Gloucestershire County Council

Medium Term Financial Strategy Approved by County Council 15th February 2017

2017/18 to 2019/20

<u>Budget 2017 /18</u>

A Context

1 This Medium Term Financial Strategy (MTFS) was presented to Cabinet for approval on 1st February 2017, prior to final approval of County Council on 15th February 2017. It was prepared using best estimates from available data, based on the provisional financial settlement received in December 2016. The parliamentary debate on the Final 2017/18 Local Government Finance Settlement will take place shortly after Parliament returns from recess on Monday 20th February 2017. It is therefore unclear when the final settlement will be published by the Department for Communities and Local Government. Any adjustments to the budget will be picked up in the first budget monitoring report of 2017/18.

2 The MTFS contains the Council's budget for 2017/18. The budget totals £407.70 million and is based on a 1.99% Council Tax increase plus a 2% national Adult Social Care Levy - only the second tax increase levied by the Council in six years.

3 A key feature of the provisional Finance Settlement announced on 15th December 2016 is the continuation of the 'national adult social care levy' allowing upper-tier authorities to increase council tax levels to fund adult social care pressures. This provisional settlement announcement advised that upper tier councils could choose to raise a maximum of 6% over the next 3 years to the end of Parliament e.g. raise 3% over the next two years or 2% over the next 3 years etc. The budget includes the adult social care precept at 2%, which raises an additional £4.99 million for Adult Social Care services, in addition to the 1.99% basic Council Tax increase.

4 The MTFS should be considered in the context of the Council Strategy, which sets out our approach to meeting people's needs:

5 The Council Strategy sets out the Council's strategic policy direction and is supported by a series of policy statements that set out our proposals for specific areas in more detail.

6 In the context of the Council Strategy, commissioning intentions for each commissioning area moving forward are provided at Annex 1. The Annex highlights current achievements and future plans in relation to the redesigning of services within Gloucestershire, which aim to maximise effectiveness whilst delivering on the significant financial challenges facing the Council. These detailed narratives cover Children and Families (Annex 1.1), Adults (Annex 1.2), Public Health (Annex 1.3) and Communities and Infrastructure (Annex 1.4).

B Meeting the Challenge 2 – Together We Can – Council Strategy 2015 to 2018

7 The Council Strategy, developed under "Meeting the Challenge 2 – Together We Can" is the key high-level document that, along with the MTFS, sets the Council's strategic policy direction. It was approved by County Council in February 2015 following public consultation and has been refreshed annually since.

8 It is supported by a series of policy statements that set out our proposals for specific areas in more detail. These cover:

- Active Individuals
- Active Communities
- Early Help and Children and Young People's Partnership Plan
- Growing Older in Gloucestershire
- Gloucestershire Fire & Rescue Service Integrated Risk Management Plan
- Building Better Lives
- Settled, Secure and Safe Lives in Gloucestershire

9 The vision for the Strategy continues to be 'to use the resources available to us to improve quality of life for Gloucestershire people and communities'.

10 This is supported by three values that inform the Council's direction and by which the implementation of this Strategy is steered:

- Living within our means – refusing to pass on debt to the next generation and continuing to focus our priorities in order to manage our budgets and reduce our borrowing.
- Focusing on what makes a difference – being relentless in the pursuit of good outcomes and finding the best, most efficient way of improving them.
- Helping communities help themselves – getting better results and achieving better value by giving power and tools to local people

11 The context for the Council Strategy remains one of continued constraints on public sector funding accompanied by growing demand for key council services. Left unchecked, the combination of these factors would require us to spend an increasing proportion of the Council's budget on social care for vulnerable children and adults, and on the care of older people. The strategy recognises that if we carry on trying to respond in the same ways, we risk these services becoming overwhelmed and delivering diminishing results.

12 The Strategy also sets out our new approach to meeting people's needs based on:

- Active individuals
- Active communities
- Getting people back to independence
- Being there when we're needed most
-

C Consultation

13 A formal budget consultation took place between 19th December 2016 to 19th January 2017, 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

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

There were 1030 responses to the budget consultation.

The majority of respondents feel that our current priorities are as important or more important than last year.

Compared with last year, 38% feel that **supporting the most vulnerable** is more important, 55% feel it is of equal importance and 7% feel it is less important.

Compared with last year, 34% feel that focusing on **working with communities, families and individuals to help them to do more for themselves** is more important, 54% feel it is of equal importance and 12% feel it is less important.

Compared with last year, 34% feel that focusing on **reducing our running costs to get the best out of our assets** is more important, 46% feel it is of equal importance and 19% feel it is less important.

79% generally agree with our budget proposals including the 1.99% increase in council tax and 2% national adult social care levy, with the majority of those (59%) either strongly agreeing or agreeing.

Overall the comments received supported the council’s decision to raise council tax, particularly in order to invest in services for people who need them most.

The top 4 comments on the council’s 2017 budget were:

- Support for the most vulnerable: including services for the elderly, children and those with mental health issues (112 comments)
- Invest more to improving Gloucestershire's roads and infrastructure (111 comments)
- Agree with budget proposals including the increase to council tax and inclusion of national adult social care levy to support the elderly and most vulnerable (88 comments)
- Agree with council priorities (64 comments)
  63 people objected to the increase in council tax or raised concern over the ability of some people to afford the rise. A more detailed list of themes can be found in the budget consultation report.

14 The Overview and Scrutiny Management Committee have also undertaken their own budget scrutiny process, with scrutiny meetings held with members of the Health and Care Scrutiny Committee, Environment and Communities Scrutiny Committee and the Children and Families Scrutiny Committee. Members of the Overview and Scrutiny Management Committee also received a presentation and discussed the MTFS on 23rd January 2017. Following these meetings the Scrutiny Management and Overview Committee fed back their views to the 1st February Cabinet meeting.

D Finance Settlement and Funding Assumptions

15 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.

16 On 15th December 2016, the Secretary of State for Communities and Local Government announced the provisional local government settlement for 2017/18. The announcement included the following significant proposals to be delivered over the remaining life of the Spending Review Period:

- Flexibility around the Adult Social Care precept to a maximum of 6% by the end of Parliament;
- Confirmation of the changes to the New Homes Bonus, resulting in a reduction in this grant, with the savings nationally being used to fund a new one off grant in 2017/18, resulting in an additional £2.5m for the Council by way of a one off Adult Social Care Grant
- Confirmation of the new improved Better Care Fund from 2018/19.

17 In addition to the detailed proposals for 2017/18, illustrative figures were also provided for each financial year up to 2019/20. These figures have been incorporated into future spending forecasts. The proposed settlement for 2017/18 confirmed the core grant reduction in cash terms of £17.28 million, 14.49%.

18 The main un-ringfenced grants received from government are Revenue Support Grant (RSG) and Business Rate Top Up Grant, which is part of the Business Rates Retention Scheme funding. The Business Rates Retention Scheme was introduced from 2013/14. The Scheme allows the Council to retain some of the business rates raised locally. The business rate yield is divided equally between central and local government. The Council's share of the locally retained element is 20%. The Top Up grant is received in order to protect upper tier services.

19 Under the latest proposals, by the end of the CSR period in 2019/20 RSG will have reduced by 84%, whilst Top Up grant remains relatively stable increasing in line with RPI, the Council's share of business rate yield is forecast to rise in line with RPI.

20 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, as a result of paying a lower levy on growth, above the baseline, to central government.

21 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. An improved position was reported in 2015/16, with the Pool once again in a surplus.

22 Due to on-going issues and concerns around the appeals issue with Virgin Media, the Pool was reformed from 2016/17 to exclude Tewkesbury Borough Council, thus reducing the risk of a deficit occurring again. These changes have all been documented in budget monitoring reports and the out-turn reports. A surplus is expected for 2016/17, and the Pool will remain in operation into 2017/18 once again excluding Tewkesbury.

23 There were a series of additional announcements within the CSR forward assumptions, which will also impact on the council's future funding;

- Public Health Grant
  The February 2016 announcement refers to a reduction of 3.9% in real terms to 2019/20 in Public Health funding, with the ring fence remaining for the next 2 years. The Council has forecast a reduction of around 2% for 2017/18, and this was confirmed with the December 2016 provisional settlement.

- Additional Adult Social Care funding
  In June 2013 Central Government announced the formation of a £3.8 billion Better Care Fund (BCF), to ensure a transformation in integrated health and social care. The allocation of funding for the BCF for Gloucestershire totalled £41.3 million in 2016/17. The December 2016 announcements confirmed that an improved BCF would be implemented from 2018/19 although further operational details are still required. Given concerns about the on-going cost pressures within Adult Social care a new one off Adult Social Care grant has been created for 2017/18 giving the Council £2.5 million in advance of the improved BCF being implemented from 2018/19. The Council continues to work closely with Health partners to facilitate more integrated working between health and social care.

- Education Support Services Funding
  The Council receives an Education Support Services Grant, reflecting services provided to maintained schools and a number of statutory services to discharge its responsibilities in respect of education. The 2015 spending review announced a national saving of £600m from the Education Services Grant general funding rate by 2019-20. From 2017/18 the statutory element of this grant, £1.29 million for the Council, will move into DSG, which has been reflected in the agreed budget. It has now been confirmed that the remaining grant will reduce by over 64% from £3.6 million to £1.3 million. Whilst this is an improvement on the 79% reduction assumed for the December 2016 consultation budget, the reduction is significant and has a budget implication for the Council.

- 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 provides match funding for each new property for six years plus a bonus for each affordable homes. The CSR proposed reform to the scheme and following a recent consultation the scheme going forward has been agreed reducing to a five year scheme in 2017/18 and then a four year scheme from 2018/19. The Council had already built in an assumed reduction to this budget, and this has been confirmed with the December settlement move to the five year scheme, so no further reduction in this funding stream is needed. The provisional settlement also confirmed the continuation of the NHB returned funding grant, and the Council will receive an extra £0.15 on that budgeted.

24 Well over half of the council's funding now comes from Council Tax. The general Council Tax referendum limit for local authorities remains at 2% plus the ASC levy, as last year. The approved budget for 2017/18 raises council tax by 1.99%, which generates income of £4.99 million, and the national adult social care levy of 2%, which generates income of £4.99 million. Both these measures help to mitigate the impact of the reduction in government grants outlined above.

25 Following dialogue with district councils additional funding has been built into the base budget for a 1.6% increase in the tax base for the county and surplus of £4.0 million on the Collection Fund, both of which were confirmed by District Councils before the budget was approved by Council in February 2017. The tax base increase of 1.6%, reflects a range of between 1.3% and 2.2% across the six district councils and compares to the 1.3% estimated in the consultation budget. Once again the taxbase is increasing within Gloucestershire at levels above the national average of 0.8%, and this is mainly due to house building within the area. The overall Council Tax Collection Fund surplus figure set by the District Councils is £4.08 million (individual District Council's range between £0.48 million and £0.90 million), an increase of £0.64 million from the amount estimated in the consultation budget.

26 In summary the budget has been based on best estimates as per the 4 year minimum funding guarantee and dialogue with district councils. The final financial settlement is expected in February 2017 and will be used to confirm these estimates. The approved Council budget for 2017/18 is a forecast affordable budget of £407.70 million based on a council tax increase of 1.99%, and a 2% national Adult Social Care levy.

27 The following table shows the changes to the approved budget since the Cabinet report in December 2016.

Additional recommendations approved by Cabinet 1st February 2017

The New Adult Social Care Grant (one off funding)	£2.541m
Additional top up grant	£0.923m
Additional Taxbase resulting in extra Council Tax raised	£0.723m
Additional Council Tax Surplus Declared (one off funding)	£0.645m
Additional Educational Core Grant (one off funding)	£0.570m
Additional Returned Funding Grant (one off funding)	£0.153m
TOTAL	**£5.555m**

In addition to the above, County Council on 15th February 2017 approved to increase the budget by a further £5.020 million funded through the use of the following reserves:-

Transformation Reserve	£2.390m
General Reserve	£1.295m
Rates Retention Reserve	£0.835m
Active Communities Reserve	£0.500m

These changes increase the County Council 2017/18 budget to £407.702 million.

