve access to services.
- Getting better at evidencing the value of Place based services in shaping the wider determinants of health and working more closely with public health to secure investment in improving health and social outcomes in the county.

Specific planned activities for 2019/20 include:

Planning and Funding Economic Growth

- Coordination of the public sector's input into the county's growth agenda, including enabling the delivery of the Gloucestershire Growth Plan.
- Negotiating, securing and monitoring Section 106 developer funding for future county infrastructure.
- Projects to influence Road Investment Strategies to maximise long-term investment in the Strategic Road Network including junction upgrades (M5 J10 All Movements) and Smart Motorway operation where viable.
- Promote A417 'Missing Link' to ensure that the scheme progresses forward and is delivered within current timeline.
- Develop a delivery programme for the planned West Cheltenham Transport Improvement Schemes up to March 2021.
- Projects to improve rail connectivity including the Metrowest extension to Gloucester delivered enabling 30 minute services to the west of England.
- Roll out of Fastershire delivering super fast broadband infrastructure in the County. Joint project delivered with Herefordshire Council due for completion in 2019.

Infrastructure Delivery

- Launch new highways maintenance contract in April 2019.
- Continued investment in highway maintenance and resurfacing network as part of the County Council's £150 million five year investment programme to ensure a safe and functioning highway network.
- Projects to secure Local Road Investment including schemes provisionally allocated funding through the Local Growth Funds and Highway Infrastructure and Challenge Funds where available.
- Delivery of cycle facilities in collaboration with partners and developers to create a countywide cycle way increasing the appeal of cycling to broader demographic groups and to more rural communities.

Sustainable Transport and Travel

- Roll out of contactless enabled ticketing machines on all bus services in the county. This will increase the number of ways passengers can pay, reduce boarding times and align the bus industry with payment models used on other modes of transport.
- Procurement of a new parking contract to deliver on street parking management from 2020.
- Delivery of Electric Vehicle infrastructure.
- Roll out of solar powered real time information (RTI) displays at bus stops removing the requirement for mains powered electricity for each display. This reduces revenue cost, increases viability and therefore availability of RTI displays across the county.
- Award passenger transport and home to school transport and social care transport contracts. These will ensure children are transported to educational establishments both within and outside Gloucestershire, and socially essential bus services to preserve people's access to education, work, and non-emergency healthcare and essential shopping facilities are provided.
- Identify solar PV battery storage systems that enable the capture and storage of energy generated by solar panels. Secure income and contributing towards other service cost pressures.

Libraries

- Continue to explore new ways to meet evolving customer needs.
- Roll out of self service and wireless printing for customers.
- Extend Innovation Labs within libraries to support entrepreneurs and start up businesses.
- Explore ways of enhancing services at our three major centres.

Registration

- Extend access to Gloucestershire Registration Services through digital means.
- Explore new ceremonies model to enhance customer experience and promote Gloucestershire as an attractive county in which to get married.

Employment and Skills

- Roll out of Gloucestershire Employment and Skills Board priorities focusing on: Apprenticeships; Ageing workforce and dealing with replacement demand; Stronger links between schools, colleges and businesses including improved impartial careers support.

- Ongoing delivery of the existing European Social Fund (ESF)-funded employment, skills and social inclusion projects in the County. In total the five skills projects are targeted to reach over 1,500 SMEs and approx. 4,400 individuals.

Waste

- Construction and mobilisation of Javelin Park Energy from Waste facility to ensure new facility opens on time so that financial and environmental benefits of residual waste treatment begin to be realised.
- To ensure cost effective and efficient waste transfer arrangements are in place to deliver waste to Javelin Park (reducing vehicle movements and improving waste collection efficiency).
- The procurement and installation of mobile compaction at four Household Recycling Centres to provide a more efficient and cost effective waste compaction process.
- The procurement of garden waste treatment to ensure continuity and best economic value post-2019.

Fire and Rescue Service

- Implementation of the Integrated Risk Management Plan (2018-21) to ensure that the service continues to be highly effective and efficient while providing value for money.
- Maximise the Fire and Rescue Service Prevention Strategy to ensure early intervention and protection work is linked to health and social care, in order to deliver an effective and efficient service and to help manage demand on other services.
- Road Traffic Collision Equipment Replacement Programme (Phase 3) - Rolling replacement of existing equipment with new more efficient and cost effective equipment to improve both fire-fighter and public safety.
- Replacement of mobile data terminals (MDT's) on appliances - These 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.

Annex 1.4: Prevention, Wellbeing and Communities (PWC) Commissioning Intentions 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.

In 2019/20, the public health grant available is £23,630m. The allocation is based on a national formula linked to health inequality and health need and remains ring-fenced until the end of March 2020, with reductions to the end of 2019/20. The Prevention, Wellbeing and Communities hub also hold £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). Locally, our system's strategic ambition is reflected in the vision presented in Gloucestershire's Health and Wellbeing Strategy, *Fit for the Future*; 'to improve the health of all Gloucestershire residents and protect the most vulnerable' by 'working with our communities to co-produce health, wellbeing and resilience.' This is being refreshed to reflect the learning from the LGA Prevention Peer Challenge that took place in 2018. It is anticipated that the new strategy will continue to focus on tackling inequalities but also maximise on 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, 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;
- 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

National review of housing related support – 2018 - to inform the future funding of supported housing. 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 GCC 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 of prevention and community capacity building.

Meeting the Challenge 2018/19

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. Savings during 2017/18 and 2018/19 have been predominantly realised through the reshaping of young people and older people 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 recommissioning projects will be completed during 2019/20, further reductions will need to be met through the review of individual elements of spend in 2019/20 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 new 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 discussion with key partners regarding the opportunities to align investment and models to achieve shared outcomes and objectives.

Delivering Change

Our commissioning intentions for 2019/20 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:
 - Remodelling of Public health Nursing (Health Visiting and School Nursing)
 - Developing model for Community and Accommodation Based Support services
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 2019/20 include:

1. Delivering our mandated functions
 - NHS Health Checks – embed the more targeted approach to the delivery of NHS Health Checks via GP practices
 - Sexual Health – embed 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 work with Gloucestershire Care Services NHS Trust to deliver 2017/18 changes to the Public Health Nursing Service in line with the feedback received through the public and stakeholder consultation. This may include changes to the way mandated contracts are provided for some families, moving to a different pathway for identifying hearing problems and delivering support through new hubs and bundles. Support and oversee planning for planned schemes to be delivered in 2019/20.
 - Continue to embed the new healthy lifestyles service including the implementation of new functions to support pregnant women and young children (first 1001 days), healthy workplaces, building on the successful pilots of a schools based peer support programme aiming to build resilience and reduce the uptake of 'risky' behaviours including smoking, drug taking and gambling; and the local offer for training in coaching skills for health and wellbeing ('Better Conversations')

- Embed the re-commissioned Public Health Enhanced Services (PHES) from General Practices and community pharmacy, including a more targeted approach to the 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. Commission children's weight management services (joint commissioning activity with GCCG)
- Recommission the Online Pupil Survey to secure a new contract for the 2020 survey
- Work with the Children and Families hub and the CCG to scope out a model health and care model for children and young people aged 0-19
- Recommission the provision of services for homelessness and people in vulnerable circumstances

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

- Actively working with the Clinical Commissioning Group and other partners as part of the Prevention & Self-Care Plan to ensure that up-stream health improvement services are routinely commissioned as part of a broader pathway approach
- Lead the refresh of the Health and Wellbeing Strategy
- Working with community organisations to develop innovative approaches to addressing health inequalities in key population groups
- Continue to work across the system to implement our whole systems approach to tackling obesity focusing on creating a healthier food environment
- 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
- Build on the local prevention consensus statement and concordat for better mental health, reflecting the national agenda for a system-wide approach to mental health
- Continue to develop a local offer for upskilling the workforce in coaching skills for health and wellbeing ('Better Conversations')
- Implementation and mobilisation of call off contracts from recently established 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

4. Develop and embed health and well being 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
- Scope a programme of work around embedding health in programmes addressing the wider determinants of health and identify priorities for implementation e.g. spatial planning, employment, transport and travel, environmental issues and poverty

- Continue to support implementation of GCCs workplace health and wellbeing plan
- Contribute to the development and implementation of GCCs behaviour change and demand management programme.

Annex 2 – Budget Movements by Service Area

2019/20 Adults Budget including the National Adult Social Care Levy

	Cost Increases £000	Cost Reductions £000	£000
Starting Budget (2018/19 Revised Budget)			134,556

Budget Changes:

Cost Increases

Improved Better Care Fund

6,613

Pay Inflation	1,190
Bed Based & Community contractual Inflationary	2,233
Demand pressures linked to demographic growth	2,607
L D Transforming Care Programme	583

National Adult Social Care Levy

6,006

Demand pressures linked to demographic growth	1,816
National Living Wage - Inflationary cost pressure following the introduction of the national living wage	2,229
Care Act - continued investment into new ways of working	1,774
Adult Mental Health Practitioners (AMHPs)	187

Cost Reductions

Older People - supporting the strategic direction of keeping people safe and independent, ideally within their own homes, continuing to invest in prevention to delay and avoid more expensive care support, which continues the support of the integration of Health and Social Care to deliver positive outcomes for individuals. There are continued targets to support managing future demand expanding the model of reablement, working in a multidisciplinary way and but also investing in social care to avoid crisis, listening to our service users and improving the customer journey through the three tier conversation at the frontline of adult services.

-5,946

Disabilities - supporting the delivery of effective enablement, brokerage and including investment in extending our shared lives service, introducing community links schemes and utilising community resources. There are continued targets to support managing future demand with more targeted commissioning and brokerage to reduce unit costs.

-4,552

TOTAL NET CHANGE

12,619	-10,498	2,121
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2019/20 Adults Budget including National Adult Social Care Levy *

136,677

* This excludes additional ringfenced grant funding as follows:-
Improved Better Care Fund £3.569 million. (£7.176 million in 2018/19)
Additional Social Care Funding £2.530 million to manage winter pressures. (£2.530 million in 2018/19)

Together with an additional £4.322 million announced by Government November 2018, to be allocated equally between Adult Care and Vulnerable Children.

2019/20 Children and Families Budget - Vulnerable Children

	Cost Increases £000	Cost Reductions £000	£000
<u>Budget Changes:</u>			
Starting Budget (2018/19 Revised Budget)			73,184
<u>Cost Increases</u>			
Pay Inflation	917		
External Placement Budget - to provide for the increased cost and number of placements	4,200		
Child Protection Conference Chairs - additional staffing to meet demand and statutory standards	305		
Inflation uplift for Fostering, Adoption, Special Guardianship orders & Child Arrangement Allowances	213		
Special Guardianship Orders - Increased Numbers	181		
In House Fostering Service - additional staff and allowances to increase placement capacity	526		
Kinship Foster Carers - payment of foster carer fee and additional staff to support the increased activity in the assessment team	507		
Over recruitment of newly qualified social workers by 40 FTE's above establishment	1,349		
Social work pay and allowances - includes retention, welcome and relocation expenses	1,047		
Additional staff for the Front Door, social work teams and administrative support	813		
Family Group Conferencing - additional staff to extend the service on a phased basis	181		
Contact Centre - additional staff to provide capacity to meet contact arrangements for children in care	80		
Additional one-off investment to mitigate against demand for external placements funded from the Rates Retention Reserve	2,000		
Additional one-off funding to support the implementation of the Ofsted Improvement Plan, from the Rates Retention Reserve	230		
Provision of District Youth Pot (£10,000 in each District) controlled by Councillors in each District	60		
One off investment and promotion of Gloucestershire Credit Union with a specific goal of supporting Care Leavers	50		
One off investment to tackle Holiday Hunger	50		
<u>Cost Reductions</u>			
Reduction in cost of external placements following the review by High Cost Panel		-1,700	
TOTAL NET CHANGE	12,709	-1,700	11,009
Children & Families - Vulnerable Children Budget 2019/20			84,193

* This excludes additional ringfenced grant funding as follows:-

Additional funding for Social Care £4.322 million announced by Government November 2018, to be allocated equally between Adult Care and Vulnerable Children.