28 This means that at the end of 2017/18 General balances are anticipated to reduce by £1.295 million, from £19.848 million to £18.553 million, assuming a balanced revenue outturn position for 2016/17.

29 The Council also receives a number of specific grants, and as yet confirmations are outstanding on these, with updates expected with the final settlement in February 2017. The latest position is as follows:

Ringfenced Revenue Grants, not included in Base Funding	**Actuals 2016/17 £'000**	**Forecast 2017/18 £'000**
Dedicated Schools Grant (DSG)	246,102	255,787
Better Care Fund (joint funding with CCG)	36,631	37,287
Pupil Premium Grant	12,396	12,396
Primary School PE and Sport Funding	1,860	1,860
Universal Infant Free School Meals Grant	5,585	5,585
Adult and Community Learning	3177	3177
Music Service	796	796
SEN Implementation	373	417
Adoption Support Fund	788	788
Youth Justice Board - Remands	43	43
Youth Justice Board	480	480
Staying Put	260	260
Unaccompanied Asylum Seekers	580	580
Fire Revenue Grant	300	0
The Private Finance Initiative (PFI)	4,875	4,875
Extended Rights to Free Travel	422	422
Independent Living Fund	977	945
Local Reform and Community Voices	345	345
Sixth Form Funding	1,908	1,908
Strategic Review of High Needs Provision	247	0
School Improvement Grant	0	426
Tackling Troubled Families & PbR	1148	1148
Total Ringfenced Grant	**319,293**	**329,525**

E Revenue Budget Proposal 2017/18

30 The approved revenue budget for 2017/18 totals £407.70 million, a net reduction of £0.76 million from 2016/17, although an improvement of £10.58 million on the consultation budget presented in December 2016. Investment of £34.58 million is included within the Budget, with £35.34 million savings, many of which relate to Meeting the Challenge 2 – Together we Can programme. These investments and savings are detailed in annex 2.

31 A summary of this approved budget is provided below.

Overall Budget

Medium Term Financial Strategy - 2017/18 Budget

Budget Area	**2016/17 GCC Revised Base Budget** £'000s	**Cost Reductions** £'000s	**Cost Increases (Including Inflation)** £'000s	**Proposed 2017/18 Budget** £'000s	**Cash Increase / Decrease** £'000s	**Percentage Increase / Decrease** £'000s
Programme Budget Areas						
Adults	**132,510**	-11,360	15,732	**136,882**	4,372	3.30%
Children and Families- Vulnerable Children	**54,501**	-5,157	9,339	**58,683**	4,182	7.67%
Children and Families- Other Services	**35,347**	-4,916	210	**30,641**	-4,706	-13.31%
Communities and Infrastructure	**80,255**	-2,058	5,607	**83,804**	3,549	4.42%
Business Support	**26,024**	-1,650	764	**25,138**	-886	-3.40%
Technical and Corporate	**54,284**	-7,570	928	**47,642**	-6,642	-12.24%
Total GCC	**382,921**	**-32,711**	**32,580**	**382,790**	**-131**	**-0.03%**
Public Health	**25,542**	-2,630	2,000	**24,912**	-630	-2.47%
Total Budget	**408,463**	**-35,341**	**34,580**	**407,702**	**-761**	**-0.19%**

32 The 2017/18 approved budget is funded as follows:

	£000
Original 2016/17 Budget	**408,463**
Inflation	5,200
Cost and spending increases	29,380
Cost Reductions	-35,341
Total	**407,702**
Less:	
Settlement Funding Assessment	102,841
Public Health Grant	24,912
New Homes Bonus	4,041
Education Single Grant	1,295
Transitional Grant	2,482
2017/18 Adult Social Care Grant	2,541
Other Non Ring Fenced Grants	870
Reserve movements	5,020
Collection Fund Surplus	4,075
Budget to be met by Council Tax Payers	259,625

Council Tax at band D = £1,179.26

33 The approved budget for 2017/18 contains provision to fund key budget pressures including unavoidable contractual inflation, pay (1%), pension deficit and increases in demand led services. These increases in demand led services reflect budgetary pressures experienced in 2016/17, i.e. adults and children's social care. Investment in adult social care includes funding the impact of demography, the national living wage, duties under the Care Act, which are no longer funded by a specific grant, investments in both employment and transitions for those with learning disabilities, additional approved mental health professionals and investment in preventative mental health and targeted support to dementia. Within Children's & Families, the Council continues to invest in social workers and supporting the demand for children in care places. This includes investing in an intensive recovery and intervention project, which aims to manage demand and improve outcomes for a cohort of vulnerable children and a two year investment in enhancing early help and prevention services for vulnerable families. Within Communities and Infrastructure the investment has been targeted at cash protecting roads.

The amendments to the budget include £5.02 million one-off funding from the council's reserves for:

- Gloucestershire Road Safety Partnership to continue its work in light of the Police and Crime Commissioner's withdrawal - £390,000

- Additional specialists to work alongside extra social workers to improve practice including a focus on mental health and adoption - £500,000

- Money to improve the process for traffic regulation orders to help keep our county moving - £100,000
- An additional £10,000 for every county councillor (from £20k to £30k) in the highways local scheme - £530,000
- An additional £500,000 for the Highways lengthsman scheme
- Extra investment in highways of £3 million

A further £1 million from the Adults Social Grant has been allocated to fund:

- Extra support for people with disabilities including tackling disability hate crime - £400,000
- Investment to improve adults' physical and mental health whilst reducing social isolation and loneliness including social prescribing - £600,000

F Financial Performance in 2016/17

34 The current forecast of the year end revenue position for 2016/17, based on actual expenditure at the end of November 2016 and forecasts made in December 2016, is a £0.89 million under-spend. 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 2016

Service Area	2016/17 Budget	Forecast Outurn Position	Forecast Outurn Variance	Variance %	Forecast Variance Previously reported	Change in variance
	£000	£000	£000	%	£000	£000
Adults	**153,377**	153,377	0	0.0%	0	0
Public Health	**25,542**	25,542	0	0.0%	0	0
Children & Families	**100,683**	104,496	3,813	3.8%	3,502	-311
Communities & Infrastructure	**87,618**	87,618	0	0.0%	64	64
Business Support Services	**25,503**	25,503	0	0.0%	0	0
Support Services Recharges	**-25,503**	-25,503	0	0.0%	0	0
Total for Services	**367,220**	**371,033**	**3,813**	1.0%	**3,566**	**-247**
Technical & Corporate	**52,839**	48,133	-4,706	-8.9%	-4,203	503
Total	**420,059**	**419,166**	**-893**	-0.2%	**-637**	**256**

35 Further details of the forecast year end position can be found in the Financial Monitoring Report 2016/17 presented to Cabinet on 1st February 2017.

G. Dedicated Schools Grant 2017/18

36 A revised dataset based on the October 2016 school census was issued by the DfE on the 15th December 2016 and on 20th December 2016 they announced the DSG (prior to academy recoupment) for each authority for 2017/18. This included:

- The Schools Block total
- The High Needs Block total
- A provisional Early Years Block total

37 The 2017/18 position for Gloucestershire including Academies is:

DfE 20/12/16 announcement of 2017/18 DSG Blocks			
Schools	High Needs	Early Years	Total
£M	£M	£M	£M
339.658	57.213	30.139	427.010

38 This represents an increase of £14.6 million from the current 2016/17 DSG of £412.4 million reflecting changes in pupil numbers and also for the following:

The Schools Block includes the transfer of £1.3 million for Education Services Grant centrally retained duties relating to both maintained schools and academies.

The High Needs Block includes an addition of £1.9 million for post-16 high needs places previously funded direct by the EFA and an additional £1.3 million that has been allocated to LAs based on the 2-18 aged population and estimated growth.

The Early Years Block has increased by £4.3 million from its 2016/17 current total of £25.8 million to £30.1 million to cover funding for:

- Disadvantaged 2yr olds entitlement.
- Universal 15 hour entitlement for 3 and 4 year olds.
- Additional 15 hours for 3 and 4 year old children of eligible working parents (7/12ths from Sept 17).
- Disability access fund (DAF) entitlement.
- The early years pupil premium.

Schools funding formula for 2017/18

39 £3.6 million of the DSG Schools Block funding will be used for the following centrally retained budgets as previously agreed by the Schools Forum. The remaining £336.1 million will then be delegated to schools in 2017/18.

Centrally retained Budgets:	£M
Copyright	0.4
Schools Forum	0.1
Planned Growth	1.0
Admissions Co-ordination	0.8
Centrally Retained Duties (transferred into the DSG from ESG)	1.3
Total	**3.6**

40 At its meeting on 22nd September 2016 the Forum agreed to make minimal change to the delegated formula for 2017/18. Therefore the updated formula to be used for the delegated budget allocations in 2017/18 is attached at Annex 4. This formula uses the data set released by the EFA on the 15th December 2016 and applies the rule previously agreed by Schools Forum that Capping should be set at a level that exactly covers the cost of MFG protections. It also includes 3 new schools starting in September 2017, 2 primary schools (Longford, Clearwater) and 1 secondary school (SGS Berkeley Green).

Other Issues for Schools:

41 *Free school recoupment*
The government published a proposal in July 2016 to recoup the cost of all new mainstream free schools from the local Dedicated Schools Grant from year one rather than year two as currently. It was confirmed in December 2016 that this proposal will go ahead. The Gloucestershire response had argued that the distinction should be retained between new schools that meet basic need and those that increase choice for parents through a national policy. Costs for the former should be recouped but not the latter on the basis that it is not fair for other local schools to meet the costs of new schools that are not needed.

42 *Apprenticeship levy*
The new model for funding apprenticeships comes into effect from April 2017 with all employers with a pay bill of more than £3 million being subject to a 0.5% levy. Staff in community schools, including voluntary controlled, are deemed to be employed by the local authority and are therefore subject to the levy.

43 *Devolved funding*
The Council currently devolves to maintained schools a total of £300,000 from its own budget aimed at promoting high attendance and preventing exclusion. Schools have been encouraged to use the funding on a collaborative basis. The council's budget position means it is unable to sustain this funding beyond the current financial year.

44 *National Funding Formula for Schools*

The Government published some initial proposals for a national funding formula back in March 2016. The stage 2 consultation, setting out detailed proposals was published on 14th December 2016. The deadline for responses is 22nd March 2017.

Overall, Gloucestershire schools and academies would gain 0.6% from the introduction of the NFF. Outcomes for individual schools vary from +23.5% to -2.9%.

45 *The proposals*

The main DfE consultation paper together with an executive summary and detailed tables is available via the following link:- https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/

The key features of the proposals are:

- The National Funding Formula (NFF) will be introduced from 2018/19. In 2018/19 the notional NFF will be used to calculate the Schools Block for LAs, but the LA can then allocate the Schools Block total through its own formula.
- The Schools Block will be ring fenced but with some limited ability to move between the Schools and High Needs blocks with the explicit agreement of Schools Forum and majority of schools.
- The NFF will then be used to allocate funding to schools from 2019-20
- There will however be some very limited flexibility on an ongoing basis from 2019/20 e.g. on pupil growth.
- The NFF will use the original proposed 12 factors plus addition of a Mobility factor (which will be allocated on a historic basis based on what LAs allocated in previous year).
- The Area Cost Adjustment (ACA) will be based on hybrid method using General Labour Market trends and particular salary variations in the teaching workforce.
- A new 4th Block of DSG for central school services (LA duties that cover maintained and academies) will be introduced from 2018/19.
- The NFF will continue to feature a Minimum Funding Guarantee at -1.5% per pupil
- And no school can lose more than 3% per pupil on its overall budget (the 3% floor). On current data 5,500 schools nationally will be protected by this floor mechanism
- Gains will be capped at 3% per pupil in 2018/19 and 2.5% in 2019/20. The cap levels from 2019/20 onwards will be decided at next spending review. This will be a significant issue for most smaller primary schools in Gloucestershire
- The Pupil Premium continues in its current form

- The NFF maintains the current balance between primary and secondary. However there are significant shifts between formula factors when compared with the current distribution via LA formulae:

    - Funding allocated through Additional needs factors will increase by 18% from £4.1bn to £5.8bn. £1.1bn of the increase is from the basic per-pupil funding.

    - Deprivation factor will be largest of the additional factors and will be allocated on a combination of free schools meals (‘ever 6’) and the income deprivation affecting children index (IDACI).
    - The lump sum has been set at £110,000, lower than the current national average and is the same for both sectors as most LAs set equal lump sums.

- Some other formula issues:
    - Scarcity - qualifying primary schools receive up to £25,000 and secondary schools up to £65,000 on a tapered approach to avoid cliff edges for NOR changes.
    - Premises allocations in 2018/19 for rates, rents, split sites and any transitional extra lump sum following amalgamation will be made based on historical allocations. There will be further consultation on what happens for premises factors from 2019/20 onwards.
    - Growth fund, including that for varied pupil numbers, to be lagged based on historical allocations in previous year. DfE to consult and decide further on what happens for these for 2019/20 and onwards. .

46 *The impact nationally*
As a consequence of the NFF Gloucestershire’s position in terms of the schools block unit of funding drops from 102nd to 112th. There are some large movements (Derby up 62 places, Cheshire East – an f40 authority – down 41). There are few obvious patterns but the increase in additional needs funding has clearly helped some smaller metropolitan areas.

47 F40 authorities in aggregate gain a net £183m but five f40 areas lose funding.

48 *The impact in Gloucestershire*
The structure of the NFF is very different from the Gloucestershire formula. In particular the differences reflect the shift in the NFF into additional needs and the higher lump sum for primary schools. The NFF also includes three formula elements that do not feature in our local formula:

- Mobility,
- Scarcity.
- The IDACI element of the deprivation factor

The differences are summarised in the following table:

National Funding Formula rates:		NFF	NFF	Gloucestershire's 2016/17 Formula factor rates:			
		Primary	Secondary	Primary		Secondary	
Basic per-pupil funding	Primary/KS3	£2,712	£3,797	KS1	£2,969.33	KS3	£3,767.44
	Primary/KS4		£4,312	KS2		KS4	£4,519.33
Deprivation	Ever6 FSM	£540	£785	£892.98		£764.32	
Deprivation	Current FSM	£980	£1,225				
Deprivation	IDACI A	£575	£810				
Deprivation	IDACI B	£420	£600				
Deprivation	IDACI C	£360	£515				
Deprivation	IDACI D	£360	£515				
Deprivation	IDACI E	£240	£390				
Deprivation	IDACI F	£200	£290				
Low Prior attainment		£1,050	£1,550	£1,652.18		£1,797.81	
EAL		£515	£1,385	£834.01		£834.01	
Mobility		N/A		Factor not used		Factor not used	
Lump sum		£110,000	£110,000	£72,667		£175,000	
Sparsity		0-£25,000	0-£65,000	Factor not used		Factor not used	
Premises	Rates	N/A		Rates funded at the Est. of actual cost			
	PFI						
	Split Sites			Split Site: £58 per pupil + base of £43,626			
	Rents			Rents- If exceed 1% of budget			
Area Cost uplift	Area Cost Adjustment	1.00606					

49 In comparison with the current Gloucestershire formula the NFF:

- has a much higher lump sum for primary schools
- has a much lower lump sum for secondary schools
- allocates more for deprivation
- features a scarcity factor

50 The impact on individual schools varies according to their data but there are some evident trends:

- Small primary schools gain from the higher lump sum
- Larger primary schools generally lose unless they benefit from the higher deprivation allocation in the NFF
- The majority (25) of our secondary schools lose

51 Capping will be an issue for many small primary schools

52 Other Issues

The consultation is silent on:

- The future of Schools Forums

- How budget allocations will be made to maintained schools and who will be responsible for responding to the impact of funding changes arising from the introduction of the NFF including redundancy costs and consideration of deficits and recovery plans

- A new Central Schools Services block will be created as proposed in the first stage consultation, bringing together the central costs currently top-sliced from the Schools Block (for Gloucestershire this is admissions, copyright and Schools Forum costs only) and the centrally retained duties element of the Education Services Grant. The allocation will be on a per pupil basis but with the addition of deprivation. There is a floor at -2.5% and a cap at + 2.4%. The allocation for Gloucestershire reduces by 6.5% when the formula is fully implemented but only -2.5% in year 1 due to the funding floor protection.

H Council Tax

53 The Council's 2016/17 Band D Council Tax was £1,134.01, including the Adult Social Care Precept. For 2017/18 the Council Tax increases by 1.99% plus an additional 2% the Adult Social Care Precept.

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

	2017/18 Budget	**Increase on 2016/17**
Band	**£**	**£**
A	786.17	30.17
B	917.20	35.19
C	1,048.23	40.22
D	1,179.26	45.25
E	1,441.32	55.31
F	1,703.38	65.37
G	1,965.43	75.42
H	2,358.52	90.50

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

I The Robustness of the Budget Proposals

55 The MTFS and detailed budget for 2017/18 have been formulated in accordance with the medium term financial planning framework detailed in Annex 5.

56 The framework sets out the financial strategy, financial assumptions and financial risks taken into account when preparing the MTFS and budget for 2017/18.

57 The starting point for producing the MTFS for the next three years, and the detailed budget for 2017/18, was the 2016/17 MTFS, and particularly the detailed 2016/17 budget, together with any changes to legislation, and forecast commitments and funding. The 2016/17 budget monitoring has identified a number of risks and pressures which need to be addressed if net expenditure is to be contained within budget. These issues, together with mitigating actions are set out in the latest budget monitoring report and have helped inform the budget for 2017/18.

58 The approved 2017/18 budget, and future year's budgets, takes into account forecast funding changes, new unavoidable commitments and savings plans as set out in this document.

59 As part of the local government settlement for 2016/17 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.

60 The approved budget 2017/18 does not anticipate the use of capital receipts in this way during 2017/18 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.

61 When developing and adopting a Flexible Use of Capital Receipts Strategy the impact on the Council's Prudential Indictors would be carefully considered.

J Council's financial standing and risks

62 Under the Local Government Act 2003 the Council has a responsibility to ensure that reserves are adequate. During 2016/17 all reserves have been examined in detail. A summary of the Council's forecast reserves as at 31st March 2017, and movements since 31st March 2016 are as follows:

	31st March 2016 £000	**31st March 2017 £000**
Earmarked Revenue Reserves -Non Schools	106,866	104,537
Earmarked Reserves – School Related	31,112	31,112
General Fund Reserves	19,848	19,848
Total Capital Reserves	65,526	65,526
Total Reserves	223,352	221,023

63 General balances are anticipated to reduce by £1.295 million, from £19.848 million to £18.553 million, assuming a balanced revenue outturn position for 2016/17. These equate to 4.55% of the 2017/18 net approved budget. If an over spend occurs in 2016/17, general fund balances are likely to reduce.

64 This is considered to be a satisfactory level of general reserves, being within the target range of 4% to 6%.

65 Non School Revenue Earmarked Reserves are forecast to fall from £106.866 million as at 31st March 2016, to £104.537 million as at 31st March 2017, a reduction of £2.329 million. It has been assumed that both Schools Related Reserves and Capital Reserves will remain at the level of balances held at 31st March 2016.

66 Annex 6 provides a summary of the Earmarked Reserves, including all of the proposed and forecast reserve movements during the year.

K Strategic Finance Director (Section 151 Officer) Review of the Budget

67 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 adequacy of budgetary control and external factors such as inflation and interest rates.

68 In preparing the budget, and in the context that non schools earmarked reserves will fall during 2016/17, the following factors mitigate the risks in the budget:

- Account has been taken of current spending trends and, where known and affordable within the core finance available to the Council, additional costs have been built into the 2017/18 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 rising. Although additional resources are being invested in these areas under the approved 2017/18 budget options, they are limited by the core funding and local taxation alternatives available to the Council.
- Provision has been made for pay awards, pension increases, contractual inflationary pressures and the forecast impact of the new National Living Wage.
- The reserves held are invested and the interest received supports the Council's budget.

69 On the basis of the above, the Strategic Finance Director'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.

L Public Sector Equality Duty

70 A Due Regard Statement is being drafted and has been updated in January 2017 to include the evidence base about service users and workforce, and the final budget proposals.

M Forward Draft Plans for the Revenue Budget

71 The Council's plans are set for the three years covering 2017/18 to 2019/20. The approved detailed budget for 2017/18 is set out within this MTFS, whilst the current draft forecast budgets for 2018/19 and 2019/20, are:

	2018/19 £m	2019/20 £m
Budget	398.7	404.4

72 Annex 7 gives outline financial proposals for 2018/19 and 2019/20, and will be updated as further information becomes available.

N Capital Expenditure

73 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.

74 The capital programme provides total investment in the county totalling £431.797 million. The main investment is in Communities and Infrastructure (£215.129 million) and Schools and facilities for children (£132.843 million), with the remainder being in Adults (£15.723 million) and Business Support Services (£68.102 million).

New Capital Investment 2017/18 onwards

75 The capital programme for 2017/18 onwards contains £103.811 million of new investment on capital schemes, financed from grants, revenue contributions, s106 contributions and capital financing budget, as set out in the table below.

76 Priority schemes not supported by grants or contributions totalling £13.318 million have been included within the new programme on the basis that they are funded from revenue capital financing budgets, thereby avoiding the need for new borrowing. Details of these new schemes for 2017/18 are in Annex 8b of this MTFS.

Funding for New Capital Investment

Grant	£000
Children and Families – Basic Need Grant 2017/18 (balance remaining)	3,512
Children and Families – Basic Need Grant 2018/19	20,923
Children and Families – Schools Condition Allocation 2017/18	5,177
Infrastructure – Highways Block Maintenance Grant 2017/18	15,854
Infrastructure – Highways Block Maintenance Grant 2018/19 (indicative)	14,350

Infrastructure – Highways Block Maintenance Grant 2019/20 (indicative)	14,350
Infrastructure – Integrated Transport Block Grant 2017/18	2,861
Infrastructure – Integrated Transport Block Grant 2018/19 (indicative)	2,861
Infrastructure – Integrated Transport Block Grant 2019/20 (indicative)	2,861
Infrastructure – Pothole Action Fund 2017/18	1,435
Infrastructure – National Productivity Investment Fund 2017/18	3,260
Infrastructure – Highways Block Maintenance Grant – Incentive Element 2017/18	1,487
Total Grant	**88,931**
Revenue contributions – Children and Families (estimate)	**430**
s106 contributions – Children and Families	**1,132**
Capital Financing Budgets	**13,318**
Total New Capital Funding 2017/18 onwards	**103,811**

Children and Families

77 The Council receives two main capital grants for schools from the Department for Education: Basic Need and Schools Condition.

78 The Basic Need allocation of £3.812 million for 2017/18 was approved in the 2016/17 MTFS as future years' spend. Of this grant, £0.300 million has been allocated to existing schemes, leaving a balance of £3.512 million available for new investment. The Basic Need allocation for 2018/19 has been confirmed as £20.923 million.

79 An indicative figure for the Schools Condition allocation of £5.207 million for 2017/18 was approved in the 2016/17 MTFS as future years' investment. The Department for Education has now confirmed that the revised figure is £5.177 million.

80 Estimated School contributions of £0.280 million and £0.150 million have been included in the Schools Capital Maintenance Programme and Suitability Programme, respectively.