2019/20 Children and Families Budget - Other Services

	Cost Increases £000	Cost Reductions £000	£000
Starting Budget (2018/19 Revised Budget)			19,659
<u>Budget Changes:</u>			
<u>Cost Increases</u>			
Pay Inflation	391		
Home to School Transport To provide for contractual prices inflation.	146		
Staff to support increase in Education, Health & Care Plans Additional staff to provide capacity to support and review the increased number of EHC plans	69		
<u>Cost Reductions</u>			
Pensions Realigned budget based on current estimate of pensioner numbers		-150	
Home to School Transport Realign bespoke travel arrangements through Independent Travel training, increased vehicle capacity to special schools and the use of individual Personal Travel Allowances.		-150	
Education Services Align intervention and support capacity with demand		-250	
TOTAL NET CHANGE	606	-550	56
Children & Families - Other Services Budget 2019/20			19,715

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

2019/20 Communities and Infrastructure Budget

	Cost Increases £000	Cost Reductions £000	£000
Starting Budget (2018/19 Revised Budget)			79,390
<u>Budget Changes:</u>			
<u>Cost Increases</u>			
Pay Inflation	1,098		
Waste			
Residual Waste - Reduction of royalty income on landfill	420		
HRC Materials Treatment	60		
Waste Transfer	600		
Waste Contracts Inflationary Growth	382		
Highways			
Street Lighting energy inflation	122		
Development of Business Cases for Strategic Projects (including M5 Jct.10)	2,000		
One off investment for mapping existing cycle ways in the County, funded from the MtC3 contingency	30		
Transport			
Public Transport - Subsidised buses contract inflation and additional investment to maintain subsidised bus services.	73		
Public Transport -Additional investment to maintain subsidised bus services, funded from an agreed transfer from the MtC3 Contingency	150		
Community Transport - Increases due to new regulations	100		
Concessionary Fares - Inflationary growth	100		
PROW Engagement Officer - Preparing for De-regulation Act	40		
Infrastructure			
Leadership Gloucestershire Strategic Planner Post - GCC element	46		
One off allocation to undertake a 5G Readiness Study in 2019/20	25		
<u>Cost Reductions</u>			
Parking - Aligning on-street parking charges with off-street, in accordance with GCC policy.		-487	
Libraries - To undertake a review of senior management and HQ staffing within Libraries and Registration services in order to better share skills and expertise.		-50	
Waste - Update the recycling credits scheme. Introduce further measures to discourage commercial use of household recycling centres.		-293	
TOTAL NET CHANGE	5,246	-830	4,416
Communities and Infrastructure Budget 2019/20			83,806

2019/20 Business Support Budget

	Cost Increases	Cost Reductions	
	£000	£000	£000
Starting Budget (2018/19 Revised Budget)			27,964
<u>Budget Changes:</u>			
<u>Cost Increases</u>			
Pay Inflation	769		
Legal - Child protection cases	333		
Legal - Recruitment & retention of lawyers	100		
General Data Protection Regulations Compliance	255		
HR - Replacement Recruitment & Learning Management System	475		
HR - Social Worker Recruitment Project - Children's R&R	170		
ICT- Revenue costs associated with capital investment	202		
ICT - Investment required in moving to cloud	1,765		
ICT - contract extension service improvements	226		
ARA - Additional internal audit resource	42		
Look to the Future implementation costs	85		
<u>Cost Reductions</u>			
Efficiency savings including restructures, process and digital improvements		-397	
Retender insurance contracts and cash flow improvements from purchase to pay review		-1,000	
Efficiency savings through staffing changes and fully implementing case management system.		-70	
TOTAL NET CHANGE	4,422	-1,467	2,955
Business Support Budget 2019/20			30,919

2019/20 Technical and Corporate Budget

	Cost Increases	Cost Reductions	
	£000	£000	£000
Starting Budget (2018/19 Revised Budget)			44,825
<u>Budget Changes:</u>			
<u>Cost Increases</u>			
Pay inflation	3		
ICT- Contingency inflationary increase	550		
ICT- Secure Wi-Fi Connections	182		
One off contribution to the Vulnerable Peoples' Reserve to mitigate the demand risks associated with services to Vulnerable Adults and Children	558		
<u>Cost Reductions</u>			
Customer - Property Disposals		-1,300	
Revenue savings generated from the utilisation of the proceeds of property disposals to reduce debt and/or support financing of the capital programme			
Transport Cross Cutting Savings		-500	
Review of staff travel including expansion of pooled cars			
Pension Contributions		-1,167	
Reduction in the past service deficit budget			
Removal of 2018/19 One Off Budget Increases as detailed below		-1,703	
Transfer from the MtC3 Contingency Budget to support service pressures (£30,000 one off transfer)		-180	
TOTAL NET CHANGE	1,293	-4,850	-3,557
Technical and Corporate Budget 2019/20			41,268

Summary of 2018/19 one off Budget Increases:

Children and Families	
One-off Funding to support OFSTED Improvement Plan	-1,123
Public Health and Well Being	
Community Based project to support the distribution of sanitary products to vulnerable women	-50
Communities and Infrastructure	
Lengthsman Scheme - incorporated in new contract from 1st April 2019	-530
Total One Off Funding	1,703

2019/20 Prevention & Wellbeing Budget

	Cost Increases £000	Cost Reductions £000	£000
Starting Budget (2018/19 Revised Budget)			33,903
<u>Budget Changes:</u>			
<u>Cost Increases</u>			
Pay Inflation	20		
Contractual Inflation - NLW impact	100		
Inflationary cost pressure following the introduction of the national living wage			
One off additional investment to provide Suicide Prevention Training	50		
One off additional investment to provide additional capacity in Sexually Transmitted Infections (STIs) testing	50		
<u>Cost Reductions</u>			
Public Health			
Reshape healthy lifestyles and public health nursing services		-641	
Supporting People			
Reduce community based support contract, in line with utilisation and reduce capacity of accommodation based support in line with demand.		-399	
TOTAL NET CHANGE	220	-1,040	-820
Prevention & Wellbeing Budget 2019/20			33,083

Annex 3 – Budget Summary by Service Area

	2018/19 Agreed MTFS Budget	Transfer of 2018/19 One Off Budget Support to T&C for MTFS Presentation	Agreed 2018/19 Budget adjustments *	2018/19 Revised MTFS Base Budget	Pay Inflation Costs	Cost Increases	Cost Reductions	Proposed 2019/20 Budget	Cash Increase / Decrease	Percentage Increase / Decrease
Budget Area	£000	£000	£000	£000	£'000	£'000	£'000	£'000	£'000	%
Programme Budget Areas										
Adults	133,172	-	1,384	134,556	1,190	11,429	-10,498	136,677	2,121	1.6%
Vulnerable Children	73,696	-1,123	611	73,184	917	11,792	-1,700	84,193	11,009	15.0%
Other Children Services	29,278	-	-9,619	19,659	391	215	-550	19,715	56	0.3%
Communities and Infrastructure	80,426	-530	-506	79,390	1,098	4,148	-830	83,806	4,416	5.6%
Support Services	27,917	-	47	27,964	769	3,653	-1,467	30,919	2,955	10.6%
Technical and Cross Cutting	44,721	1,703	-1,599	44,825	3	1,290	-4,850	41,268	-3,557	-7.9%
Prevention & Wellbeing	24,271	-50	9,682	33,903	20	200	-1,040	33,083	-820	-2.4%
Total Budget	413,481	-	-	413,481	4,388	32,727	-20,935	429,661	16,180	3.9%

* Includes the budget transfer of £9.485 million for Supporting People and Prevention Hub Services from Other Children Services to Prevention & Wellbeing

	2018/19 Employee Related Budgets	2018/19 Other Operating Expenditure Budgets	2018/19 Gross Expenditure Budgets	2018/19 Income	2018/19 Base Budget Uploaded	Proposed Employee Budget 2019/20	Proposed Non - Employee Budget 2019/20	Proposed Gross Expenditure Budget 2019/20	Proposed Income Budget 2019/20	Proposed MTFS Budget 2019/20
Budget Area	£000	£000	£000	£000	£'000	£000	£000	£000	£000	£'000
Programme Budget Areas										
Adults	32,880	137,059	169,939	-35,383	134,556	35,021	137,871	172,892	-36,215	136,677
Vulnerable Children	32,640	41,036	73,676	-492	73,184	37,800	46,885	84,685	-492	84,193
Other Children Services	9,143	11,352	20,495	-836	19,659	9,203	11,348	20,551	-836	19,715
Communities and Infrastructure	28,239	64,226	92,465	-13,075	79,390	29,423	67,525	96,948	-13,142	83,806
Support Services	24,336	10,153	34,489	-6,525	27,964	25,735	11,709	37,444	-6,525	30,919
Technical and Cross Cutting	14,209	33,083	47,292	-2,467	44,825	11,922	31,813	43,735	-2,467	41,268
Prevention & Wellbeing	1,870	32,221	34,091	-188	33,903	1,890	31,381	33,271	-188	33,083
Total Budget	143,317	329,130	472,447	-58,966	413,481	150,994	338,532	489,526	- 59,865	429,661

- The split of the 2019/20 approved 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 2019/20

	2018/19 Employee Related Budgets	2018/19 Other Operating Expenditure Budgets	2018/19 Gross Expenditure Budgets	2018/19 Income	2018/19 Revised MTFS Base Budget	Pay Inflation Costs	Cost Increases	Cost Reductions	Proposed 2019/20 Budget	Cash Increase / Decrease	Percentage Increase / Decrease	Proposed Employee Budget 2019/20	Proposed Non - Employee Budget 2019/20	Proposed Gross Expenditure Budget 2019/20	Proposed Income Budget 2019/20	Proposed MTFS Budget 2019/20
Budget Area	£000	£000	£000	£000	£'000	£000	£000	£000	£'000	£000	%	£000	£000	£000	£000	£'000
Services for Older People	14,930	55,053	69,983	-22,683	47,300	297	4,144	-5,946	45,795	-1,505	-3.2%	15,661	53,274	68,935	-23,140	45,795
Services for People with Physical Disability	1,725	11,439	13,164	-1,594	11,570	34	825	-993	11,436	-134	-1.2%	1,887	11,199	13,086	-1,650	11,436
Services for People with a Learning Disability	5,864	51,940	57,804	-10,024	47,780	94	4,150	-3,559	48,465	685	1.4%	6,030	52,744	58,774	-10,309	48,465
Services for People with Mental Health Issues	-	7,582	7,582	-	7,582	-	814		8,396	814	10.7%	187	8,243	8,430	-34	8,396
Community Equipment/Telecare	2,622	864	3,486	-307	3,179	50	76		3,305	126	4.0%	2,672	940	3,612	-307	3,305
Adults Safeguarding	1,015	164	1,179	-60	1,119	20	24		1,163	44	3.9%	1,059	164	1,223	-60	1,163
Carers Services	-	1,410	1,410	-	1,410	-	-		1,410	-	0.0%	-	1,410	1,410	-	1,410
Occupational Therapy Service	-	2,304	2,304	-	2,304	-	47		2,351	47	2.0%	-	2,351	2,351	-	2,351
Other Direct Services	1,805	-934	871	-	871	38	40		949	78	9.0%	1,883	- 934	949	-	949
Adults Management,Commissioning & Support Services	4,757	4,520	9,277	-715	8,562	90	1,309		9,961	1,399	16.3%	4,913	5,763	10,676	-715	9,961
Funding for Allocation	162	2,717	2,879	-	2,879	567			3,446	567	19.7%	729	2,717	3,446	-	3,446
Total: Adults	32,880	137,059	169,939	-35,383	134,556	1,190	11,429	-10,498	136,677	2,121	1.6%	35,021	137,871	172,892	-36,215	136,677

Children & Families MTFS 2019/20

	2018/19 Employee Related Budgets	2018/19 Other Operating Expenditure Budgets	2018/19 Gross Expenditure Budgets	2018/19 Income	2018/19 Revised MTFS Base Budget	Pay Inflation Costs	Cost Increases	Cost Reductions	Proposed 2019/20 Budget	Cash Increase / Decrease	Percentage Increase / Decrease	Proposed Employee Budget 2019/20	Proposed Non - Employee Budget 2019/20	Proposed Gross Expenditure Budget 2019/20	Proposed Income Budget 2019/20	Proposed MTFS Budget 2019/20
Budget Area	£000	£000	£000	£000	£'000	£000	£000	£000	£'000	£000	%	£000's	£000's	£000's	£000's	£000's
Vulnerable Children	32,640	41,036	73,676	-492	73,184	917	11,792	-1,700	84,193	11,009	15.0%	37,800	46,885	84,685	-492	84,193
Other Children Services	9,143	11,352	20,495	-836	19,659	391	215	-550	19,715	56	0.3%	9,203	11,348	20,551	-836	19,715
Total: Children & Families	41,783	52,388	94,171	-1,328	92,843	1,308	12,007	-2,250	103,908	11,065	11.9%	47,003	58,233	105,236	-1,328	103,908

Communities & Infrastructure MTFS 2019/20

Budget Area	2018/19 Employee Related Budgets	2018/19 Other Operating Expenditure Budgets	2018/19 Gross Expenditure Budgets	2018/19 Income	2018/19 Revised MTFS Base Budget	Pay Inflation Costs	Cost Increases	Cost Reductions	Proposed 2019/20 Budget	Cash Increase / Decrease	Percentage Increase / Decrease	Proposed Employee Budget 2019/20	Proposed Non - Employee Budget 2019/20	Proposed Gross Expenditure Budget 2019/20	Proposed Income Budget 2019/20	Proposed MTFS Budget 2019/20
	£000	£000	£000	£000	£'000	£000	£000	£000	£'000	£000	%	£000	£000	£000	£000	£'000
Fire & Rescue Service	13,746	2,763	16,509	-497	16,012	282			16,294	282	1.8%	14,028	2,763	16,791	-497	16,294
Travellers	-	134	134	-	134				134	-	0.0%	-	134	134	-	134
Integrated Transport Unit	622	9,251	9,873	-42	9,831	18	423		10,272	441	4.5%	640	9,674	10,314	-42	10,272
Coroners	712	409	1,121	-	1,121	13			1,134	13	1.2%	725	409	1,134	-	1,134
Trading Standards	974	89	1,063	-274	789	18			807	18	2.3%	992	89	1,081	-274	807
Community Safety	21	-	21	-	21				21	-	0.0%	21	-	21	-	21
Libraries & Registration Services	4,527	868	5,395	-2,320	3,075	82		-50	3,107	32	1.0%	4,609	818	5,427	-2,320	3,107
Adult Education	-	86	86	-86	-				-	0	0.0%	-	86	86	-86	-
Highways	4,045	17,119	21,164	-2,496	18,668	65	192		18,925	257	1.4%	4,150	17,271	21,421	-2,496	18,925
Parking	242	2,284	2,526	-5,485	-2,959	5		-487	-3,441	-482	16.3%	247	2,284	2,531	-5,972	-3,441
Waste	783	29,144	29,927	-1,637	28,290	13	1,462	-293	29,472	1,182	4.2%	796	29,893	30,689	-1,217	29,472
Strategic Infrastructure	1,404	970	2,374	-238	2,136	18	2,071		4,225	2,089	97.8%	1,468	2,995	4,463	-238	4,225
Flood Alleviation	161	992	1,153	-	1,153	5			1,158	5	0.4%	166	992	1,158	-	1,158
Customer Services	-	-	-	-	-				-	-	0.0%	-	-	-	-	-
C&I Central Costs	1,002	117	1,119	-	1,119	579			1,698	579	51.7%	1,581	117	1,698	-	1,698
Total: Communities & Infrastructure	28,239	64,226	92,465	-13,075	79,390	1,098	4,148	-830	83,806	4,416	5.6%	29,423	67,525	96,948	-13,142	83,806

Business Support Services MTFS 2019/20

	2018/19 Employee Related Budgets	2018/19 Other Operating Expenditure Budgets	2018/19 Gross Expenditure Budgets	2018/19 Income	2018/19 Revised MTFS Base Budget	Pay Inflation Costs	Cost Increases	Cost Reductions	Proposed 2019/20 Budget	Cash Increase / Decrease	Percentage Increase / Decrease	Proposed Employee Budget 2019/20	Proposed Non - Employee Budget 2019/20	Proposed Gross Expenditure Budget 2019/20	Proposed Income Budget 2019/20	Proposed MTFS Budget 2019/20
Budget Area	£000	£000	£000	£000	£'000	£000	£000	£000	£'000	£000	%	£000	£000	£000	£000	£'000
Support Services	16,321	9,619	25,940	-5,682	20,258	530	2,880	-1,397	22,271	2,013	9.9%	17,063	10,890	27,953	-5,682	22,271
Strategy & Challenge	8,015	534	8,549	-843	7,706	239	773	-70	8,648	942	12.2%	8,672	819	9,491	-843	8,648
Total: Business Support Services	24,336	10,153	34,489	-6,525	27,964	769	3,653	-1,467	30,919	2,955	10.6%	25,735	11,709	37,444	-6,525	30,919

Technical & Corporate MTFS 2019/20

	2018-19 Employee Related Budgets	2018-19 Other Operating Expenditure Budgets	2018-19 Gross Expenditure Budgets	2018-19 Income	2018/19 Revised MTFS Base Budget	Pay Inflation Costs	Cost Increases	Cost Reductions	Proposed 2019/20 Budget	Cash Increase / Decrease	Percentage Increase / Decrease	Proposed Employee Budget 2019/20	Proposed Non - Employee Budget 2019/20	Proposed Gross Expenditure Budget 2019/20	Proposed Income Budget 2019/20	Proposed MTFS Budget 2019/20
Budget Area	£000	£000	£000	£000	£'000	£000	£000	£000	£'000	£000	%	£000	£000	£000	£000	£'000
County Council Contingencies	13,529	3,333	16,862	-	16,862	3	1,290	-3,050	15,105	-1,757	-10.4%	11,242	3,863	15,105	-	15,105
Corporately Controlled Budgets	537	1,724	2,261	-	2,261	-	-	-500	1,761	-500	-22.1%	537	1,224	1,761	-	1,761
Capital Financing & Interest Credits	-	26,834	26,834	-2,467	24,367	-	-	-1,300	23,067	-1,300	-5.3%	-	25,534	25,534	-2,467	23,067
Members and Elections	143	1,192	1,335	-	1,335	-	-	-	1,335	-	0.0%	143	1,192	1,335	-	1,335
Total: Technical & Corporate	14,209	33,083	47,292	-2,467	44,825	3	1,290	-4,850	41,268	-3,557	-7.9%	11,922	31,813	43,735	-2,467	41,268

Prevention & Wellbeing MTFS 2019/20

Budget Area	2018/19 Employee Related Budgets	2018/19 Other Operating Expenditure Budgets	2018/19 Gross Expenditure Budgets	2018/19 Income	2018/19 Revised MTFS Base Budget	Pay Inflation Costs	Cost Increases	Cost Reductions	Proposed 2019/20 Budget	Cash Increase / Decrease	Percentage Increase / Decrease	Proposed Employee Budget 2019/20	Proposed Non - Employee Budget 2019/20	Proposed Gross Expenditure Budget 2019/20	Proposed Income Budget 2019/20	Proposed MTFS Budget 2019/20
	£000	£000	£000	£000	£'000	£000	£000	£000	£'000	£000	%	£000	£000	£000	£000	£'000
Public Health - Ringfenced Grant (See below for Service Breakdown)	1,477	22,894	24,371	-100	24,271			-641	23,630	-641	-2.6%	1,477	22,253	23,730	-100	23,630
Supporting People	-	9,181	9,181	-88	9,093		100	-399	8,794	-299	-3.3%	-	8,882	8,882	-88	8,794
Other Prevention & Wellbeing Activities	393	146	539	-	539	20	100		659	120	22.3%	413	246	659	-	659
Total: Prevention & Wellbeing	1,870	32,221	34,091	-188	33,903	20	200	-1,040	33,083	-820	-2.4%	1,890	31,381	33,271	-188	33,083

Public Health - Ring Fenced Grant 2019/20

Budget Area	2018/19 Employee Related Budgets	2018/19 Other Operating Expenditure Budgets	2018/19 Gross Expenditure Budgets	2018/19 Income	2018/19 Revised MTFS Base Budget	Pay Inflation Costs	Cost Increases	Cost Reductions	Proposed 2019/20 Budget	Cash Increase / Decrease	Percentage Increase / Decrease	Proposed Employee Budget 2019/20	Proposed Non - Employee Budget 2019/20	Proposed Gross Expenditure Budget 2019/20	Proposed Income Budget 2019/20	Proposed MTFS Budget 2019/20
	£000	£000	£000	£000	£'000	£000	£000	£000	£'000	£000	%	£000	£000	£000	£000	£'000
Sexual Health	-	3,347	3,347	-	3,347				3,347	0	0.0%	-	3,347	3,347	-	3,347
Health Behaviours	-	2,098	2,098	-	2,098			-110	1,988	-110	-5.2%	-	1,988	1,988	-	1,988
Drugs and Alcohol	-	6,193	6,193	-100	6,093			-231	5,862	-231	-3.8%	-	5,962	5,962	-100	5,862
Children 0-19 (incl. Health Visiting & School Nursing)	-	9,797	9,797	-	9,797			-300	9,497	-300	-3.1%	-	9,497	9,497	-	9,497
Public Mental Health	-	270	270	-	270				270	0	0.0%	-	270	270	-	270
NHS Health Checks	-	470	470	-	470				470	0	0.0%	-	470	470	-	470
PH function incl. staffing and intelligence	1,477	719	2,196	-	2,196				2,196	0	0.0%	1,477	719	2,196	-	2,196
Total: Public Health	1,477	22,894	24,371	-100	24,271	0	0	-641	23,630	-641	-2.6%	1,477	22,253	23,730	-100	23,630

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 2019/20 to 2021/22. 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 2019/20 Budget and MTFS has been produced using the following assumptions

- Council tax will increase by 2.99%.
- The Adult Social Care Levy of 2% will be applied in 2019/20
- 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
- General Reserves will remain within the 4% to 6% recommended range level
- 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 2019					
Reserve Detail	Balance at 31st March 2018	Transfers Out 2018/19	Transfers In 2018/19	Forecast Balance at 31st March 2019	Notes
	£,000s	£,000s	£,000s	£,000s	
Earmarked Reserves					
Capital Fund	14,027	-5,860	5,207	13,374	1
Strategic Waste Reserve	38,779	-560	2,000	40,219	2
Transformation Reserve	2,247	-491	0	1,756	3
Invest to Save	2,660	-941	346	2,065	4
Insurance Fund	11,981	0	0	11,981	5
Active Communities	402	-150	0	252	6
Public Health	1,998	-1,082	0	916	7
County Elections	308	0	200	508	8
Vehicle & Plant Replacement	82	-82	0	0	9
Fire Service Pensions	127	0	0	127	10
Fire Joint Training Centre	1,119	-42	0	1,077	11
Economic Stimulus Reserve	4,496	-1,388	0	3,108	12
Fire PFI Reserve - GFRS	3,296	0	253	3,549	13
Revenue Grant Reserves	17,769	0	0	17,769	14
Rates Retention Reserve	2,960	-600	2,230	4,590	15
Education Funding Risk Reserve	500	0	0	500	16
Vulnerable Children Reserve	1,603	-1,603	0	0	17
Home to School Transport Reserve	300	-136	0	164	18
A417 Missing Link	2,992	-50	0	2,942	19
Adult Care	3,693	-1,859	1,323	3,157	20
Communities & Infrastructure Reserve	518	-218	0	300	21
Traded Services & Shared Audit Service Reserves	390	-206	0	184	22
LED Renewables Reserve	463	0	116	579	23
Other Reserves	431	-251	0	180	24
Growing Our Communities	1,590	-530	0	1,060	25
People Services Reserve	713	-285	0	428	26
IRIS Project Reserve	825	-825	0	0	27
Minimum Wage Reserve	1,000	0	0	1,000	28
Highways Act - Commuted Sum Reserve	2,048	0	0	2,048	29
Earmarked Reserves (Non School)	119,317	-17,159	11,675	113,833	
Schools Related					
School Balances	17,215	0	0	17,215	30
Other Schools Related	3,305	-3,305	-2,055	-2,055	30
School Related	20,520	-3,305	-2,055	15,160	
Earmarked Reserves Total	139,837	-20,464	9,620	128,993	
General Fund Balances	18,520			18,520	31
Total Revenue Reserves	158,357	-20,464	9,620	147,513	
Earmarked Capital Reserves					
Capital Grant & Contributions Reserves	50,871	-60,373	60,373	50,871	32
Capital Receipts Reserve	32,206	-12,172	12,881	32,915	33
Total Capital Reserves	83,077	-72,545	73,254	83,786	

Notes on Reserves

1. The capital fund balance assumes that £5.21million will be transferred from the revenue capital financing budget to support future years capital programme expenditure.
2. The strategic waste reserve's estimated balance as at 31st March 2019 is £40.22 million, following a proposed transfer of £2.0 million from revenue. These funds are required to meet contract payments due on construction / completion.
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. It is currently fully committed.
4. The invest to save reserve supports projects that are designed to deliver on-going savings in the future by providing "pump priming" funding.
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 vehicle and plant reserve is intended to support Council procurement of Service vehicles and Plant.
10. 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.
11. 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.
12. 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.
13. 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.

14. 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.
15. The way that the Council is funded changed in 2013/14 with the introduction of the 50% Business Rates Retention system (BRR). As a result the Council is subject to volatility around Business Rate collections. To minimise this volatility under the 50% BRR system the Council receives a "Top Up" Grant from Central Government, which means that only our "Baseline" position is subject to the volatility. However during 2018/19 the Council was part of a 100% Business Rates Pilot and received no Top Up grant with all income coming from Business Rate income. The Council applied to be a 75% Pilot authority during 2019/20, however was unsuccessful. This means that the Council will revert to a 50% BRR system for 2019/20. The Business Rates Retention Reserve will continue to manage potential volatility in Business Rates income. Where deficits do occur, the reserve will be used to prevent any impact on the revenue budget. Part of this reserve is Gloucestershire Pool money, ring fenced for economic development projects across the County. The additional monies forecast from the 100% Pool estimated at £2.23 million will be transferred into this reserve as approved by Cabinet December 2018. It is proposed that this is utilised in 2019-20 to support the Vulnerable Children's budget.
16. The education funding smoothing reserve is intended to fund any in-year funding adjustments made in relation to Academies. The number of new school academy transfers has reduced significantly, with minimal impact on current budgets. It is therefore proposed to fully utilise this reserve funding to support the development of the primary hubs to address some of the high needs budget pressures in 2019-20 onwards.
17. 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
18. 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.
19. This reserve was established to support the upgrading of a section of the A417.
20. Adult care reserve was established to cover the budgetary risks associated with the fluctuations in demand led adult services.
21. This reserve was created to hold a number of small revenue carry forwards for Community and Infrastructure services.
22. The traded services & shared audit reserve was created to support activities to generate further traded income.
23. This is the smoothing reserve for the repayment of the SALIX/SEELs repayments over 7 years.
24. This relates to a small number of specific reserves.
25. 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). The forecast assumes a full year allocation will be spent in year however project slippage is possible.

26. Reserve was established in 2017/18 to mitigate volatility risk to the service budgets within Adult and Children Services.
27. Reserve was established in 2017/18 to the IRIS project to fund the planned development of this service. The reserve will be fully utilised in 2018/19.
28. Reserve was established in 2017/18 to mitigate volatility risk to the Adult Services budgets following Government changes to minimum wage legislation.
29. This Reserve holds Highways Act Commuted sums and will be used to support future years revenue costs.
30. It has been assumed that balances for Schools will remain at similar levels to those held at 31st March 2018. Following considerable funding pressures relating to the high needs services it is forecast that the Dedicated Schools Grant will be in a £2.0 million deficit at the end of 2018/19 after allowing for the additional funding announced by the DFE in December 2018. A recovery plan is currently being developed and consulted with Schools Forum to rectify this position.
31. Assuming a balanced outturn position on the revenue budget for 2018/19 general reserves are forecast to remain at £18.55 million at 31 March 2019. In the event of an over spend position a further draw down on general reserves will be required.
32. 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 2018/19 onwards.
33. 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 2019/20 – 2021/22 – Forecast draft budgets based on funding assumptions

	2018/19 Revised £m	2019/20 Forecast £m	2020/21 Forecast £m	2021/22 Forecast £m
Base Budget	413.48	413.48	429.66	436.55
Pay Inflation		4.39	3.89	2.74
National Living Wage		2.33	1.89	1.24
Other Pressures (Estimated)		30.22	13.83	11.65
Savings to be met from Transformation Programme		-20.76	-12.72	0.00
Net Operating Budget	413.48	429.66	436.55	452.19
<u>Funded by:-</u>				
Core Grant Funding	-93.60	-83.52	-105.83	-107.96
Other Non Ring Fenced Grant Funding	-12.23	-18.74	-15.47	-14.87
Public Health Grant	-24.27	-23.63	0	0
Council Tax Surplus	-5.25	-3.78	-4.00	-4.00
Reserve Movements	-0.58	-2.23	0.00	0.00
Council Tax Requirement	277.55	297.76	311.25	325.36
<u>Council Tax Calculation</u>				
Council Tax Base (Est)	225,247	230,158	233,610	237,114
Council Tax Band D Equivalent)	£1,232.21	£1,293.70	£1,332.38	£1,372.21
% Increase in Council Tax	4.49%	4.99%	2.99%	2.99%
This excludes the recently announced Social Care Funding and the additional ringfenced social care grant funding totalling £7.176 million expected in 2018-19 & £3.569 million expected in 2019-20.				