81 S106 contributions of £1.132 million have been allocated to a capital scheme at Cotswold School to provide 6th Form accommodation.

Communities and Infrastructure

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

83 The Department of Transport has confirmed the Maintenance Block Grant allocation for 2017/18 as £15.854 million and has provided indicative amounts of £14.35 million for both 2018/19 and 2019/20.

84 The Integrated Transport Block Grant funding arrangements were revised from 2015/16. In 2017/18 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 both 2018/19 and 2019/20.

85 In addition to these two main grants The Department of Transport has confirmed a £1.435 million grant from the Pothole Action Fund for 2017/18, a £3.260 million grant from the National Productivity Investment Fund for 2017/18, and £1.487 million funding as incentive element of the Highways Block Maintenance Grant.

O Borrowing

86 Total borrowing requirement at the end of 2016/17 is forecast to be £308.8 million, a reduction of £8.8 million compared with the £317.6 million outstanding at the end of 2015/16

87 External borrowing is generally obtained from the Public Works Loans Board (PWLB), usually at fixed rates of interest, over a set number of years.

88 However, 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.

89 As stated earlier, the Council's aim is to reduce the level of borrowing and where possible reduce the level of overall borrowing outstanding. The MtC2 target for capital receipts from the sale of assets is £60 million by the end of 2017/18, which will mainly be used to repay debt and finance capital expenditure to avoid new borrowing. A Disposal Schedule was agreed by Cabinet in February 2017 in line with the Disposal Strategy.

P Treasury Management

90 The approved Treasury Management Strategy Statement and Annual Investment Strategy (AIS) for 2017/18 are shown in Annex 9.

91 It was considered by the Audit and Governance Committee on 20th January 2017 who endorsed it in advance of Cabinet and Council in February 2017.

92 Annex 9 provides details of:

- Treasury Management Strategy for 2017/18 including, borrowing, debt rescheduling and repayment options.
- Prudential Indicators.
- Minimum Revenue Provision (MRP) Statement.
- Policy on the use of Financial Derivatives.
- Specified and Non Specified Investments for use by the Council.

93 The other main changes to the approved Treasury Management Strategy for 2017/18, when compared with the 2016/17 strategy, are as follows:

- The lowest risk category approved for use has been raised from BBB to BBB+.
- For non-specified investment limits, total long term investment is to be increased from £120 million to £200 million, to enable the Council to take advantage of secured investments which are normally available at maturity levels greater than 1 year.
- Increase the investment limit per broker from £75 million to £100 million due to current limitations on investment custody arrangements.
- Money Market Funds limit to be increased from £100 million to £150 million to provide greater flexibility in maintaining liquid funds.

Q Prudential Code

94 In accordance with the Local Government Act 2003 the Council needs to comply with the “Prudential Code for Capital Finance in Local Authorities” (The Code).

95 Under the 2003 Act, Authorities have the freedom to determine the level of borrowing they wish to undertake to deliver their capital programmes.

96 The Code has been developed as a professional Code of Practice to support Local Authorities making these decisions. Regulations issued under the Act make compliance with the Code mandatory.

97 The objectives of the Code are:

- To ensure that capital investment plans are affordable, prudent and sustainable.
- To ensure treasury management decisions are taken in accordance with good professional practice.
- To be consistent with good local strategic planning, asset management planning and option appraisal.

98 To demonstrate that these objectives have been fulfilled the Code sets out indicators that must be used and the factors which must be taken into account.

The Council complies with the Prudential Code:

- By having medium term plans (Corporate Strategy, Revenue and Capital budgets).

- By having plans to achieve sound capital investment via the Capital Strategy, Project Appraisal and Asset Management Plans.
- By complying with the Treasury Management Code of Practice.
- By producing the indicators for affordability and prudence required by the Code.

R Risk Management Policy Statement &Strategy

99 It has always been important for organisations to identify and manage their risks. Identifying risks enables the Council to effectively manage strategic decision making, service planning and delivery to safeguard the wellbeing of its stakeholders and increases the likelihood of achieving its outcomes. Taking into account the overall future strategic direction of the Council, its structure and its services, it is now deemed an appropriate time to refresh and reaffirm our Risk Management Policy Statement and Strategy, to ensure that the Council's risk and assurance framework continues to build on our existing successes, which reflect national good practice and standards. This should enable the Council to effectively manage the potential opportunities and threats, thus improving service delivery to our communities.

100 Annex 10 details the updated Risk Management Policy Statement and Strategy for 2017/18, which aligns with this MTFS. 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. The Risk Management Policy Statement and Strategy for 2017/18 was considered by the Audit and Governance Committee on 20th January 2017 who endorsed it in advance of Cabinet and Council in February 2017.

S Attached Annexes

Annex 1	Commissioning Intentions
Annex 2	Budget movements by Service Area
Annex 3	Budget Summary by Service Area
Annex 4	Dedicated Schools Grant- Schools Block
Annex 5	Medium Term Financial Planning Framework
Annex 6	Reserves and Balances Analysis
Annex 7	Revenue Budget Forward Projections
Annex 8a	Capital Programme 2017/18
Annex 8b	New Schemes 2017/18 Funded from Revenue Contributions and Capital Fund
Annex 9	Treasury Management Strategy
Annex 10	Risk Management Policy Statement & Strategy

Annex 1 Commissioning Intentions

1.1 Children and Families Commissioning Intentions

Context

The Council has wide ranging responsibilities for children's services; this includes leading and co-ordinating all local partners to ensure outcomes for children and young people improve. In 2016/17 the total budget for children's services excluding Dedicated Schools Grant was £97.9 million; this included other grants and funding from formula/Council Tax. The strategic direction for children's services is set by the local Children and Young People's Plan; this together with the current corporate strategy identifies a continuing need to improve outcomes for the most vulnerable.

Strategic Direction

The Children and Young People's Plan (CYPP), agreed by the Children's Partnership in 2015, retains its clear ambition for all children to receive the best start in life and to reach their full potential. Most children in the county continue to live and do well; there is however a continued need to focus on the most vulnerable children and families. As a consequence the plan has the following aims: that our vulnerable children will thrive with help from their family, their community and universal services and with specialist help when needed. Partners have agreed to work towards the following priorities:

- **Children will thrive at home** - Families stay together: Early Help is in place to prevent issues persisting and escalating.
- **Children will thrive at home with help** - Preventing family breakdown: Families stay safely together; with extra help from communities and practitioners.
- **Children will thrive with specialist help** - Providing for effective and efficient intervention: Children, who need it, will have specialist help; have a good experience and settle permanently, quickly and safely.
- **We will work well together** - Planning, developing and jointly providing appropriate support for families.

The Gloucestershire Children's Safeguarding Board will continue to play a key role in harnessing effort across agencies, holding all partners to account and ensuring a strong quality assurance process is in place.

Whilst the partnership as a whole continues to aspire to support families across the spectrum of need the council's investment must be increasingly targeted on those who most need help and intervention. This reflects the significant demand pressures on specialist services and need to ensure sound safeguarding services and better life experiences for Children in Care.

Needs Analysis

A focus on the performance and quality of Children's services has been retained whilst managing significant pressures on demand for placements for Children in Care and the challenge of ensuring sufficient, experienced social workers. The trend of increasing numbers of children in Care has continued with a rise of 8.6% between April and November 2016. The council is also participating in national transfer arrangements for unaccompanied asylum seekers which have seen the numbers rise to 23 and potential for further increases to reach national average numbers. Pressure across the market has resulted in challenges securing placements that meet children's needs. Further analysis of these trends is being undertaken including Scrutiny input. The volume of requests for service (in terms of contacts and referrals to children's social care) is still high but action to enhance the 'front door' response may be having an impact with referrals rates showing a decrease since April 2017.

Progress has continued in respect of results at Key Stage 2 with 81% achieving level 4 or above in reading, writing and maths and 60.1% of young people achieving 5 GCSEs (including English and Maths) at A*-C. The main challenge continues to be reducing the gap in outcomes between all children and the most vulnerable; permanent exclusion rates remain relatively high.

A new graduated pathway has been developed which should enable all partners to provide effective early help to avoid children and families needing specialist services. This pathway can be used by schools for children with special educational needs as well as children with other additional needs.

Meeting the Challenge 2016/17

Savings targets for this year are on target to be achieved including reductions in home to school transport costs as policy changes are rolled out. The increase in children in Care has resulted in significant pressure on the placement budget especially regarding external placements for young people with complex needs.

The additional investment in social workers has been deployed across the system with 26.5 new social workers starting during 2016/17 up until October 2016. The spend on agency workers, whilst still too high at £983k (April to October 2016) should reduce over time and the turnover rate has reduced to 12.7% by October 2016.The caseload reduction strategy is beginning to have an impact with caseloads being more manageable in most teams.

The DfE Innovations Programme funded developments during 2015 which have enabled us to develop a new model of practice, BASE, which is based on restorative practice and focuses on identifying family and individual strengths and ways in which risks in the community can be managed more effectively. This is a challenging way of working but is being introduced across the Youth Support Service and should in the long term improve the effectiveness of work with adolescents.

The difficulties being experienced by children and young people in terms of mental health and wellbeing and the subsequent pressures on services were recognised nationally with all local areas being required to produce five year plans to improve the offer. This has been led locally by Gloucestershire Clinical Commissioning Group (GCCG) with all key partners and we now have a transformation plan that takes a 'whole system approach' to supporting mental health and wellbeing. The key focus of the plan aims to address the gaps identified and provide 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. In addition Gloucestershire were one of 22 areas awarded pilot status by NHS England and the DfE to pilot joining up mental health support with schools. 15 schools and a college in the Stroud area are taking part and an evaluation of the pilot is underway.

A major piece of work undertaken during 2016/17 has been reshaping services for families under 11 which has resulted in a tender for a new style targeted family support service run through children's centres. Increased community ownership of children's centres is also being achieved through new arrangements with schools and libraries. Work is well advanced to increase the availability of childcare for 3/ 4 year olds and take up of the existing offer for 2 year olds have been particularly high.

The council has maintained its role in respect of schools in particular by successfully rolling out the SEN reforms and planning for additional school places in key areas. A joint CQC/Ofsted inspection of SEN took place during May 2016 and found that the SEN reforms had been well delivered with "Education, health and social care professionals work well together as a strong team to deliver their vision of providing high-quality services to their children and young people."

Looking Forward

The budget for 2017/18 includes significant investment, (£9.55 million in total); to transform services, meet demand pressures and inflationary costs. The budget also requires savings of £10.07 million.

The Council will maintain its commitment to children's social work by delivering on its decision to invest £3.7m made in 2016, with the final £1.7m being invested in 2017/18. In addition the successful pilot in Gloucester City which has created additional social work capacity by reorganising teams and co-locating other professionals will continue.

As part of a previous decision to target resources more effectively there are proposals to target services for young people on those who are most at risk and vulnerable. This will achieve efficiencies in work with young people who are not in education, employment or training (NEET). Analysis of children in Care has identified a group of particularly challenging teenagers who are being placed in a variety of placements, sometimes very high cost and at distance which is not meeting their needs. A trawl of best practice elsewhere has identified the North Yorkshire 'No Wrong Door' model which creates small residential 'hubs' where children can be worked with intensively and stabilised and then moved into local placements. A proposal has been developed with GCCG which will create a similar intensive service locally and, over time, reduce budget overspends. The approved budget invests £1.4m in 2017/18 in this development.

The MtC savings include further reductions in home to school transport budgets and a continuing fall in spend against an historic pensions budget. The final roll out of SEN changes in respect of 16 -19 year olds will reduce the need for some services and contractual efficiencies are proposed as demand changes. The council will also need to respond to changes in government funding for core education services as responsibility for school improvement continues to transfer to schools and academies.