Capital Strategy 2019/20

Introduction

This capital strategy is a new report for 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 and grants to other bodies enabling them to buy assets. Subject to all Financial Regulations and Accounting Instructions, in particular Financial Regulation B: Financial Planning and Accounting Instructions 1, 14, and 19, Commissioning Directors have the authority to incur expenditure provided in the capital programme approved by the County Council.

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

The 2019/20 budget for planned capital expenditure is £148.7 million- see table below:

Table 1: Estimates of Capital Expenditure

Estimates of Capital Expenditure	2017/18 Actual £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
General Fund services	95.875	100.010	148.709	99.150	57.624
Capital investments	0.000	0.000	0.000	0.000	0.000
TOTAL	95.875	100.010	148.709	99.150	57.624

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 will be carried out at each MTFS refresh to identify all “non-committed” schemes. If necessary these will be re-prioritised against other priority schemes awaiting approval. Capital resources will be made available to deliver schemes that meet the Council’s “invest to save” criteria.

All Highway 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 we match 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 site and premises ensure the information is up to date to inform planned decisions. The Council has recently produced a draft School Places Strategy document (2018- 2023). The strategy, was considered by Cabinet for approval 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 Council in February each year.

Full details of the Council’s current capital programme can be found in the MTFS: <https://www.gloucestershire.gov.uk/council-and-democracy/performance-and-spending/budget-and-medium-term-financial-strategy/>

Financing Capital Expenditure

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council’s own resources (revenue, reserves and capital receipts) or debt (borrowing, (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	2017/18 Actual £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
External Sources	69.172	75.055	88.713	57.415	27.903
Own resources	26.703	19.860	44.591	19.685	10.721
Debt	0.000	5.095	15.405	22.050	19.000
Total	95.875	100.010	148.709	99.150	57.624

Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as the minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. The Council currently has no plans to use capital receipts to repay debt. Planned MRP and use of capital receipts to finance debt are as follows:

Table 3: Replacement of debt finance

Own resources	2017/18 Actual £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
MRP, including lease liability	6.766	6.888	7.077	23.422	31.830
Capital Receipts	0.000	0.000	0.000	0.000	0.000
Total	6.766	6.888	7.077	23.422	31.830

MRP increases significantly from 2020/21 due to the Javelin Park Incinerator coming onto the Council's balance sheet. The MRP element for the Javelin Park Incinerator matches in full the lease liability of the contract. The Council's full MRP statement is available within the Treasury Management Strategy, Annex 10 of the MTFS.

The Council's underlying need to borrow to finance the capital programme is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and other liabilities and then reduces with MRP payments and capital receipts used to replace debt. The CFR is expected to increase significantly during 2019/20 due to the Javelin Park Incinerator coming onto the Council's balance sheet. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Estimates of Capital Financing Requirement

Capital Financing Requirement	2017/18 Actual £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
General Fund services	282.251	281.146	290.147	305.177	316.375
Other Liabilities	19.825	19.138	604.391	587.989	563.961
Capital investments	0.000	0.000	0.000	0.000	0.000
TOTAL CFR	302.076	300.283	894.538	893.166	880.335

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, www.gloucestershire.gov.uk.

Asset disposals:

When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2021/22. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £11.9 million of capital receipts in the coming financial year as follows:

Table 5: Capital receipts

Capital receipts	2017/18 Actual £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
Asset sales	11.821	7.982	11.933	18.789	14.090
Local Authority Mortgage Scheme	1.200	1.000	0.000	0.000	0.000
TOTAL	13.021	8.982	11.933	18.789	14.090

Flexible Use of Capital Receipts:

As part of the local government finance settlement for 2016/17 Central Government announced greater flexibility for council's 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 and /or to transform service delivery in a way that reduces costs or demand for services in the future. Plans for utilising capital receipts in this way need to be approved by County Council, incorporated in the Council's Efficiency Statement, and progress reported on an annual basis to DCLG.

The approved budget 2019/20 does not anticipate the use of capital receipts in this way during 2019/20 financial year. 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 will 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 in order to avoid excessive credit balances or overdrafts in the bank current account. 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 £277.6 million borrowing at an average interest rate of 5.05% and £323.4 million treasury investments at an average rate of 1.55%.

Borrowing strategy:

The Council is currently holding all new long term external borrowing requirements internally. However, should the Council need to externalise this 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 2.0 to 3.0%).

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	2017/18 Actual £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
Debt (incl. Other Liabilities)	305.338	296.788	874.177	849.812	815.839
Capital Financing Requirement	302.076	300.283	894.538	893.166	880.335

Statutory guidance is that debt should remain below the underlying need to borrow to finance the capital programme, as measured by 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 which compares the level of borrowing with the level of treasury management investments. This benchmark is currently £1.9 million, which shows that borrowing exceeds the value of investments by £1.9 million. The liability benchmark is forecast to rise to £77.1million over the next three years. In effect, this is saying that if we made no investments during 2018/19 the Council would need borrowing of £1.9 million to support the capital programme.

Table 7: Borrowing and the Liability Benchmark

Borrowing and the Liability Benchmark	2017/18 Actual £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
Outstanding borrowing	285.513	277.650	269.786	261.823	251.878
Liability benchmark	-4.249	1.850	62.351	70.581	77.079

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 which reduces overall cost. 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	2017/18 Limit £m	2018/19 Limit £m	2019/20 Limit £m	2020/21 Limit £m	2021/22 Limit £m
Total Authorised Limit for External Debt and Other Liabilities	363.000	380.000	910.000	900.000	890.000
Split: External Debt	343.000	360.000	305.000	346.000	352.000
Other Liabilities	20.000	20.000	605.000	554.000	538.000
Total Operational Boundary for External Debt	360.000	360.000	890.000	880.000	870.000
Split: External Debt	340.000	340.000	285.000	326.000	332.000
Other Liabilities	20.000	20.000	605.000	554.000	538.000

Further details on borrowing are available within the treasury management strategy at Annex 10.

Treasury Investment strategy:

Treasury investments arise from receiving cash before it is paid out again. 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. This non treasury Investment Strategy is 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. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance 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.

Table 9: Treasury management investments

Treasury Management Investments	2017/18 Actual £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
Near-term investments	204.7	153.9	85.5	69.3	52.9
Longer-term investments	90.6	121.9	121.9	121.9	121.9
TOTAL	295.3	275.8	207.4	191.2	174.8

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

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 makes 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 it still plans 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.

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 includes 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.

Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans, lease repayments and MRP payments are charged to revenue. These costs are known as financing costs. The table below compares the financing costs with the Council's net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 10: Proportion of financing costs to net revenue stream

	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Proportion of Financing Costs to Net Revenue Stream	4.86%	6.79%	6.46%	10.33%	11.95%

The reason for the large increase from 2020/21 is due to the Javelin Park Waste incinerator coming onto the Council's balance sheet. Further details on the revenue implications of capital expenditure are within the Treasury Management Strategy.

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 approved 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 2019/20

MEDIUM TERM CAPITAL PROGRAMME - COUNTY COUNCIL SERVICES FINANCING STATEMENT

	Profiled Budget					Total	Prior	Total
	2018/19	2019/20	2020/21	2021/22	Future	Still	Years	Scheme
	£000	£000	£000	£000	Years	Required	Actual	Investment
					£000	£000	£000	£000
GROSS PAYMENTS								
Adults	8,286	9,422	750	0	0	18,458	6,581	25,039
Children & Families	24,112	45,472	38,062	17,548	0	125,194	45,005	170,199
<u>Communities:</u>								
Highways	50,902	52,119	37,623	31,375	0	172,019	111,811	283,830
Strategic Infrastructure	1,984	2,624	3,539	3,414	0	11,561	6,700	18,261
Waste Disposal	625	1,124	409	18	0	2,176	333	2,509
Libraries	753	893	353	0	0	1,999	928	2,927
Fire & Rescue	1,028	2,477	1,144	1,849	0	6,498	3,199	9,697
<u>Business Support:</u>								
AMPS	8,262	22,592	15,620	1,100	0	47,574	18,340	65,914
ICT Projects	2,327	10,920	800	1,400	0	15,447	5,269	20,716
Archives & Information Management	1,155	747	500	500	0	2,902	2,083	4,985
Customer	294	20	0	0	0	314	382	696
Business Support Misc	282	299	350	420	0	1,351	0	1,351
Total	100,010	148,709	99,150	57,624	0	405,493	200,631	606,124
AVAILABLE RESOURCES								
Revenue Contributions	1,290	1,163	0	0	0	2,453		
Section 106 Contributions	9,932	5,683	760	82	0	16,457		
Capital Fund	4,933	5,837	341	129	0	11,240		
Other External Contributions	443	220	0	0	0	663		
External Grant - including Government	64,680	82,810	56,655	27,821	0	231,966		
Other Reserves	1,468	2,343	2,121	0	0	5,932		
Capital Receipts	12,169	35,248	17,223	10,592	0	75,232		
Internal Borrowing	5,095	15,405	22,050	19,000	0	61,550		
Other - including Borrowing	0	0	0	0	0	0		
Total	100,010	148,709	99,150	57,624	0	405,493		
Surplus/deficit (-)	0	0	0	0	0	0		