Delivering Change

There are three overarching aims:

- To reduce and divert demand for high cost, high dependency (acute) services
- To improve outcomes for children 'at risk' through high quality interventions which achieve stability within a family setting
- To ensure that vulnerable children are identified and supported to achieve good outcomes within local communities

To achieve these aims, commissioning intentions are:

- To shift and increase investment into the social care workforce to improve the quality of interventions and reduce the number of families whose problems escalate
- To reshape family support services for children, young people and families to ensure they target emerging needs effectively
- To develop alternative models of support and Care for young people and ensure only those children who need to, come into Care and are supported effectively
- To ensure the local education system is meeting the needs of children and young people and the council is championing the needs of vulnerable children

Specific planned activities for 2017/18 include:

- Implementation of reshaped family support services for younger children
- Embedding new Early help arrangements and single pathway
- Implementing new arrangements for specialist support for teenagers and their families
- Improving practice in relation to Children in Care to secure permanence
- Increase the availability of good placement options and alternative models of care especially for teenagers(including provision for USAC and refugees)
- Implementing plans for the new regional Adoption Agency, Adoption West
- Responding to the recommendations from the recent SEND inspection
- Reviewing the role of the LA in respect of education and ensuring sufficient school places in areas of growth in need

Annex 1.2: Adults Commissioning Intentions

Context

Adult social care has a current (2016/17) net budget of £132.510 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 is improving 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, although as a consequence the timeliness of assessment work and reablement interventions in the community is an area that needs attention.

Strategic Direction

As indicated our strategic ambition is to support people to live independently. The national policy framework created by Think Local Act Personal, builds 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 on-going 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.

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.

As the population ages, the number of older people with a very limiting long-term illness or disability is also predicted to rise, from 25,400 to 39,000 between 2015 and 2030. The number unable to manage at least one self-care activity is also predicted to grow, from 43,000 to 64,000 in the same period. The majority of this increase will be among the over-75s.

Moderate or severe hearing impairment, dementia and obesity are among the conditions that will see a significant increase in the County's older population. National estimates suggest that 80% of people living in care homes have some form of dementia or severe memory problems. In Gloucestershire, the number of older people with a dementia is expected to rise from 9,000 to 15,000 between 2015 and 2030. An estimated 12,700 people aged 65+ in Gloucestershire feel lonely always or often, and around 3,500 older people have severe depression.

The number of older carers aged 65+ is projected to rise from an estimated 18,400 people to 25,000 between 2015 and 2030, of which over a quarter are predicted to be over-80s, who may require extra support to provide care. One main concern among carers who care for older people is social isolation.

An estimated 9,000 people aged 18-64 in Gloucestershire have a serious physical disability. Many people with a physical disability have complex need. Some of the most common conditions that people with physical disabilities also experience are long-term pain, depression and mental health conditions. Just under 60% of carers caring for people with a physical disability or sensory impairment have a long-standing illness or disability themselves.

An estimated 11,400 people aged 18 and over in Gloucestershire have a learning disability, of these 2,400 have moderate or severe conditions. The most prevalent type of learning disabilities in Gloucestershire is autistic spectrum disorder. While the overall number of adults with moderate or severe learning disability is predicted to rise by 3.6% between 2015 and 2025, the number is predicted to rise most steeply in the older age group, by 19.8% for the over-65s in the same period. Many people with a learning disability have complex need; they are ten times more likely to have a vision impairment compared to the general population and a significant proportion (40%) have a hearing impairment.

In 2015, an estimated 58,000 people aged 18-64 in Gloucestershire had a common mental disorder, and a further 26,000 people had two or more psychiatric disorders. Between 1,300 and 1,600 people aged 18-64 are estimated to have experienced antisocial personality disorder, psychotic disorder or borderline personality disorder. 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.

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

Meeting the Challenge 2016/17

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 2017/18 results in a Council Tax increase of 1.99%, plus 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 address the existing high level of commitments, as the service manages the transition to an approach based on a higher level of investment in early intervention and prevention.

Against this background, we intend to improve outcomes and 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 team model
- supporting more people to live independently in the community
- improving transitions to adult services for children with special needs by establishing a joint social care team covering the 0-25 year old age group and ensuring all young people are prepared adequately for independence
- 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
- further improvements in the effectiveness of services we commission including those commissioned jointly with the Clinical Commissioning Group (CCG)
- working with the CCG to establish an Integrated High Needs Team which will join health and social care resources to extend services to some of the most complex and challenging service users
- reducing admissions to full time care
- working with the NHS to better support people in need of urgent support in the community, facilitate timelier discharges from hospital and reduce readmissions
- 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 reviewing high unit cost contracts to seek efficiencies

- ensuring our Telecare offer promotes 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

- embedding 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

- rolling out an outcomes based approach in the new domiciliary care service

- partnering with the Clinical Commissioning Group to ensure people with a learning disability in long stay hospitals are returned to independent living in their own community

- working with the Police and Crime Commissioner and many other partners to reduce the incidence of Hate Crime for people with disabilities and other impacted groups

Delivering Change

Such financial constraints should be considered in the context of substantial change. Statistically, there will be a rising demand for support from people with increasingly complex needs. 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

Annex 1.3: Public Health Commissioning Intentions

Context

Under the Health and Social Care Act, three domains of public health; health improvement; health protection and health care public health, have become part of Local Government's public health function. 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 has been extended to include new responsibilities for 0-5 year olds (Health Visiting). The allocation is based on a national formula linked to health inequality and health need and per the CSR remains ring fenced until the end of March 2018, with reductions to 2019/20.

The 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. Those activities include:

- carrying out health protection functions delegated from the Secretary of State
- reducing health inequalities and improving health across the life course, including within hard to reach groups
- ensuring the provision of population healthcare advice to Clinical Commissioning Groups (CCGs).

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 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.'*

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. This is known as the virtuous circle of public health.

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. We have made some progress, however the picture in Gloucestershire is not perfect.

The health and wellbeing of people in some of our communities is not improving at the same rate as others. Every year, many people suffer avoidable ill health or die earlier than they should – this is known as health inequality.

In Gloucestershire, men in the fifth most deprived communities live, on average, 5.8 fewer years than those living in our fifth least deprived areas – the pattern is similar for women, with those living in the most deprived areas living on average 4.1 fewer years than those in the least deprived areas (source, ONS 2006-10).

While life expectancy in Gloucestershire is increasing, on average, a man can expect to live the last 14.6 years of his life and a woman the last 14.9 years in poorer health. This, coupled with the fact we have an ageing population, presents our biggest challenge.

Life style 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 on-going care needs in the future.

Public Health Vision

The vision is to make improving and protecting the public's health everybody's business and to embed public health into the operation of Gloucestershire County Council, the Clinical Commissioning Group (CCG) and wider partners so that we can tackle the big health and wellbeing issues that arise from worklessness, deprivation and family poverty.

Commissioning Principles

- Prioritising primary prevention and early intervention - helping people to help themselves
- Ensuring the best start in life
- Focusing resources where the 'need' (potential to benefit) is greatest – helping to address avoidable health inequalities and targeting the most vulnerable
- Greater emphasis on mental health and wellbeing and the impact of poor mental health
- Embedding health and wellbeing across wider system, including funding some GCC activities

Delivering Change

The Public Health allocation is a ring fenced grant and the expectation is that it will be fully spent. Helping people to stay healthy and live independently for longer is a major contributor to reducing cost pressures in the medium and longer term.

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).

The comprehensive spending review in 2015 brought about a reduction in the Public Health ring fenced grant. Savings will be realised in 2017/18 through the re-commissioned services for the drug and alcohol treatment and the healthy lifestyle service. However public health funding for primary and secondary prevention will continue to contribute to early intervention activities across GCC. For example in children's centres and ensuring interventions are based on evidence of what works. Public health interventions aimed at building community capacity will help reduce need / demand for peoples' services. We are actively working with the Clinical Commissioning Group and GCC to ensure that up-stream health improvement services are routinely commissioned as part of a broader pathway approach.

Commissioning Priorities for 2017/18

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 sexual health and Public health Nursing (Health Visiting and School Nursing)

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

4. **Develop and embed heath and wellbeing in GCC business**

Performance will be measured against a subset of locally determined priority indicators from the Public Health Outcomes Framework, which includes 66 public health indicators. We will apply the principle of 'proportionate universalism' ensuring the right level of support and intervention is commissioned according to need to reduce the gap in health inequalities.

Annex 1.4: Communities and Infrastructure

Commissioning Intentions – Place Shaping

Background

1. The Council has a number of important roles that help shape the nature of people and places in Gloucestershire:

- Framing and enforcing rules and laws that influence behaviour;
- Delivering critical public services and infrastructure that enable local people to go about their daily lives safely and efficiently;
- Helping different communities to make choices for themselves, and shaping the actions of the Council and partners to meet the needs of the locality; and,
- Working with local, regional and national partners to enable the long-term economic, social and environmental wellbeing of Gloucestershire.

2. The importance of a locality that people identify with is well understood and does not really change over time. There is a need to keep the management and resolution of multi-faceted economic and social problems, regardless of whether they relate to individuals, families or communities, grounded in localities. To this end, building the capacity for collective action and choices about the use of public and community resources will continue to be a key challenge for the Council. Going forward, the Council's place shaping commissioning will need to respond to the as yet unclear implications of the UK's exit from the European Union.

Overall Commissioning Intention

3. The Council's Place shaping functions interact with localities and communities on a daily basis. The outcomes – in terms of community capacity to support individuals and families, and infrastructure provision – are, on the whole, highly visible to people.

4. As a result of this, the overall commissioning aim for the Council's Place shaping functions is to:

- *Creatively use its resources, powers and influence to promote the general well-being of localities and the individuals and communities who live and work within them.*

The elements of a strong locality and the Council's general role

5. There are a number of components that make up a strong locality and the Council's Strategy 2015-18 describe these as:

1. Active Individuals;
2. Active Communities;
3. Getting people back to independence;
4. Being there when we're most needed and,
5. Providing the infrastructure for a thriving economy.

The Council's Commissioning Intentions for its Place Shaping Functions

6. Bearing in mind the elements of a strong locality identified above, and the overall commissioning policy aim identified in paragraph 4, the Council has established the outcomes it is seeking to achieve and its commissioning intentions in terms of delivering these through its Place shaping functions. In some cases the intentions are to continue with the current direction of travel, some will, however, require change, and where this is the case further consultations will be carried out.

1. Active Individuals

1.1 Outcome Sought

- A Council presence in localities that makes best use of the buildings, assets and technology within a community and that is part of a joined-up approach to providing information, advice and services; recognising that there is no 'one size fits all' solution.
- A robust commercial bus network supported by affordable and subsidised bus, concessionary fare and community transport provision that for most people maintains reasonable access to employment, education, health services and essential shopping facilities.
- Individuals and communities who understand the pressures faced by the Council and feel enabled wherever possible to make choices for themselves, in doing so shaping the policies and actions of the Council and partners.

1.2 Commissioning Intentions

Customer Programme and Area Based Review

- Through the Customer Programme, maximise the efficient of use of buildings, including Libraries, within any locality and provide information advice and transactional services through the most cost efficient access channels. In doing so recognise that whilst 'better by digital' is the aim for most transactions, vulnerable people may require a wider choice of access channels to meet their needs.
- Bring forward a new 'better by digital' programme incorporating all place shaping functions and accelerating the delivery of the related elements in the Customer Programme (including the rollout of digital equipment in Libraries), with an initial focus on 'real time' highways maintenance information.

Transport Authority

- Continue to keep public transport reimbursements and subsidies at affordable levels and regularly review the discretionary elements of the statutory Concessionary Fares scheme in order to minimise the local Council Tax subsidy.
- Work with communities and partners to make sure that the best use is made of all transport assets, whether privately, publicly or community owned, within any locality.

Communications & Engagement

- Key policy and service change consultations with local people and communities continue to meet the standards defined by the Constitution Institute.
- Ensure land-use planning related consultations is carried out in accordance with the Statement of Community Involvement or governing statute and find a pragmatic balance between informal and formal consultations for other statutory functions (e.g. introduction of new / changed parking schemes).

2. Active Communities

2.1 Outcome Sought

- Individuals and community groups who have the skills, abilities and confidence to take effective action and leading roles in the development of their localities.

Community Capacity Building

- Work with partners, including the voluntary and community sector, to further develop the activities, resources and support that strengthen community capacity building, and to this end consult on a new Active Communities Policy and Strategy.
- Work with public sector partners to co-ordinate community capacity building activities.
- Where we can maximise the positive outcomes of doing so, we will continue to transfer assets to the local community in a way that accords with previous Community Offer programmes (e.g. Community Libraries), and continue to make other resources available at a locality level and subject to informed local influence over priorities (e.g. Highways Local, Highways – Your Way, Lengthsmen)
- Use the outcomes from the Peer Review of Highways to consult on options for Locality based and/or devolved Highway management arrangements that maintain value for money.

Minerals and Waste Planning Authority

- Continue to support District and Parish Councils in the production of their Local and Neighbourhood Plans so that local need, resilience and distinctiveness are promoted in the planning system.
- Maintain a planning process for minerals and waste that enables individuals and communities to express their opinions and concerns, particularly in localities where they may come into dispute or conflict with the development industry.

Highway Authority

- Promote the aims and objectives set out in Gloucestershire's Manual for Streets and the adopted Local Transport Plan and provide robust and evidenced-based advice to the Local Planning Authorities so that local people can express their concerns and opinions about development proposals, in terms of highway and transport impacts.

Regulatory Services

- Ensure regulatory services support community groups and new businesses, and champion the economy pf Gloucestershire.

3. Getting people back to independence

3.1 Outcome Sought

- The most vulnerable receive the information, advice, support and advocacy when they most need it.
- People feel able and safe to go about their legitimate day-to-day business.

3.2 Commissioning Intentions

Voluntary and Community sector

- Re-commission the Council's general and specialist advocacy services as part of the Customer Programme.
- Continue to commission an effective Healthwatch service.

Regulatory Services

- Continue to ensure that the Council's regulatory services, particularly those related to Trading Standards, Fire Safety and Planning Enforcement (minerals and waste), continue to be intelligence led, proportionate, reasonable, clearly prioritised.
- To ensure that regulatory services work together with a focus on customer protection and empowering communities.
- Capitalise on the wider role of regulatory services to ensure early intervention and prevention work in partnership with health and social care is continued and expanded.

Road Safety Partnership

- Following the joint review of the Road Safety Partnership with the Office of the Police and Crime Commissioner (OPCC), ensure smooth implementation of new Governance and operational arrangements in order to ensure that Gloucestershire's roads, based on an objective analysis of the accident data, continue to be safe for users and that the number of people killed and seriously injured are reduced as far as possible.

Lead Local Flood Authority
- To maximise the resources available for reducing long-term flood risk, in order to meet the Council's statutory responsibilities as the Lead Local Flood Authority and deliver its Local Flood Risk Management Strategy.
- Continue to enable development and economic growth by providing high quality statutory consultee advice to the Local Planning Authorities on flood alleviation and Sustainable Drainage systems.

4. Being there when we're most needed

4.1 Outcome sought
Individuals, communities and businesses that are adaptable, resilient and able to operate during and recover quickly from emergencies.

4.2 Commissioning Intentions

Fire and Rescue Authority
- Continue to invest the capital necessary to maintain a fit for purpose Fire and Rescue Service that is making the most effective use of the latest proven technologies.
- Continue to deliver the current Integrated Risk Management Plan that defines the long-term operating model for the service in order to deliver a resilient, affordable and strong Gloucestershire presence.
- Continue and expand on the integration of the Fire and Rescue Service within the operations of the Council.
- 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.

Civil Contingencies and Adaptation
- Continue to work through the Local Resilience Forum to ensure appropriate emergency management arrangements are in place and accord with the requirements of the Civil Contingencies Act.
- Continue to ensure Civil Protection is able to deal with emergencies and make communities safe and resilient.
- Continue to monitor Gloucestershire's carbon emissions and the medium to long-term resilience of vulnerable individuals, communities and infrastructure to more severe and unpredictable weather patterns.
- Actively contribute to Local Government's response to the national Climate Change Risk Assessment and the development of a new National Adaptation Programme.

5. Providing the infrastructure for a thriving economy

5.1 Outcome Sought

Investment in the physical assets that underpin economic growth by enabling people, commodities, water, energy and information to move about and operate efficiently.

5.2 Commissioning Intentions

Waste Disposal Authority

- Continue to be a key partner within the Joint Waste Committee in order to manage waste and resources effectively. The intention being to move material up the waste hierarchy and, where sustainable (in the widest social, economic and environmental sense), into the circular resource economy.
- Continue to work in partnership with all Districts to reduce and reuse waste, improve recycling rates and divert waste away from landfill in line with the Joint Waste Management Strategy targets. Continually look for efficiencies and other opportunities to achieve these intentions more cost effectively.
- To complete the construction and commissioning of a new energy from waste facility at Javelin Park.

Highway Authority

- Through the Transport Asset Management Plan process continue to promote the invest to save and economic growth opportunities associated with investment in structural maintenance. To this end ensure that any spending continues to be needs led and delivers a road network which is safe, reliable and as fit for purpose as possible given the level of funding and resource available.
- Maximise efficiencies through the highways contract and keep the delivery model under review so that it continues to be fit for purpose.
- Keep the service standards within the Transport Asset Management plan under review to ensure that standards allow statutory duties to be met on a risk assessed basis, whilst maximising investment in planned road maintenance.
- Recognise the economic and financial value of the highway network and the impact of congestion on it, and identify new ways to manage demand through bringing technology and where appropriate regulation together (e.g. continuing the shift to cashless parking arrangements, bus lane enforcement cameras on new developments, finding the right mix of speed enforcement arrangements).
- Deliver the Carbon Management Plan that seeks to reduce Council emissions by 60%, with a particular emphasis on investing in LED based street-lighting and renewable/alternative energy supply technologies.

Economic Development and Growth

- To work through the Gloucestershire Economic Growth Joint Committee and the Economic Growth Joint Scrutiny Committee to support the Local Enterprise Partnership (LEP) in the delivery of its Strategic Economic Plan and current and future Growth Deals signed with Government.

- To ensure the Accountable Body continues to be fit for purpose and able to effectively administer all Government capital resources made available to the LEP through the Growth Deal and other financial mechanisms (e.g. Gloucestershire Infrastructure Investment Fund).
- To take a lead in enabling the establishment of a new Employment and Skills Board.
- To make sure that the Council's Asset Management Plan, Transport Asset Management Plan, and adopted Local Transport Plan are drivers of economic growth in the County.
- To ensure business compliance, such that legitimate traders enjoy a level playing field in the market place, and can prosper without fear of unfair competition locally.

Infrastructure Authority / Provider

- Through a revised Local Developer Guide, adopted Local Transport Plan, and existing Manual for Streets maximise resources secured through the planning system for investment in critical infrastructure, particularly highways and schools. In doing so fulfil the 'duty to co-operate' with other planning authorities and statutory consultees; making sure that developer contributions for other critical infrastructure are promoted and funded by the appropriate tier of local government.
- Identify opportunities to reduce future revenue demands on Council services through the appropriate use of developer contributions.
- Achieve around 95% next generation access coverage of broadband in the County by 2018.
- Deliver the transport schemes promoted by the Council, which have been funded through the Growth Deal (Rounds 1-3) and promote new infrastructure schemes in future rounds that will enable economic growth.
- Work with partners and stakeholders to enable the delivery of strategic transport infrastructure, such as the A417 'Missing Link' and A46 improvements.

Minerals and Waste Planning Authority

- Continue to make best use of the resources available for meeting statutory planning responsibilities, particularly the production/adoption of the Minerals Local Plan and delivery of the adopted Waste Core Strategy.

Annex 2 – Budget Movements by Service Area

2017/18 Adults Budget including the National Adult Social Care Levy

		Cost Increases £000	Cost Reductions £000	£000
Starting Budget (2016/17 Revised Budget)				132,510
Budget Changes:				
Cost Increases				
Pay Inflation To provide for a 1% pay award wef 1 April 2017		327		
Increased cost of care of vulnerable Adults				
Inflation for Adult Social Care		1,612		
Demand pressures linked to demographic growth		2,373		
Transforming Care Programme & Associated Discharges for Learning Disability Services		725		
Complex Transitional services for Learning Disabilities		1,569		
Provision of Specialist Safeguarding Practitioners		112		
2017-18 Adult Social Care Grant Funding		2,541		
Investment in Building Better Lives, which includes takling disability hate crime	400			
Investment, including social prescribing, to improve Adults physical and mental health whilst reducing social isolation and loneliness	600			
Additional Social Care Grant Funding	1541			
Trialling a different approach to discharging people from hospital who have a diagnosis of dementia.(One off investment)		650		
Investment to help manage demand for Adult Social Care services over the longer term.(One off investment)		500		
Preventative Mental Health; intervene early to improve outcomes for individuals thereby avoiding the need for crisis intervention.(One off Investment)		300		
Proud to Care; Raise the profile of the caring profession in Gloucestershire to improve capacity in the voluntary sector and the provider market(One off investment - domiciliary and residential care)		44		
National Adult Social Care Levy		4,979		
Care Act To fund, over and above the funding set aside in the Better Care Fund, the on-going costs of the requirements needing to be undertaken in 2017/18 of the Care Act 2014. This includes investment in new ways of working, the development of referral centres and enhanced support to self funders.	1,185			
National Living Wage Inflationary cost pressures following introduction of the National Living Wage	2,994			
Approved Mental Health Practitioners	500			
Forwards Employment Services for Learning Disabilities	300			

2017/18 Adults Budget including the National Adult Social Care Levy Continued

	Cost Increases £000	Cost Reductions £000	£000
<u>**Cost Reductions**</u>			
Contract Efficiencies Release of post contract negotiation inflationary allowances and other contract efficiencies.		-2,193	
Building Better Lives Programme This programme supports the Building Better Lives Policy which sets out the direction of travel for supporting people with a disability within Gloucestershire over the next 10 years. These savings will need to be delivered through effective enablement, brokerage and review to ensure needs are met utilising community resources.		-4,973	
Older People and Vulnerable Adults Programme The Older People and Vulnerable Adults Programme supports the strategic direction of keeping people safe and independent, ideally in their own homes, whilst investing in prevention to delay or avoid more expensive care support with less budget. In addition it supports the integration of Health and Social Care to deliver positive outcomes for individuals.		-3,781	
Adult Mental Health Services Improving the commissioning, including the support and opportunities provided and developing more community based alternatives to long term care for people with serious mental health conditions.		-332	
QA Function Full year effect of reorganisation of internal QA function.		-81	
TOTAL NET CHANGE	**15,732**	**-11,360**	**4,372**
2017/18 Adults Budget including National Adult Social Care Levy			**136,882**

2017/18 Public Health Budget

	Cost Increases	Cost Reductions	
	£000	**£000**	**£000**
Starting Budget (2016/17 Revised Budget)			**25,542**
<u>Budget Changes:</u>			
<u>Cost Reductions</u>			
Efficiencies & Grant Reductions 2.5% national reduction in ring fenced grant allocation and savings achieved through the recommissioning of Drug & Alcohol and Healthy Lifestyles Contracts		-2,630	
Investment in promoting positive health outcomes in Children & Families	2000		
TOTAL NET CHANGE	**2,000**	**-2,630**	**-630**
Public Health Budget 2017/18			**24,912**