Capital Programme 2019/20	Total Scheme Budget							Financing for Total Scheme Budget										Total for Remaining Life £000	Prior Years Funding £000	Funding of budget total £000
Scheme Name	Current Total Scheme Budget £000	Prior Years Actuals £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £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				
Summary by service area																				
Adults	25,039	6,581	8,286	9,422	750	0	0	4	0	7	76	17,610	0	761	0	0	18,458	6,581	25,039	
Children & Families	170,199	45,005	24,112	45,472	38,062	17,548	0	1,047	10,567	1,452	27	94,698	363	2,040	15,000	0	125,194	45,005	170,199	
Highways	283,830	111,811	50,902	52,119	37,623	31,375	0	1,357	5,451	652	488	114,011	0	11,060	39,000	0	172,019	111,811	283,830	
Strategic Infrastructure	18,261	6,700	1,984	2,624	3,539	3,414	0	0	0	1,334	72	1,972	3,829	4,354	0	0	11,561	6,700	18,261	
Waste Disposal	2,509	333	625	1,124	409	18	0	0	0	166	0	0	1,118	892	0	0	2,176	333	2,509	
Libraries	2,927	928	753	893	353	0	0	0	429	2	0	137	0	1,431	0	0	1,999	928	2,927	
Fire & Rescue	9,697	3,199	1,028	2,477	1,144	1,849	0	0	0	731	0	261	0	5,506	0	0	6,498	3,199	9,697	
AMPS	65,914	18,340	8,262	22,592	15,620	1,100	0	45	10	2,151	0	2,667	597	34,554	7,550	0	47,574	18,340	65,914	
ICT Projects	20,716	5,269	2,327	10,920	800	1,400	0	0	0	4,696	0	50	0	10,701	0	0	15,447	5,269	20,716	
Archives & Information Management	4,985	2,083	1,155	747	500	500	0	0	0	11	0	421	25	2,445	0	0	2,902	2,083	4,985	
Customer	696	382	294	20	0	0	0	0	0	38	0	139	0	137	0	0	314	382	696	
Business Support Misc	1,351	0	282	299	350	420	0	0	0	0	0	0	0	1,351	0	0	1,351	0	1,351	
Total Capital Programme	606,124	200,631	100,010	148,709	99,150	57,624	0	2,453	16,457	11,240	663	231,966	5,932	75,232	61,550	0	405,493	200,631	606,124	
Adults																				
ERIC Replacement	1,897	911	800	186	0	0	0	0	0	0	0	986	0	0	0	0	986	911	1,897	
Community Capacity Grant	1,517	0	767	500	250	0	0	0	0	0	0	1,517	0	0	0	0	1,517	0	1,517	
Disabled Facilities Grant 17/18	5,135	3,452	1,683	0	0	0	0	0	0	0	0	1,683	0	0	0	0	1,683	3,452	5,135	
Supported Living Accommodation Fairford	730	0	0	730	0	0	0	0	0	0	0	730	0	0	0	0	730	0	730	
H.O.L.D. Scheme	654	110	12	532	0	0	0	0	0	0	0	544	0	0	0	0	544	110	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	5,589	0	4,695	894	0	0	0	0	0	0	0	5,589	0	0	0	0	5,589	0	5,589	
Schemes under £250,000 18/19 onwards	2,728	2,108	329	291	0	0	0	4	0	7	76	522	0	11	0	0	620	2,108	2,728	
New Starts 2019/20 onwards																				
Community Capacity	750	0	0	250	500	0	0	0	0	0	0	0	0	750	0	0	750	0	750	
Disabled Facilities Grant 2019/20 (Estimate)	5,589	0	0	5,589	0	0	0	0	0	0	0	5,589	0	0	0	0	5,589	0	5,589	
Total Adults	25,039	6,581	8,286	9,422	750	0	0	4	0	7	76	17,610	0	761	0	0	18,458	6,581	25,039	
Children & Families																				
Paternoster, replace temps	2,848	1,403	1,375	70	0	0	0	0	0	0	0	1,445	0	0	0	0	1,445	1,403	2,848	
Milestone The Space unit upgrade	385	0	320	65	0	0	0	20	0	16	0	349	0	0	0	0	385	0	385	
Special Provision Fund 18/19 - 20/21	2,404	0	0	801	1,255	348	0	0	0	0	0	2,404	0	0	0	0	2,404	0	2,404	
High Needs Specialist Provision	803	0	268	535	0	0	0	0	0	0	0	803	0	0	0	0	803	0	803	
Cleeve School 1FE expansion	5,478	3,068	2,150	260	0	0	0	0	2,310	0	0	100	0	0	0	0	2,410	3,068	5,478	
Beaufort School 1FE expansion	4,088	2,729	1,180	179	0	0	0	0	1,359	0	0	0	0	0	0	0	1,359	2,729	4,088	
Balcarras School expansion	350	0	0	350	0	0	0	0	0	0	0	350	0	0	0	0	350	0	350	
Chipping Campden School 6th Form/PES	805	100	349	356	0	0	0	0	705	0	0	0	0	0	0	0	705	100	805	
Pittville School expansion	325	0	0	325	0	0	0	0	0	0	0	325	0	0	0	0	325	0	325	
Severn Vale School 1FE expansion	5,071	2,377	1,800	894	0	0	0	0	0	0	0	2,694	0	0	0	0	2,694	2,377	5,071	
Barnwood Park School 1FE expansion	3,500	16	1,600	1,884	0	0	0	0	0	0	0	1,444	0	2,040	0	0	3,484	16	3,500	
New Secondary School, Cheltenham	30,000	3	120	9,877	10,000	10,000	0	0	0	0	0	14,997	0	0	15,000	0	29,997	3	30,000	
Short Breaks Capital Grants	902	589	313	0	0	0	0	0	0	0	0	313	0	0	0	0	313	589	902	
Basic Need Grant 2018/19	1,803	0	151	1,652	0	0	0	0	0	0	0	1,803	0	0	0	0	1,803	0	1,803	
Basic Need provision 18/19	799	0	0	799	0	0	0	0	0	0	0	799	0	0	0	0	799	0	799	
Healthy Pupils Capital Fund 18/19	409	0	409	0	0	0	0	0	0	0	0	409	0	0	0	0	409	0	409	
Ashchurch Primary replace temps	750	0	50	550	150	0	0	0	230	0	0	520	0	0	0	0	750	0	750	
Bourton-on-the-Water Primary, expansion	993	458	480	55	0	0	0	0	535	0	0	0	0	0	0	0	535	458	993	
Brockworth Primary Academy 1FE Expansion	1,000	0	200	800	0	0	0	0	68	0	0	932	0	0	0	0	1,000	0	1,000	
Cirencester Primary replace classrooms	1,640	147	59	700	734	0	0	20	0	0	0	1,473	0	0	0	0	1,493	147	1,640	
Parton Manor Junior additional classbase	300	0	20	280	0	0	0	0	0	0	0	300	0	0	0	0	300	0	300	
Drybrook Primary remodel classrooms	822	57	765	0	0	0	0	0	0	0	0	765	0	0	0	0	765	57	822	
Dursley Primary remodelling	274	0	0	274	0	0	0	0	274	0	0	0	0	0	0	0	274	0	274	
Fairford Primary 2 classrooms	3,438	90	1,638	1,710	0	0	0	0	698	0	0	2,650	0	0	0	0	3,348	90	3,438	

Capital Programme 2019/20	Total Scheme Budget							Financing for Total Scheme Budget										Total for Remaining Life £000	Prior Years Funding £000	Funding of budget total £000
Scheme Name	Current Total Scheme Budget £000	Prior Years Actuals £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	Future Years £000	Revenue Contrib £000	S106 External Contrib £000	Capital Fund £000	Other External Contrib £000	Grant £000	Other Reserves £000	Capital Receipts £000	Internal Borrowing £000	Other incl. Borrowing £000				
Rissington Primary expansion	824	0	800	24	0	0	0	0	0	0	0	0	824	0	0	0	824	0	824	
Innsworth Infant new reception classroom	300	0	50	250	0	0	0	0	0	0	0	0	300	0	0	0	300	0	300	
Mickleton Primary, double classroom unit	673	59	571	42	1	0	0	0	0	508	0	0	106	0	0	0	614	59	673	
St Marys CoFE Infant temporary expansion	300	0	230	70	0	0	0	0	0	0	0	0	300	0	0	0	300	0	300	
Shurdington Primary expansion	1,505	521	840	144	0	0	0	0	0	676	0	0	308	0	0	0	984	521	1,505	
Tredington Primary additional classroom	265	0	200	65	0	0	0	0	0	265	0	0	0	0	0	0	265	0	265	
The John Moore Primary expansion	2,100	0	200	1,000	900	0	0	0	0	1,200	0	0	900	0	0	0	2,100	0	2,100	
Gardners Lane Primary 2 Class Extension	1,016	316	540	124	36	0	0	43	0	0	0	0	657	0	0	0	700	316	1,016	
Leckhampton Primary expansion	3,560	0	200	3,360	0	0	0	0	0	0	0	0	3,560	0	0	0	3,560	0	3,560	
Hunts Grove, ICT/FFE	406	0	50	300	56	0	0	0	0	0	0	0	406	0	0	0	406	0	406	
Cheltenham additional primary places	500	0	0	500	0	0	0	0	0	0	0	0	500	0	0	0	500	0	500	
Dinglewell Junior replace classrooms	856	36	778	42	0	0	0	0	0	0	0	0	820	0	0	0	820	36	856	
Finlay Primary 1FE expansion	1,300	0	40	1,210	50	0	0	0	0	0	0	0	1,300	0	0	0	1,300	0	1,300	
Intensive Intervention Service (IRIS)	1,200	0	0	1,200	0	0	0	0	0	0	1,200	0	0	0	0	0	1,200	0	1,200	
Capital Maintenance Programme 18/19	1,475	0	1,475	0	0	0	0	0	0	0	0	0	1,475	0	0	0	1,475	0	1,475	
Schemes under £250,000 18/19 onwards	39,569	33,036	4,891	1,403	239	0	0	389	420	236	27	5,098	363	0	0	0	6,533	33,036	39,569	
New Starts 2019/20 onwards																				
Capital Maintenance Programme 19/20	2,875	0	0	2,875	0	0	0	575	0	0	0	0	2,300	0	0	0	2,875	0	2,875	
Miscellaneous property works	700	0	0	600	100	0	0	0	0	0	0	0	700	0	0	0	700	0	700	
Bishops Cleeve area primary places	8,000	0	0	500	4,000	3,500	0	0	0	0	0	0	8,000	0	0	0	8,000	0	8,000	
Bourton-on-the-Water Primary expansion	1,000	0	0	250	700	50	0	0	0	0	0	0	1,000	0	0	0	1,000	0	1,000	
St. David's Primary expansion	1,500	0	0	1,000	500	0	0	0	1,200	0	0	0	300	0	0	0	1,500	0	1,500	
Slimbridge Primary expansion	350	0	0	300	50	0	0	0	0	0	0	0	350	0	0	0	350	0	350	
Tidenham area primary provision	1,500	0	0	500	1,000	0	0	0	0	0	0	0	1,500	0	0	0	1,500	0	1,500	
Warden Hill Primary expansion	5,500	0	0	2,000	3,500	0	0	0	0	0	0	0	5,500	0	0	0	5,500	0	5,500	
Winchcombe Abbey Primary expansion	1,500	0	0	1,000	500	0	0	0	0	0	0	0	1,500	0	0	0	1,500	0	1,500	
Winchcombe area primary provision	4,000	0	0	50	1,700	2,250	0	0	0	0	0	0	4,000	0	0	0	4,000	0	4,000	
Cheltenham Secondary growth	700	0	0	350	350	0	0	0	0	0	0	0	700	0	0	0	700	0	700	
The Cotswold School expansion	3,500	0	0	1,250	2,000	250	0	0	0	0	0	0	3,500	0	0	0	3,500	0	3,500	
Winchcombe Secondary expansion	2,000	0	0	1,000	1,000	0	0	0	119	0	0	0	1,881	0	0	0	2,000	0	2,000	
Specialist Provision	5,000	0	0	1,500	2,500	1,000	0	0	0	0	0	0	5,000	0	0	0	5,000	0	5,000	
Basic Need Provision 19/20	1,500	0	0	50	1,300	150	0	0	0	0	0	0	1,500	0	0	0	1,500	0	1,500	
Basic Need Grant 2020/21	5,441	0	0	0	5,441	0	0	0	0	0	0	0	5,441	0	0	0	5,441	0	5,441	
Schools Condition Allocation 2019/20	97	0	0	97	0	0	0	0	0	0	0	0	97	0	0	0	97	0	97	
Total Children & Families	170,199	45,005	24,112	45,472	38,062	17,548	0	1,047	10,567	1,452	27	94,698	363	2,040	15,000	0	125,194	45,005	170,199	
Highways																				
Metz Way Bus Priority (E of Eastern Ave)	1,856	476	1,380	0	0	0	0	0	1,274	0	0	0	106	0	0	0	1,380	476	1,856	
B4632 Lye Lane Cleeve Hill - SLIP	828	165	663	0	0	0	0	0	0	0	0	0	663	0	0	0	663	165	828	
Cheltenham Transport Plan (Boots Corner)	1,793	1,488	305	0	0	0	0	0	0	0	0	0	305	0	0	0	305	1,488	1,793	
A4173 Safety and Surfacing	1,942	1	1,616	325	0	0	0	0	0	0	0	0	1,941	0	0	0	1,941	1	1,942	
A436 Air Balloon Rbt to Severn Springs	431	0	431	0	0	0	0	0	0	0	0	0	431	0	0	0	431	0	431	
A48 Walmore Hill Chaxhill	458	0	458	0	0	0	0	0	0	0	0	0	458	0	0	0	458	0	458	
Pothole Action Fund	876	0	876	0	0	0	0	0	0	0	0	0	876	0	0	0	876	0	876	
Cinderford Northern Quarter Spine Road	6,835	6,481	204	150	0	0	0	0	0	100	0	0	254	0	0	0	354	6,481	6,835	
Gloucester South West Bypass - Llanthony	3,135	539	400	281	1,915	0	0	0	0	0	0	0	2,596	0	0	0	2,596	539	3,135	
Cross Keys Roundabout Improvements	3,406	119	600	2,687	0	0	0	0	0	0	0	0	3,287	0	0	0	3,287	119	3,406	
Cheltenham to Bishops Cleeve Cycle Track	748	85	103	560	0	0	0	0	663	0	0	0	0	0	0	0	663	85	748	
A419 Improvements (Stonehouse to M5)	4,956	460	497	3,999	0	0	0	0	0	0	0	0	4,496	0	0	0	4,496	460	4,956	
A40 Over Roundabout Improvement	2,503	918	1,439	146	0	0	0	0	38	0	0	0	1,547	0	0	0	1,585	918	2,503	
Elmbridge Major-Arle Court Bus Priority	13,403	12,240	909	254	0	0	0	0	0	0	0	0	1,163	0	0	0	1,163	12,240	13,403	
Cyber Park - Highways LEP funding	3,300	0	300	3,000	0	0	0	0	0	0	0	0	3,300	0	0	0	3,300	0	3,300	
Gloucester to Quedgeley Canal Cycletrack	847	9	765	73	0	0	0	0	588	0	50	0	200	0	0	0	838	9	847	
A435 Bishops Cl' to Racecourse Capacity	1,034	36	100	458	440	0	0	0	998	0	0	0	0	0	0	0	998	36	1,034	