2017/18 Children and Families Budget - Vulnerable Children

	Cost Increases £000	Cost Reductions £000	£000
Budget Changes:			
Starting Budget (2016/17 Revised Budget)			**54,501**
Pay Inflation To provide for a 1% pay award wef 1 April 2017	223		
Contract Efficiencies Release of post contract negotiation inflationary allowances and other contract efficiencies		-458	
Adoption/Fostering/ Independent Reviewing Team Additional investment to meet costs associated with the increased demand for fostering and adoption allowances and inflationary fee pressures. To provide for additional staff to cover increased case work in the Independent Reviewing team	1,175		
Additional Social Workers Investment in social workers to reduce caseloads, improve practice and retention of staff and to maintain a multi-disciplinary team within the Gloucester City area	2,460		
Intensive Recovery and Intervention Service Investment to establish a service based around small residential 'hubs' where the most vulnerable young people can be worked with intensively to stabilise them, keep them in local placements and avoid long term high cost placements outside the county.	1,400		
Domestic Abuse & Family Breakdown Investment in therapeutic support for children using outreach workers to engage health, community & education professionals in early identification and to expand the Family Group Conferencing.(One off investment)	800		
Breaking the Cycle To develop a service, funded by a social impact bond, to support 46 women over a two year period to improve outcomes for them in terms of relationships, employment and well being and reduce levels of risk and cost for public agencies. (One off investment)	320		
Reducing Exclusions include an incentivisation fund (match funded from DSG) that could support restorative practice projects at school level aimed at reducing exclusions. (One off Investment)	270		
Enabling Active Communities To work with Gloucester City Council on joint project funding community connectors to engage excluded groups and enhance community response to lower risks within families.(One off Investment)	30		
Recruitment of in house foster carers To enhance capacity within the Fostering team to specifically recruit 10 more foster to adopt families.(One off Investment)	100		
National Living Wage Inflationary cost pressures following introduction of the National Living Wage	28		
Children in Care Investment to mitigate against additional demand for services and inflationary pressures in Children's External Placement budgets	2,033		
Active Communities Invest in additional senior practitioners to work alongside the additional social workers funded within the base budget to secure improvements in practice, including a focus on mental health and adoption	500		
Efficiencies Efficiencies generated via closer working with Public Health		-2,000	
Youth Support & Children Programme Savings within youth support and children's centre budget areas, realignment of funding for activity grants from public health and review of budgets		-2,599	
Building Better Lives Programme Efficiencies in residential short breaks provision		-100	
TOTAL NET CHANGE	**9,339**	**-5,157**	**4,182**
Children & Families - Vulnerable Children Budget 2017/18			**58,683**

2017/18 Children and Families Budget - Other Services

	Cost Increases £000	Cost Reductions £000	£000
Starting Budget (2016/17 Revised Budget)			**35,347**
<u>Budget Changes:</u>			
Education			
Pay Inflation To provide for a 1% pay award wef 1 April 2017	89		
Contract Efficiencies Release of post contract negotiation inflationary allowances and other contract efficiencies		-214	
Home to School Transport To provide for contractual prices inflation.	94		
Transport Reduction in discretionary spend and introducing a personalised approach to SEN travel enablement; incorporating creative travel solutions and integrating services		-996	
Education Services Grant (ESG) Funding Deletion of the ESG funding for retained duties now moving into the Dedicated Schools Grant Funding Allocation from 2017-18 onwards		-1,275	
Education Services Savings within pension budgets and from the reorganisation of education services following the reduction in ESG funding for general duties support to maintained schools		-916	
Supporting People			
Contract Efficiencies Release of post contract negotiation inflationary allowances and other contract efficiencies		-100	
Reflecting shift to community based support		-1,415	
Commissioning			
Pay Inflation To provide for a 1% pay award wef 1 April 2017	27		
TOTAL NET CHANGE	**210**	**-4,916**	**-4,706**
Children & Families - Other Services Budget 2017/18			**30,641**

2017/18 Communities and Infrastructure Budget

	Cost Increases	Cost Reductions	
	£000	**£000**	**£000**
Starting Budget (2016/17 Revised Budget)			**80,255**
<u>Budget Changes:</u>			
<u>Cost Increases</u>			
Pay Inflation To provide for a 1% pay award wef 1 April 2017	287		
Coroners Provide for additional demands surrounding Deprivation of Liberty Safeguarding	29		
Highways			
Additional investment to mitigate against additional demand for services and Inflationary pressures	510		
One off investment in roads (Part funded from the Rates Retention Reserve £0.835 million;Transformation Reserve £0.870 million;General Reserves £1.295 million)	3170		
Additional investment in the Lengthsman Scheme to be funded from the Transformation Reserve	500		
Highways Local Scheme Invest an additional £10k for every County Councillor (From £20k to £30k)	530		
National Living Wage Inflationary cost pressures following introduction of the National Living Wage	91		
Road Safety Partnership Following the PCC decision to withdraw Gloucestershire Constabulary from the Road Safety Partnership, the Council will contribute from the Transformation Reserve to continue the vital work of the partnership in 2017/18	390		
Traffic Regulation Orders Investment to improve the implementation process for traffic regulation orders to be funded from the Transformation Reserve	100		
<u>Cost Reductions</u>			
Contract Efficiencies Release of post contract negotiation inflationary allowances and other contract efficiencies		-590	
Fire & Rescue Service Achieved through redesign of management structure and reduction in attendance at false alarms.		-94	
Customer Services Universal Service Savings and additional registration income		-430	
Community Safety Savings to Road Safety and Trading Standards Services		-94	
Infrastructure/Economic Growth The Gloucestershire locality match requirement to unlock the Government's Core funding grant to gfirst LEP is £250,000. This has been fully funded by the County Council for the last 4 years enabling GFirst LEP to benefit from £2m of core funding from the Government and the County Council. In that time GFirst LEP has become increasingly successful at securing growth funding; now in excess of £77 million, which has benefited all districts in the county. A dialogue has started with District Councils on options for sharing the locality core funding match requirement, including use of the Strategic Economic Development Fund element of the Business Rate Pool. To enable a smooth transition the County Council has agreed to fund the match for 2017/18; any change will occur from April 2018.		-300	
Renewable Energy Reduced Costs from LED Streetlighting		-300	
Highways Further service standard changes, contract efficiencies and generation of additional income		-250	
TOTAL NET CHANGE	**5,607**	**-2,058**	**3,549**
Communities and Infrastructure Budget 2017/18			**83,804**

2017/18 Business Support Budget

	Cost Increases	Cost Reductions	
	£000	**£000**	**£000**
Starting Budget (2016/17 Revised Budget)			**26,024**
Budget Changes:			
Cost Increases			
Pay Inflation To provide for a 1% pay award wef 1 April 2017	206		
Contract Inflation	46		
ICT Essential investment in system security designed to protect personal data and minimise the impact of disruptive forces on business as usual.	106		
Communications Invest to save projects in Council's digital capacity	80		
Additional investment consultation following the outcome of the scrutiny task group	12		
Legal Services Provide for increase in demand for legal services by the Commissioner: Children and Young People	159		
Information Management Services Compliance with statutory requests made under the Data Protection Act (DPA), Freedom Of Information Act (FOI) and Environmental Information Regulations (EIR)	155		
Cost Reductions			
Finance Efficiencies including rationalisation of structure and reprioritisation of work.		-180	
HR/BSC Efficiencies including rationalisation of structure and reprioritisation of work.		-325	
ICT Efficiencies including rationalisation of structure and reprioritisation of work.		-271	
Strategy and Challenge Review functions, budgets and income streams. Reduce posts and reprioritise work flowing from specific service reviews.		-136	
Customer - Access / Universal Cross cutting efficiency savings yet to be allocated to services		-441	
Structure Savings from reduced senior management posts		-297	
TOTAL NET CHANGE	**764**	**-1,650**	**-886**
Business Support Budget 2017/18			**25,138**

2017/18 Technical and Corporate Budget

	Cost Increases	Cost Reductions	
	£000	**£000**	**£000**
Starting Budget (2016/17 Revised Budget)			**54,284**
<u>Budget Changes:</u>			
<u>Cost Increases</u>			
Pay and Pensions To provide for a 1% pay award wef 1 April 2017 and pensions deficit	928		
<u>Cost Reductions</u>			
Customer - Property Disposals Revenue savings generated from the utilisation of the proceeds of property disposals to reduce debt and/or finance the capital programme		-3,000	
Removal of 16/17 Temporary Funding Allocations		-4,570	
TOTAL NET CHANGE	**928**	**-7,570**	**-6,642**
Technical and Corporate Budget 2017/18			**47,642**

Annex 3 – Budget Summary by Service Area

Overall Budget

Medium Term Financial Strategy - 2017/18 Budget

Budget Area	2016/17 GCC Revised Base Budget £'000s	Cost Reductions £'000s	Cost Increases (Including Inflation) £'000s	Proposed 2017/18 Budget £'000s	Cash Increase / Decrease £'000s	Percentage Increase / Decrease £'000s
Programme Budget Areas						
Adults	**132,510**	-11,360	15,732	**136,882**	4,372	3.30%
Children and Families- Vulnerable Children	**54,501**	-5,157	9,339	**58,683**	4,182	7.67%
Children and Families- Other Services	**35,347**	-4,916	210	**30,641**	-4,706	-13.31%
Communities and Infrastructure	**80,255**	-2,058	5,607	**83,804**	3,549	4.42%
Business Support	**26,024**	-1,650	764	**25,138**	-886	-3.40%
Technical and Corporate	**54,284**	-7,570	928	**47,642**	-6,642	-12.24%
Total GCC	**382,921**	**-32,711**	**32,580**	**382,790**	**-131**	**-0.03%**
Public Health	**25,542**	-2,630	2,000	**24,912**	-630	-2.47%
Total Budget	**408,463**	**-35,341**	**34,580**	**407,702**	**-761**	**-0.19%**

Adults MTFS 2017/18

	2016/17 GCC Revised Base Budget £'000s	Cost Reductions £'000s	Cost Increases (Including Inflation) £'000s	Proposed 2017/18 Budget £'000s	Cash Increase / Decrease £'000s	Percentage Increase / Decrease %
Adult Social Care Grant 2017-18	**0**	0	2,541	**2,541**	2,541	-
Services for Older People	**51,291**	-4,076	4,276	**51,491**	200	0.39%
Services for People with a Physical Disability	**14,794**	-1,018	816	**14,592**	-202	-1.37%
Services for People with a Learning Disability	**49,210**	-5,853	5,689	**49,046**	-164	-0.33%
Services for People with Mental Health Issues	**6,891**	-332	1,036	**7,595**	704	10.22%
Other Services for Adults	**10,324**	-81	1,374	**11,617**	1,293	12.52%
Total: Adults	**132,510**	**-11,360**	**15,732**	**136,882**	**4,372**	**3.30%**

Public Health MTFS 2017/18

	2016/17 GCC Revised Base Budget £'000s	Cost Reductions £'000s	Cost Increases (Including Inflation) £'000s	Proposed 2017/18 Budget £'000s	Cash Increase / Decrease £'000s	Percentage Increase / Decrease %
Sexual Health	**4,178**	-570	0	**3,608**	-570	-13.64%
Health Behaviours	**2,702**	-186	0	**2,516**	-186	-6.88%
Drugs and Alcohol	**6,511**	-1,028	0	**5,483**	-1,028	-15.79%
Children 0-19 (incl. Health Visiting & School Nursing)	**8,242**	-288	2,000	**9,954**	1,712	20.77%
Public Mental Health	**432**	-130	0	**302**	-130	-30.09%
NHS Health Checks	**812**	-100	0	**712**	-100	-12.32%
Safeguarding	**200**	-100	0	**100**	-100	-50.00%
PH function incl. staffing and intelligence	**2,465**	-228	0	**2,237**	-228	-9.25%
Total: Public Health	**25,542**	**-2,630**	**2,000**	**24,912**	**-630**	**-2.47%**