Capital Programme 2019/20	Total Scheme Budget							Financing for Total Scheme Budget										Total for Remaining Life £000	Prior Years Funding £000	Funding of budget total £000
Scheme Name	Current Total	Prior Years	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £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 Budget £000	Actuals £000																		
LED Streetlighting Major Project	23,923	11,891	6,701	1,291	2,020	2,020	0	0	0	0	0	2,142	0	9,890	0	0	12,032	11,891	23,923	
Street Column Structural Test & Repair	1,720	1,266	454	0	0	0	0	0	0	0	0	454	0	0	0	0	454	1,266	1,720	
Concrete Column Replacement-LED Project	2,790	1,990	800	0	0	0	0	0	0	0	0	800	0	0	0	0	800	1,990	2,790	
Horsbere Brook Culvert repair	290	0	195	95	0	0	0	0	0	0	0	290	0	0	0	0	290	0	290	
Wye River Bridge - Lydbrook	444	48	324	72	0	0	0	0	0	0	222	174	0	0	0	0	396	48	444	
Structures Unallocated	1,186	0	186	1,000	0	0	0	0	0	22	0	1,164	0	0	0	0	1,186	0	1,186	
Lydney Level Crossings	942	157	785	0	0	0	0	0	0	0	0	785	0	0	0	0	785	157	942	
TS152 - Metz Way/Eastern Ave Signals	623	190	433	0	0	0	0	0	0	0	0	433	0	0	0	0	433	190	623	
Traffic Signals Unallocated	1,000	0	0	0	1,000	0	0	0	0	0	0	1,000	0	0	0	0	1,000	0	1,000	
Minor Works	2,487	0	2,487	0	0	0	0	0	0	0	0	2,487	0	0	0	0	2,487	0	2,487	
C'Ways - Class A Roads: Struct Maint	13,591	0	10,186	2,405	1,000	0	0	0	0	0	0	8,297	0	0	5,294	0	13,591	0	13,591	
C'Ways - Class B Roads: Struct Maint	2,707	0	2,707	0	0	0	0	0	0	0	0	942	0	0	1,765	0	2,707	0	2,707	
C'ways - Class 3 Roads: Struct Maint	3,856	0	2,356	1,000	500	0	0	3	0	0	0	1,500	0	0	2,353	0	3,856	0	3,856	
C'ways - Unclassified: Struct Maint	764	0	764	0	0	0	0	0	0	0	0	176	0	0	588	0	764	0	764	
High Street Cheltenham - Pedestrian Area	514	164	350	0	0	0	0	0	0	0	0	350	0	0	0	0	350	164	514	
Footways: Structural Maintenance	593	0	593	0	0	0	0	0	0	4	0	589	0	0	0	0	593	0	593	
Reactive Works	3,665	0	3,665	0	0	0	0	0	0	56	0	3,609	0	0	0	0	3,665	0	3,665	
Bulk Lining and Studs Unallocated	500	0	0	250	250	0	0	0	0	0	0	500	0	0	0	0	500	0	500	
Advance Design	656	253	403	0	0	0	0	0	0	0	0	403	0	0	0	0	403	253	656	
Schemes under £250,000 18/19 onwards	81,889	72,835	6,467	2,210	245	132	0	854	1,890	470	216	5,624	0	0	0	0	9,054	72,835	81,889	
New Starts 2019/20 onwards																				
Structural Maintenance (estimate 2020/21)	34,724	0	0	0	17,362	17,362	0	0	0	0	0	34,724	0	0	0	0	34,724	0	34,724	
Road Maintenance (Corporate Support)	19,000	0	0	0	10,000	9,000	0	0	0	0	0	0	0	0	19,000	0	19,000	0	19,000	
Integrated Transport (estimated 2020/21)	5,722	0	0	0	2,861	2,861	0	0	0	0	0	5,722	0	0	0	0	5,722	0	5,722	
Reactive Works	3,685	0	0	3,685	0	0	0	0	0	0	0	3,685	0	0	0	0	3,685	0	3,685	
Data collection inc SCRIM data and signing	130	0	0	130	0	0	0	0	0	0	0	130	0	0	0	0	130	0	130	
Coring & Assessment 2019/20	200	0	0	200	0	0	0	0	0	0	0	200	0	0	0	0	200	0	200	
Capital Minor Works (MTC3) 2019/20	2,000	0	0	2,000	0	0	0	0	0	0	0	2,000	0	0	0	0	2,000	0	2,000	
Footway and Cycleway Maint 2019/20	600	0	0	600	0	0	0	0	0	0	0	600	0	0	0	0	600	0	600	
Cheltenham High Street	200	0	0	200	0	0	0	0	0	0	0	200	0	0	0	0	200	0	200	
Safety Fencing 2019/20	100	0	0	100	0	0	0	0	0	0	0	100	0	0	0	0	100	0	100	
Bridges and Walls 2019/20	1,300	0	0	1,300	0	0	0	0	0	0	0	1,300	0	0	0	0	1,300	0	1,300	
Street Lighting 2019/20	800	0	0	800	0	0	0	0	0	0	0	800	0	0	0	0	800	0	800	
Drainage 2019/20	500	0	0	500	0	0	0	500	0	0	0	0	0	0	0	0	500	0	500	
Traffic Signals 2019/20	500	0	0	500	0	0	0	0	0	0	0	500	0	0	0	0	500	0	500	
Slips 2019/20	1,000	0	0	1,000	0	0	0	0	0	0	0	1,000	0	0	0	0	1,000	0	1,000	
Large and Miscellaneous Schemes 2019/20	2,800	0	0	2,800	0	0	0	0	0	0	0	2,800	0	0	0	0	2,800	0	2,800	
Parking 2019/20	150	0	0	150	0	0	0	0	0	0	0	150	0	0	0	0	150	0	150	
Public Transport Infrastructure 2019/20	150	0	0	150	0	0	0	0	0	0	0	150	0	0	0	0	150	0	150	
Cycle Infrastructure 2019/20	100	0	0	100	0	0	0	0	0	0	0	100	0	0	0	0	100	0	100	
Safety Schemes 2019/20	400	0	0	400	0	0	0	0	0	0	0	400	0	0	0	0	400	0	400	
Accessibility & Community 2019/20	100	0	0	100	0	0	0	0	0	0	0	100	0	0	0	0	100	0	100	
Support for Stroud Water Canal Reopening	233	0	0	233	0	0	0	0	0	0	0	233	0	0	0	0	233	0	233	
Flood Alleviation 2019/20	120	0	0	120	0	0	0	0	0	0	0	120	0	0	0	0	120	0	120	
Urban Traffic Control System	170	0	0	170	0	0	0	0	0	0	0	0	0	170	0	0	170	0	170	
Refurbishment of Highway Depots	205	0	0	175	30	0	0	0	0	0	0	0	0	205	0	0	205	0	205	
Carriageways 2019-20	15,655	0	0	15,655	0	0	0	0	0	0	0	5,655	0	0	10,000	0	15,655	0	15,655	
Highways Locals 2019-20	795	0	0	795	0	0	0	0	0	0	0	0	0	795	0	0	795	0	795	
Total Highways	283,830	111,811	50,902	52,119	37,623	31,375	0	1,357	5,451	652	488	114,011	0	11,060	39,000	0	172,019	111,811	283,830	

Capital Programme 2019/20	Total Scheme Budget							Financing for Total Scheme Budget										Total for Remaining Life £000	Prior Years Funding £000	Funding of budget total £000
Scheme Name	Current Total Scheme Budget £000	Prior Years Actuals £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £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				
Strategic Infrastructure																				
Fastershire Broadband Strategy	13,700	5,715	140	1,392	3,168	3,285	0	0	0	0	0	0	3,631	4,354	0	0	7,985	5,715	13,700	
Priors & Oakley FAS - FDGiA	2,934	883	1,651	400	0	0	0	0	0	167	0	1,884	0	0	0	0	2,051	883	2,934	
Traffic Model Update (Saturn) 2018	258	0	50	208	0	0	0	0	0	60	0	0	198	0	0	0	258	0	258	
Schemes under £250,000 18/19 onwards	1,369	102	143	624	371	129	0	0	0	1,107	72	88	0	0	0	0	1,267	102	1,369	
Total Strategic Infrastructure	18,261	6,700	1,984	2,624	3,539	3,414	0	0	0	1,334	72	1,972	3,829	4,354	0	0	11,561	6,700	18,261	
Waste Disposal																				
Mobile Compactors	1,146	1	548	575	22	0	0	0	0	27	0	0	1,118	0	0	0	1,145	1	1,146	
Schemes under £250,000 18/19 onwards	471	332	77	62	0	0	0	0	0	139	0	0	0	0	0	0	139	332	471	
New Starts 2019/20 onwards																				
Hempsted Cell	143	0	0	143	0	0	0	0	0	0	0	0	0	143	0	0	143	0	143	
Waste Mobile Compaction	563	0	0	264	299	0	0	0	0	0	0	0	0	563	0	0	563	0	563	
HRC Ground Repair	136	0	0	64	72	0	0	0	0	0	0	0	0	136	0	0	136	0	136	
HRC Skip replacement	50	0	0	16	16	18	0	0	0	0	0	0	0	50	0	0	50	0	50	
Total Waste Disposal	2,509	333	625	1,124	409	18	0	0	0	166	0	0	1,118	892	0	0	2,176	333	2,509	
Libraries																				
Customer Services Programme	1,520	89	372	706	353	0	0	0	0	0	0	0	0	1,431	0	0	1,431	89	1,520	
Schemes under £250,000 18/19 onwards	1,407	839	381	187	0	0	0	0	429	2	0	137	0	0	0	0	568	839	1,407	
Total Libraries	2,927	928	753	893	353	0	0	0	429	2	0	137	0	1,431	0	0	1,999	928	2,927	
Fire & Rescue																				
Appliances & Equipment 17/18 (Vehicles)	600	208	392	0	0	0	0	0	0	392	0	0	0	0	0	0	392	208	600	
Mobile Data Terminals	300	19	81	200	0	0	0	0	0	281	0	0	0	0	0	0	281	19	300	
ERV - Fire Appliances & Equipmnt 18/19	3,900	0	0	1,200	900	1,800	0	0	0	0	0	0	0	3,900	0	0	3,900	0	3,900	
ERV - Light Fleet Vehicles	276	0	60	73	94	49	0	0	0	0	0	0	0	276	0	0	276	0	276	
ERV - Aerial Ladder Platform	430	0	0	430	0	0	0	0	0	0	0	0	0	430	0	0	430	0	430	
ECR - Mobilising System Upgrade	300	0	0	150	150	0	0	0	0	0	0	0	0	300	0	0	300	0	300	
Personal Protection Equipment	600	0	300	300	0	0	0	0	0	0	0	0	0	600	0	0	600	0	600	
Schemes under £250,000 18/19 onwards	3,291	2,972	195	124	0	0	0	0	0	58	0	261	0	0	0	0	319	2,972	3,291	
Total Fire & Rescue	9,697	3,199	1,028	2,477	1,144	1,849	0	0	0	731	0	261	0	5,506	0	0	6,498	3,199	9,697	
AMPS																				
SH MTFs SH Maintenance	1,094	579	200	315	0	0	0	0	0	0	0	0	0	515	0	0	515	579	1,094	
MTFS SH Refurbishment	9,587	8,269	1,318	0	0	0	0	0	0	0	0	0	0	1,318	0	0	1,318	8,269	9,587	
Worksmart - Photovoltaic Panels	1,140	543	597	0	0	0	0	0	0	0	0	0	597	0	0	0	597	543	1,140	
Area Based Review	5,002	0	385	2,380	2,237	0	0	0	0	0	0	0	0	5,002	0	0	5,002	0	5,002	
Blackfriars & Quays Redevelopment	4,132	1,908	1,024	1,200	0	0	0	0	0	0	0	2,222	0	2	0	0	2,224	1,908	4,132	
Health & Safety Works 2016/17 - 2018/19	898	600	298	0	0	0	0	0	0	0	0	0	0	298	0	0	298	600	898	
Shire Hall - Accessible Fire Escape Lift	450	0	450	0	0	0	0	0	0	0	0	0	0	450	0	0	450	0	450	
Shire Hall - Social Care Hub - MTFs17/18	2,900	2,547	353	0	0	0	0	0	0	353	0	0	0	0	0	0	353	2,547	2,900	
Shire Hall Office Moves - MTFs 17/18	1,772	984	488	300	0	0	0	0	0	788	0	0	0	0	0	0	788	984	1,772	
Locality Solutions (Stroud)	375	0	0	375	0	0	0	0	0	375	0	0	0	0	0	0	375	0	375	
Refurbishment of Service Properties	1,141	0	151	590	200	200	0	0	0	0	0	341	0	800	0	0	1,141	0	1,141	
Health & Safety Works 2018/19 - 2020-21	750	0	250	250	250	0	0	0	0	0	0	0	0	750	0	0	750	0	750	
Shire Hall Conferencing Facility	400	0	400	0	0	0	0	0	0	0	0	0	0	400	0	0	400	0	400	
Shire Hall - Planned External maint	600	0	50	550	0	0	0	0	0	0	0	0	0	600	0	0	600	0	600	
Shire Hall - Staff Relocations	300	0	100	200	0	0	0	0	0	0	0	0	0	300	0	0	300	0	300	
Shire Hall - Refurb of Communal Areas	300	0	50	250	0	0	0	0	0	0	0	0	0	300	0	0	300	0	300	
Shire Hall - Block 2 Windows	400	0	0	400	0	0	0	0	0	0	0	0	0	400	0	0	400	0	400	
Shire Hall - External Blk 6 incl Parking	810	0	100	710	0	0	0	0	0	0	0	0	0	810	0	0	810	0	810	

Capital Programme 2019/20	Total Scheme Budget							Financing for Total Scheme Budget										Total for Remaining Life £000	Prior Years Funding £000	Funding of budget total £000
Scheme Name	Current Total Scheme Budget £000	Prior Years Actuals £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £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				
Cotswold Hub - Lewis Lane	578	0	328	250	0	0	0	0	0	0	0	0	0	578	0	0	578	0	578	
CYP - College Yard Gloucester	370	0	50	320	0	0	0	0	0	0	0	0	0	370	0	0	370	0	370	
Rural Estates - Farm Investment	1,570	0	671	614	285	0	0	0	0	75	0	0	0	1,495	0	0	1,570	0	1,570	
Sandford Park House	405	0	405	0	0	0	0	45	0	360	0	0	0	0	0	0	405	0	405	
Schemes under £250,000 18/19 onwards	4,045	2,910	594	473	68	0	0	0	10	200	0	104	0	821	0	0	1,135	2,910	4,045	
New Starts 2019/20 onwards																				
Corporate Property Condition Data works	2,900	0	0	1,000	1,000	900	0	0	0	0	0	0	0	2,900	0	0	2,900	0	2,900	
Quayside - Health Hub	16,030	0	0	10,000	6,030	0	0	0	0	0	0	0	0	16,030	0	0	16,030	0	16,030	
Quayside - Car Park	7,550	0	0	2,000	5,550	0	0	0	0	0	0	0	0	0	7,550	0	7,550	0	7,550	
Stonehouse Library	300	0	0	300	0	0	0	0	0	0	0	0	0	300	0	0	300	0	300	
Traveller Sites	115	0	0	115	0	0	0	0	0	0	0	0	0	115	0	0	115	0	115	
Total AMPS	65,914	18,340	8,262	22,592	15,620	1,100	0	45	10	2,151	0	2,667	597	34,554	7,550	0	47,574	18,340	65,914	
ICT Projects																				
ICT Strategy - Telephony	1,896	1,466	258	172	0	0	0	0	0	0	0	50	0	380	0	0	430	1,466	1,896	
ICT Strat - Network Strategy Upgrade	1,296	169	250	877	0	0	0	0	0	946	0	0	0	181	0	0	1,127	169	1,296	
ICT Strat - End User Device O/S	2,100	59	291	1,750	0	0	0	0	0	2,041	0	0	0	0	0	0	2,041	59	2,100	
ICT Strat - VM Refresh - V6 environmt	353	0	339	14	0	0	0	0	0	353	0	0	0	0	0	0	353	0	353	
ICT Strat - Document Storage	273	0	273	0	0	0	0	0	0	273	0	0	0	0	0	0	273	0	273	
Audio Visual Conferencing Eqt	280	0	79	201	0	0	0	0	0	0	0	0	0	280	0	0	280	0	280	
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 18/19 onwards	4,667	3,575	837	255	0	0	0	0	0	583	0	0	0	509	0	0	1,092	3,575	4,667	
New Starts 2019/20 onwards																				
Secure WiFi Solution 2 All Council Sites	2,200	0	0	2,200	0	0	0	0	0	0	0	0	0	2,200	0	0	2,200	0	2,200	
Endpoint Devices Replacement	5,200	0	0	3,000	800	1,400	0	0	0	0	0	0	0	5,200	0	0	5,200	0	5,200	
Essential ICT Upgrades	1,855	0	0	1,855	0	0	0	0	0	0	0	0	0	1,855	0	0	1,855	0	1,855	
IT for social work not paperwork	96	0	0	96	0	0	0	0	0	0	0	0	0	96	0	0	96	0	96	
Total ICT Projects	20,716	5,269	2,327	10,920	800	1,400	0	0	0	4,696	0	50	0	10,701	0	0	15,447	5,269	20,716	
Archives & Information Management																				
Alvin Street Extension - For the Record	3,333	2,067	1,150	116	0	0	0	0	0	0	0	421	0	845	0	0	1,266	2,067	3,333	
Schemes under £250,000 18/19 onwards	52	16	5	31	0	0	0	0	0	11	0	0	25	0	0	0	36	16	52	
New Starts 2019/20 onwards																				
Digital Transformation	1,600	0	0	600	500	500	0	0	0	0	0	0	0	1,600	0	0	1,600	0	1,600	
Total Archives & Information Management	4,985	2,083	1,155	747	500	500	0	0	0	11	0	421	25	2,445	0	0	2,902	2,083	4,985	
Customer																				
Improving Customer Access - Jadu	560	284	276	0	0	0	0	0	0	0	0	139	0	137	0	0	276	284	560	
Schemes under £250,000 18/19 onwards	136	98	18	20	0	0	0	0	0	38	0	0	0	0	0	0	38	98	136	
Total Customer	696	382	294	20	0	0	0	0	0	38	0	139	0	137	0	0	314	382	696	
Business Support Misc																				
Procure to Pay Digital Project	900	0	200	30	250	420	0	0	0	0	0	0	0	900	0	0	900	0	900	
Schemes under £250,000 18/19 onwards	231	0	82	149	0	0	0	0	0	0	0	0	0	231	0	0	231	0	231	
New Starts 2019/20 onwards																				
SAP Development	220	0	0	120	100	0	0	0	0	0	0	0	0	220	0	0	220	0	220	
Total Business Support Misc	1,351	0	282	299	350	420	0	0	0	0	0	0	0	1,351	0	0	1,351	0	1,351	

Annex 8b

Capital Programme New Schemes 2019/20 onwards funded from Capital Receipts and Internal Borrowing					
Scheme Name	Total Scheme Budget	2019/20 £000	2020/21 £000	2021/22+ £000	Scheme Description
Community & Infrastructure					
Urban Traffic Control System	170	170			To provide centralised control of traffic signals to optimise traffic flows
Refurbishment of Highway Depots	205	175	30		Refurbishment of 4 highways depots to bring them up to modern standard
Hempsted Cell	143	143			To meet residual waste requirements
Waste Mobile Compaction	563	264	299		Increased move from static to mobile waste compaction
HRC Ground Repair	136	64	72		To repair hardstanding areas on 4 Household Recycling centres
HRC Skip replacement	50	16	16	18	Replacement of end of life open top waste containers
Highways Locals	795	795			For Councillors to invest in local highways
Community & Infrastructure Total	2,062	1,627	417	18	
Asset Management & Property Services					
Corporate Property Condition Data works	2,900	1,000	1,000	900	Investment to address capital maintenance works and improve user accessibility
Traveller Sites	115	115			Refurbishment of sites to meet modern standards
Stonehouse Library	300	300			Library relocation to enhance community engagement
Quayside - Health Hub	16,030	10,000	6,030		GP Surgery, Occupational Health Unit, Pharmacy & Office Accommodation
Quayside - Car Park	7,550	2,000	5,550		Multi-storey Car Park on Quayside site
Asset Management & Property Services Total	26,895	13,415	12,580	900	

Scheme Name	Total Scheme Budget	2019/20 £000	2020/21 £000	2021/22+ £000	Scheme Description
ICT					
Phased rollout of secure wifi solution to all council sites - unit costs	2,200	2,200			Phased rollout of secure wifi solution to council sites
ICT Flexible Mobile & Efficient Working – Endpoint devices replacement	5,200	3,000	800	1,400	Replacing end of life hardware to ensure efficient system access
Essential ICT Upgrades	1,855	1,855			Business critical software and hardware to ensure business continuity
IT for social work not paperwork	96	96			Mobile IT and video conferencing equipment
ICT Total	9,351	7,151	800	1,400	
Business Services Centre					
SAP Development	220	120	100		Cross departmental enhancements to the SAP system
Business Services Centre Total	220	120	100	0	
Adults					
Community Capacity	750	250	500		Systems development including supporting community and market capacity
Adults Total	750	250	500	0	
Information Management					
Digital Transformation	1,600	600	500	500	Digital transformation initiatives that create business efficiencies and greater community engagement
Information Management Total	1,600	600	500	500	
Total New Schemes 2019/20 onwards	40,878	23,163	14,897	2,818	

Schools Formula

Schools and academies budget allocations before de-delegation						% of
	Units	Rate	Primary	Secondary	Total	delegated
		£	£	£	£	budget
Pupil led Factors:						
Basic Entitlement Primary (Age weighted Pupil Unit)	47,662	£2,734.22	130,317,085		130,317,085	36.7%
Basic Entitlement KS3 (Age weighted Pupil Unit)	19,888	£3,844.70		76,463,301	76,463,301	21.5%
Basic Entitlement KS4 (Age weighted Pupil Unit)	12,732	£4,365.42		55,580,572	55,580,572	15.6%
Total AVPU (October 2018 pupils)	80,282		130,317,085	132,043,873	262,360,958	73.9%
Deprivation Primary (FSM ever 6)	8,898	£537.49	4,782,578		4,782,578	1.4%
Deprivation Secondary (FSM ever 6)	5,927	£781.35		4,631,165	4,631,165	1.4%
Deprivation Primary (FSM)	5,380	£437.95	2,356,020		2,356,020	0.7%
Deprivation Secondary (FSM)	3,038	£437.95		1,330,507	1,330,507	0.4%
IDACIF Primary	4,244	£199.07	844,947		844,947	0.3%
IDACIF Secondary	2,604	£288.65		751,528	751,528	0.3%
IDACIE Primary	3,770	£238.88	900,711		900,711	0.3%
IDACIE Secondary	2,191	£388.19		850,690	850,690	0.3%
IDACID Primary	1,906	£358.33	682,800		682,800	0.3%
IDACID Secondary	1,021	£512.61		523,349	523,349	0.2%
IDACIC Primary	1,876	£388.19	728,059		728,059	0.3%
IDACIC Secondary	1,058	£557.40		589,922	589,922	0.2%
IDACIB Primary	2,253	£418.05	942,028		942,028	0.3%
IDACIB Secondary	1,258	£597.21		751,465	751,465	0.3%
IDACIA Primary	322	£572.33	184,517		184,517	0.1%
IDACIA Secondary	206	£806.23		166,212	166,212	0.1%
Prior Attainment (Y1-6 Early Years Foundation Stage Profile + Y5-6 Low Attainment <78)	17,155	£1,017.25	17,451,166		17,451,166	5.3%
Prior Attainment (Y7 - Y9 LPA + Y10-11 SATs <L4 Eng or Mths)	6,110	£1,542.80		9,426,430	9,426,430	2.8%
English as Additional Language (3 year EAL)	2,377	£512.61	1,218,620		1,218,620	0.4%
English as Additional Language (3 year EAL)	345	£1,378.56		475,082	475,082	0.1%
Total Pupil Led delegations			160,408,533	151,540,224	311,948,757	87.8%
School Leds Factors:						
		£	£	£	£	
Lump Sum	246	£109,489	26,934,218		26,934,218	8.6%
Lump Sum	40	£109,489		4,379,548	4,379,548	1.4%
Sparsity	30	£24,884	581,497		581,497	0.2%
Sparsity	5	£64,698		171,018	171,018	0.1%
Total Other Formula factors			27,515,714	4,550,566	32,066,280	9.0%
Premises:						
			£	£	£	
Split Sites	3 schools @ £43,687 + £58/pupil		158,814		158,814	0.0%
Rates	Currently based on 19/20 estimates + RPI adjustments		2,346,801	1,159,093	3,505,893	1.0%
Exceptional Premises Factor - Rents	Currently based on 19/20 estimates		147,190	0	147,190	0.0%
Total Premises			2,652,805	1,159,093	3,811,897	1.1%
Total budget allocations before ACA, MFG, Cap. minimum pupil funding uplift and de-delegation			190,577,052	157,249,882	347,826,934	97.9%

Area Cost Adjustment			£	£	£	
Pupil Led & School Led (excl premises)	1,00618		1,161,425	963,871	2,125,297	0.6%
Total Area Cost Adjustment (excl premises)			1,161,425	963,871	2,125,297	0.6%
Total budget allocations before MFG, CAP, Minimum Per Pupil Funding Uplift and De-delegation			191,738,477	158,213,753	349,952,231	98.5%
Minimum Per Pupil Funding Uplift			£	£	£	
Additional funding due to minimum per pupil funding (primary pupils)	9	£3,484	311,757		311,757	0.1%
Additional funding due to minimum per pupil funding (Secondary schools with KS3 & KS4 pupils)	21	£4,778		3,752,133	3,752,133	1.1%
Additional funding due to minimum per pupil funding (Secondary schools with KS4 pupils only)	0	£5,076		0	0	0.0%
Total Minimum Pupil Funding Uplift			311,757	3,752,133	4,063,890	1.1%
Funding Floor Protection			£	£	£	
Additional Funding due to Funding Floor Protection (min 1% per pupil increase over 17/18 baselines)			1,535,269	448,071	1,983,340	0.6%
Total Funding Floor Protection			1,535,269	448,071	1,983,340	0.6%
Minimum Funding Guarantees & Capping			£	£	£	
MFG protections (based on min extra of 0.5% per pupil)	0.00%		322,889	231,599	554,488	0.2%
Capping reductions based on no gains per pupil above	2.986%		-1,302,456	0	-1,302,456	-0.4%
Difference			-979,568	231,599	-747,969	-0.2%
Total budget allocations after ACA, MFG, CAP, Minimum Per Pupil Funding Uplift applied but before De-delegation			192,605,935	162,645,556	355,251,492	100.0%
Proposed de-delegation for maintained schools only (takes into account anticipated conversions by 9/1/18)						
	Maintained Pupils	Rate	Primary	Secondary	Total	
		£	£	£	£	
Targeted Intervention & Support Primary	36,681	£9.27	340,033		340,033	0.1%
Targeted Intervention & Support Secondary	3,881	£0.00		0		
Union Facilities Primary	36,681	£3.05	111,877		111,877	0.0%
October Pupil Increases (above threshold)	36,681	£10.53	386,251		386,251	0.1%
Education Functions Primary (statutory duties previously covered by ESG general duties)	36,681	£5.00	183,405		183,405	0.1%
Education Functions Secondary (statutory duties previously covered by ESG general duties)	3,881	£5.00		19,405	19,405	0.0%
Total de-delegation funds available to maintained schools	40,562		1,021,566	19,405	1,040,971	0.3%
Total budget allocations after MFG,CAP and de-delegation			191,584,369	162,626,151	354,210,521	99.7%

**Treasury Management and Investment Strategy Statement
2019/20****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 ContextEconomic 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 2019/20.

UK Consumer Price Inflation (CPI) for October was up 2.4% year/year, slightly below the consensus forecast and broadly in line with the Bank of England's November Inflation Report. The most recent labour market data for October 2018 showed the unemployment rate edged up slightly to 4.1% while the employment rate of 75.7% was the joint highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.3% as wages continue to rise steadily and provide some pull on general inflation. Adjusted for inflation, real wages grew by 1.0%, a level still likely to have little effect on consumer spending.

The rise in quarterly GDP growth to 0.6% in Q3 from 0.4% in the previous quarter was due to weather-related factors boosting overall household consumption and construction activity over the summer following the weather-related weakness in Q1. At 1.5%, annual GDP growth continues to remain below trend. Looking ahead, the BoE, in its November Inflation Report, expects GDP growth to average around 1.75% over the forecast horizon, providing the UK's exit from the EU is relatively smooth.

Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy has been made since. However, the Bank expects that should the economy continue to evolve in line with its November forecast, further increases in Bank Rate will be required to return inflation to the 2% target. The Monetary Policy Committee continues to reiterate that any further increases will be at a gradual pace and limited in extent.

Credit Update

The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ringfenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts.

The Bank of England released its latest report on bank stress testing, illustrating that all entities included in the analysis were deemed to have passed the test once the levels of capital and potential mitigating actions presumed to be taken by management were factored in. The BoE did not require any bank to raise additional capital.

European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

Interest Rate Forecast

Following the increase in Bank Rate to 0.75% in August 2018, the Council's treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%. The Bank of England's MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.

The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. Whilst assumptions are that a Brexit deal is struck and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a "no deal" Brexit still hangs over economic activity (at the time of writing this commentary in mid October). As such, the risks to the interest rate forecast are considered firmly to the downside.

Gilt yields and hence long-term borrowing rates have remained at low levels but some upward movement from current levels is expected based on Arlingclose's interest rate projections, due to the strength of the US economy and the ECB's forward guidance on higher rates. 10-year and 20-year gilt yields are forecast to remain around 1.7% and 2.2% respectively over the interest rate forecast horizon, however volatility arising from both economic and political events are likely to continue to offer borrowing opportunities.

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

Local Context

At 31st March 2019 the Council's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) is £300.3m, while usable reserves and working capital which are the underlying resources available for investment were £275.8m (Appendix B). Forecast changes in these sums are shown in the balance sheet analysis in 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 the next three financial years.

Table 1: Balance Sheet Summary and Forecast

Balance Sheet Summary	2017/18 Actual £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
General Fund CFR	302.076	300.283	894.538	893.166	880.335
Less: Other debt liabilities	19.825	19.138	604.391	587.989	563.961
Loans CFR	282.251	281.145	290.147	305.177	316.374
Less: External borrowing	285.513	277.650	269.786	261.823	251.878
Internal (over) borrowing	(3.262)	3.495	20.361	43.354	64.496
Less: Usable reserves	241.400	230.700	179.200	186.000	190.700
Less: Working capital	45.100	48.596	48.596	48.596	48.596
(Investments) or New borrowing	(289.762)	(275.801)	(207.435)	(191.242)	(174.800)

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 £1.9m and is forecast to rise to £77.1m 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 2018/19 is forecast to be £300.3 million (equivalent to the CFR). This is financed by historic external borrowing of £277.6 million, internal borrowing of £3.6 million and a PFI lease liability of £19.1 million. The Council's aim is to both repay maturing debt, and where possible some of the existing debt when 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 2018/19 £7.9 million maturing external debt will be repaid with £8.5 million being forecast to be repaid in 2019/20.

The Councils 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 Councils long-term plans change is a secondary objective.

The Councils 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.

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, 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 joint and several 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 of a separate report to Audit and Governance Committee.

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 2019/20, 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 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.

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. Such repayments will only be made after consultation with the Section 151 Officer and Cabinet Member for Finance and Change.

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.

Currently opportunities for early redemption of debt are expected to be minimal due to the high premiums that would be incurred on early redemption.

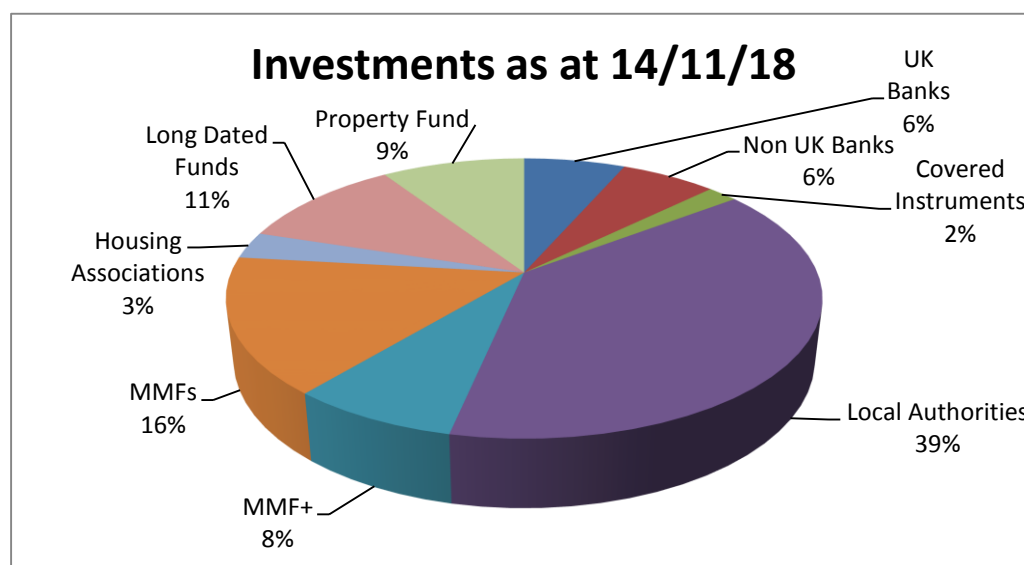
Treasury Investment Strategy

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2018/19 the Council's internal investment balance has ranged between £275.8 million and £331.8 million. Balances are expected to start falling as internal borrowing starts to become a feature of future years.

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 2019/20, 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 2019/20. This is especially the case for funds available for longer-term investment. The pie chart below shows how Councils surplus cash is currently invested - 11% is exposed to "bail-in" risk, down on last year's 18% (ie the risk that should the counterparty fail the Council will lose a proportion of the funds deposited):



Two categories of Money Market Funds (MMFs) are shown. MMFs and MMF+. MMFs are instant access accounts that operate like a call facility, the only difference being that you buy shares in a fund, however the value of the share is constant. MMF+ are not instant access accounts and the value invested can change depending on the share value of the fund. The reason the Council uses these MMF+ funds is that yield is higher due to the longer duration of the funds.

Under the new IFRS 9 standard, accounting for certain investments changes depending on the Council's "business model" for managing them. The Council has a business model of Hold to Maturity and as a result 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) and the time limits shown.

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	£1m 5 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. Loans to unrated companies will only be made either following an external credit assessment or to a maximum of £1 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 the 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.

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 also 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 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 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 intotal
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	AA- / 4

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	£718,000

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates. The Council currently has no variable rate loans so capital financing costs on our current loan portfolio are immune from interest rate changes.

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. This risk needs to be weighed up against the higher yields available from longer term investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate
	£m	£m	£m	£m
Upper Limit for total principal sums invested over 364 days	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 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 2018 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. Should the Council invest in property and 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 and whilst holding property 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. For the 2017/18 Statement of Accounts the costs associated with a potential default were not considered to be material. This position will be reviewed and updated annually.

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 be extended from 2019/20 to cover the new 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	2017/18 Actual £m	2018/19 Estimate £m	2019/20 Estimate £m
Treasury management investments	295.2	275.8	207.4
Service investments: Loans	0.1	0.1	0.1
Commercial investments: Property	0.0	0.0	0.0
Total Exposure	295.3	275.9	207.5

Government guidance is that these indicators should include how investments are funded. The table below shows the position for the Council. This illustrates that from 2018/19 the Council's does not expect to hold any investments funded by borrowing. It means that usable capital receipts plus its working capital are expected to exceed total investments from 2018/19 onwards which is indicative of the Council's use of internal borrowing to fund part of the capital programme.

Table 2: Investments funded by borrowing

Investments funded by borrowing	2017/18 Actual £m	2018/19 Estimate £m	2019/20 Estimate £m
Treasury management investments	8.7	-3.5	-20.4
Commercial investments: Property	0.0	0.0	0.0
Total Funded by Borrowing	8.7	-3.5	-20.4

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 rate of return (net of all costs)

Investments net rate of return	2017/18 Actual %	2018/19 Estimate %	2019/20 Estimate %
Treasury management investments	1.18	1.81	2.41
Service investments: Loans	4.90	5.10	5.10

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.

The Council will only use derivatives after seeking expertise, a legal opinion and ensuring officers have the appropriate training for their use. There are no derivatives currently in use.

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 and in line with the advice from our treasury management advisors, Arlingclose.

2019/20 Minimum Revenue Provision Statement

The Minimum Revenue Provision (MRP) was introduced when the Local Government Capital Finance System was changed on 1 April 1990. Government 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 was set at £8.2m.

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.

Arlingclose's Economic and Interest Rate Forecast

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.17
Arlingclose Central Case	0.75	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.13
Downside risk	0.00	-0.50	-0.75	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-0.85
3-mth money market rate														
Upside risk	0.10	0.10	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.17
Arlingclose Central Case	0.90	0.95	1.10	1.30	1.40	1.40	1.40	1.35	1.35	1.35	1.35	1.35	1.35	1.27
Downside risk	-0.20	-0.45	-0.60	-0.80	-0.90	-0.90	-0.90	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.76
1-yr money market rate														
Upside risk	0.20	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.33
Arlingclose Central Case	1.15	1.25	1.35	1.50	1.70	1.60	1.50	1.40	1.35	1.35	1.35	1.35	1.35	1.40
Downside risk	-0.35	-0.50	-0.60	-0.80	-0.90	-0.90	-0.90	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.77
5-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
Arlingclose Central Case	1.15	1.25	1.35	1.50	1.50	1.40	1.35	1.35	1.30	1.30	1.30	1.30	1.30	1.33
Downside risk	-0.50	-0.60	-0.65	-0.80	-0.80	-0.70	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.66
10-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
Arlingclose Central Case	1.50	1.65	1.70	1.80	1.80	1.75	1.75	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Downside risk	-0.55	-0.70	-0.70	-0.80	-0.80	-0.75	-0.75	-0.70	-0.70	-0.70	-0.70	-0.70	-0.70	-0.71
20-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
Arlingclose Central Case	2.00	2.10	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.18
Downside risk	-0.60	-0.70	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
50-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
Arlingclose Central Case	1.90	1.95	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.99
Downside risk	-0.60	-0.70	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

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

Underlying Assumptions:

- Arlingclose central interest rate forecasts are predicated on there being a transitional period following the UK's official exit from the EU.
- The MPC has a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. We believe that MPC members consider that: 1) tight labour markets will prompt inflationary pressure in the future, 2) ultra-low interest rates result in other economic problems, and 3) higher Bank Rate will be a more effective policy weapon if downside risks to growth crystallise.
- Both our projected outlook and the increase in the magnitude of political and economic risks facing the UK economy means we maintain the significant downside risks to our forecasts, despite the potential for slightly stronger growth next year as business investment rebounds should the EU Withdrawal Agreement be approved. The potential for severe economic outcomes has increased following the poor reception of the Withdrawal Agreement by MPs. We expect the Bank of England to hold at or reduce interest rates from current levels if Brexit risks materialise.
- The UK economic environment is relatively soft, despite seemingly strong labour market data. GDP growth recovered somewhat in the middle quarters of 2018, but more recent data suggests the economy slowed markedly in Q4. Our view is that the UK economy still faces a challenging outlook as the country exits the European Union and Eurozone economic growth softens.

- Cost pressures are easing but inflation is forecast to remain above the Bank's 2% target through most of the forecast period. Lower oil prices have reduced inflationary pressure, but the tight labour market and decline in the value of sterling means inflation may remain above target for longer than expected.
- Global economic growth is slowing. Despite slower growth, the European Central Bank is conditioning markets for the end of QE, the timing of the first rate hike (2019) and their path thereafter. More recent US data has placed pressure on the Federal Reserve to reduce the pace of monetary tightening – previous hikes and heightened expectations will, however, slow economic growth.
- Central bank actions and geopolitical risks have and will continue to produce significant volatility in financial markets, including bond markets.

Forecast:

- The MPC has maintained expectations of a slow rise in interest rates over the forecast horizon, but recent events around Brexit have dampened interest rate expectations. Our central case is for Bank Rate to rise twice in 2019, after the UK exits the EU. The risks are weighted to the downside.
- Gilt yields have remained at low levels. We expect some upward movement from current levels based on our central case that the UK will enter a transitional period following its EU exit in March 2019. However, our projected weak economic outlook and volatility arising from both economic and political events will continue to offer borrowing opportunities.

EXISTING PORTFOLIO PROJECTED FORWARD

	Portfolio 14 Nov 2018	Average Rate	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22
	Actual £m	%	Estimate £m	Estimate £m	Estimate £m	Estimate £m
External Borrowing						
Fixed Rate – PWLB	244.463	5.17	236.599	228.736	220.773	210.828
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	285.513	5.05	277.649	269.786	261.823	251.878
Other long-term liabilities (PFI)	19.825		19.138	604.391	553.837	537.621
Total External Debt	305.338		296.787	874.177	815.660	789.499
Investments:						
<i>Managed in house</i>						
- Short term deposits and monies on call and Money Market Funds	201.479	1.05	153.900	85.535	69.342	52.899
- Long Term investments (over 12 months)	66.930	1.40	66.930	66.930	66.930	66.930
<i>Managed externally</i>	55.000	1.81	55.000	55.000	55.000	55.000
Total Investments	323.409	1.55	275.830	207.465	191.272	174.829
Net (Borrowing) / Investment Position	18.071		(20.957)	(666.712)	(624.388)	(614.670)

Gloucestershire County Council Risk Management Policy Statement & 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 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.