Children and Families - Vulnerable Children MTFS 2017/18

	2016/17 GCC Revised Base Budget £'000s	Cost Reductions £'000s	Cost Increases (Including Inflation) £'000s	Proposed 2017/18 Budget £'000s	Cash Increase / Decrease £'000s	Percentage Increase / Decrease %
Vulnerable Children	**54,501**	-5,157	9,339	**58,683**	4,182	7.67%
Total: Vulnerable Children	**54,501**	**-5,157**	**9,339**	**58,683**	**4,182**	**7.67%**

Children and Families - Other Services MTFS 2017/18

	2016/17 GCC Revised Base Budget £'000s	Cost Reductions £'000s	Cost Increases (Including Inflation) £'000s	Proposed 2017/18 Budget £'000s	Cash Increase / Decrease £'000s	Percentage Increase / Decrease %
Education	**21,476**	-3,401	183	**18,258**	-3,218	-14.98%
Supporting People	**11,258**	-1,515	0	**9,743**	-1,515	-13.46%
Commissioning	**2,613**	0	27	**2,640**	27	1.03%
Total: Children & Families Other Services	**35,347**	**-4,916**	**210**	**30,641**	**-4,706**	**-13.31%**

Communities & Infrastructure MTFS 2017/18

	2016/17 GCC Revised Base Budget £'000s	Cost Reductions £'000s	Cost Increases (Including Inflation) £'000s	Proposed 2017/18 Budget £'000s	Cash Increase / Decrease £'000s	Percentage Increase / Decrease %
Parking	**-2,524**	0	2	**-2,522**	2	-0.08%
Strategic Planning	**2,026**	-300	9	**1,735**	-291	-14.36%
Flood Alleviation	**1,195**	0	2	**1,197**	2	0.17%
Highways	**17,338**	-550	4,840	**21,628**	4,290	24.74%
Integrated Transport Unit	**10,078**	0	99	**10,177**	99	0.98%
Fire & Rescue Service	**15,642**	-94	131	**15,679**	37	0.24%
Libraries	**3,209**	0	26	**3,235**	26	0.81%
Community Safety	**1,499**	-124	451	**1,826**	327	21.81%
Healthwatch	**367**	0	0	**367**	0	0.00%
Commissioning & Delivery Support	**2,628**	-890	28	**1,766**	-862	-32.80%
Waste	**27,518**	-100	6	**27,424**	-94	-0.34%
Customer Services	**1,279**	0	13	**1,292**	13	1.02%
Total: C&I Including Waste	**80,255**	**-2,058**	**5,607**	**83,804**	**3,549**	**4.42%**

Business Support MTFS 2017/18

	2016/17 GCC Revised Base Budget £'000s	Cost Reductions £'000s	Cost Increases (Including Inflation) £'000s	Proposed 2017/18 Budget £'000s	Cash Increase / Decrease £'000s	Percentage Increase / Decrease %
Business Support Services	**26,024**	-1,650	764	**25,138**	-886	-3.40%
Total: Business Support	**26,024**	**-1,650**	**764**	**25,138**	**-886**	**-3.40%**

Technical & Corporate MTFS 2017/18

	2016/17 GCC Revised Base Budget £'000s	Cost Reductions £'000s	Cost Increases (Including Inflation) £'000s	Proposed 2017/18 Budget £'000s	Cash Increase / Decrease £'000s	Percentage Increase / Decrease %
Corporately Controlled Budgets	**16,622**		927	**17,549**	927	5.58%
Capital Financing	**31,742**	-3,000	0	**28,742**	-3,000	-9.45%
Members and Elections	**1,350**		1	**1,351**	1	0.07%
2016-17 Temporary Investments	**4,570**	-4,570		**0**	-4,570	-100.00%
Total: Technical & Corporate	**54,284**	**-7,570**	**928**	**47,642**	**-6,642**	**-12.24%**

Annex 4

Dedicated Schools Grant - Schools Block Delegation Summary

Schools and academies budget allocations before de-delegation

Pupil led:	Units	Rate £	Primary £	Secondary £	Total £	% of delegated budget
Basic Entitlement Primary (Age Weighted Pupil Unit)	46,773	2,973.49	139,079,796		139,079,796	41.4%
Basic Entitlement KS3 (Age Weighted Pupil Unit)	19,314	3,773.03		72,872,289	72,872,289	21.7%
Basic Entitlement KS4 (Age Weighted Pupil Unit)	12,250	4,525.97		55,444,089	55,444,089	16.5%
Total AWPU (October 2016 pupils)	78,337		**139,079,796**	**128,316,378**	**267,396,174**	**79.6%**
Deprivation Primary (FSM ever 6)	9,251	894.24	8,272,365		12,898,682	3.8%
Deprivation Secondary (FSM ever 6)	6,044	765.39		4,626,316		
Prior Attainment (Y1-4 Early Years Foundation Stage Profile + Y5-6 Low Attainment <78)	8,725	1,678.98	14,648,562		24,815,062	7.4%
Prior Attainment (Y7 LPA + Y8-11 SATs <L4 Eng or Mths)	5,740	1,771.32		10,166,500		
English as Additional Language (3 year EAL)	2,365	835.18	1,975,169		1,975,169	0.6%
English as Additional Language (3 year EAL)	421	835.18		351,236	351,236	0.1%
Total Pupil Led delegations			**163,975,892**	**143,460,430**	**307,436,323**	**91.5%**
Note: budget totals calculated above are based on un-rounded units and rates						
Other Formula Factors:			£	£	£	
Lump Sum *(includes 70% protection for amalgamated school)*	248	72,769	18,014,694		18,014,694	5.4%
Lump Sum	40	175,000		6,926,500	6,926,500	2.1%
Split Sites	*3 schools @ £43,687 + £58/pupil*		158,089		158,089	0.0%
Rates	*Currently based on 17/18 estimates + 16/17 adjustments*		2,402,678	1,042,640	3,445,318	1.0%
Exceptional Premises Factor - Rents	*Currently based on 17/18 estimates*		112,529	0	112,529	0.0%
Total Other Formula factors			**20,687,990**	**7,969,140**	**28,657,130**	**8.5%**
Total budget allocations before MFG, Cap and de-delegation			**184,663,882**	**151,429,571**	**336,093,452**	**100.0%**
Minimum Funding guarantees & capping						
MFG protections (based on no loss below -1.5% per pupil)			557,664	130,551	688,215	0.2%
Capping reductions based on no gains per pupil above	1.07%		-678,182	-10,032	-688,215	-0.2%
Difference			**-120,518**	**120,518**	**0**	
Total budget allocations after MFG & Cap applied but before de-delegations			**184,543,363**	**151,550,089**	**336,093,452**	**100.0%**

Annex 5

Forward Planning 2017/18 to 2019/20

Introduction

Context

The purpose of the Medium Term Financial Strategy (MTFS) is to give financial expression to the Council Strategy in relation to 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. It also highlights the underlying financial strategy, the financial assumptions, and the inherent financial risks. Importantly, it links decisions on resource allocation to decisions on policy priorities.

A key element within the MTFS is the recognition of the Council's challenging financial position for the medium term, following the publication of the provisional Finance Settlement for 2017/18 the approved budget for 2017/18, assuming a 1.99% increase in Council Tax and a 2% increase for the National Social Care Levy, shows a reduction of £0.76 million in cash terms to £407.70 million.

Developments

The MTFS is a strategic three year plan of internal resource allocations, with changes in allocation determined in accordance with the Council's goals and priorities. The MTFS is updated and refreshed on an annual basis.

In response to its projected financial trajectory, the Council has been developing strategies and plans to deliver a balanced financial position over the medium term. This has resulted in the Council identifying (and delivering) significant efficiencies in the past via its "Meeting the Challenge" and "Meeting the Challenge 2" initiatives, which will continue to be required.

To support the Council's planning process and inform financial decisions going forward, the Council has developed its MTFS planning process, and enhanced it with the introduction of the MtC programme. The initial MtC programme covered the four years 2011/12 to 2014/15. A second programme "Meeting the Challenge 2 – Together we Can", covers the period 2015/16 to 2017/18. This process provides a sound decision making procedure to ensure prioritisation of proposals against the Council Strategy. This improved process has been used to understand, assess and manage funding allocations in the context of significantly limited resources going forward.

Resources have been reviewed against the Council's priorities and activities.

Financial Strategy

Context

Gloucestershire has a growing and ageing population and has also again recently experienced key budget pressures relating to the care of vulnerable Adults and Children. The Council needs to manage this demand increase, while continuing to deliver high quality cost effective services across Gloucestershire.

The 2015 Government Spending Review created a social care precept to give local authorities who are responsible for social care the ability to raise new funding to spend exclusively on adult social care. The 2017/18 provisional Settlement announcement gave more flexibility to upper tier authorities about applying the levy up to a maximum of 6% over the next 3 years to the end of Parliament. The approved budget includes the adult social care precept at 2%, which raises an additional £4.99 million for Adult Social Care services, in addition to the 1.99% basic Council Tax.

The MTFS addresses these challenges by taking its lead from the Council's strategic priorities, as set out in the Council Strategy and from the feedback from public consultation.

The Council's financial strategy for 2017/18 to 2019/20, contributes particularly to our proposed new approach to meeting people's needs based on:

- Active individuals
- Active Communities
- Getting people back to independence
- Being there when we're needed most

Preparation & Links

The Council's MTFS is prepared annually, and now covers the three year period 2017/18 to 2019/20.

It links decisions on resource allocation with decisions on policy priorities, as set out in the Council's Strategy.

Principles

The principles underlying the MTFS are:

- Stable and sustainable budgets.
- Ensures resources are focussed 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.

Annex 6
Reserve Movements

	Balance at 31st March 2016	Transfers Out 2016/17	Transfers In 2016/17	Projected Balance at 31st March 2017	Notes
	£'000	£'000	£'000	£'000	
Earmarked Reserves					
Capital Fund	9,678		7,520	17,198	1
Strategic Waste Reserve	33,912		1,900	35,812	2
Transformation Reserve	6,956	-1,645		5,311	3
Invest to Save	3,175		142	3,317	4
Insurance Fund	10,823	-300	500	11,023	5
Active Communities	1,230	-30		1,200	6
Public Health	4,596	-1,651		2,945	7
County Elections	614		300	914	8
Vehicle & Plant Replacement	110			110	9
Fire Service Pensions	127			127	10
Fire Joint Training Centre	1,156	-11		1,145	11
Economic Stimulus Reserve	8,470	-7,908		562	12
Fire PFI Reserve - GFRS	2,757		342	3,099	13
Revenue Grant Reserves	11,751			11,751	14
Adoption Reserve	395	-256		139	15
Rates Retention Reserve	1,835			1,835	16
Education Funding Risk Reserve	500	-50		450	17
Vulnerable Children Reserve	2,570			2,570	18
Home to School Transport Reserve	672	-136		536	19
A417 Missing Link	1,264			1,264	20
Adult Care	1,654			1,654	21
Communities & Infrastructure Reserve	1,476	-1,339		137	22
Traded Services Reserve	67	-32		35	23
LED Renewables Reserve	223		296	519	24
Services to Families with Young Children Reserve	300			300	25
Other Reserves	555	0	29	584	26
Earmarked Reserves (Non School)	**106,866**	**-13,358**	**11,029**	**104,537**	
Schools Related					
School Balances	23,824			23,824	27
Other Schools Related	7,288			7,288	27
School Related	**31,112**	**0**	**0**	**31,112**	
Earmarked Reserves Total	**137,978**	**-13,358**	**11,029**	**135,649**	
General Fund Balances	19,848			19,848	28
Total Revenue Reserves	**157,826**	**-13,358**	**11,029**	**155,497**	

Earmarked Capital Reserves	Balance at 31st March 2016	Transfers Out 2016/17	Transfers In 2016/17	Balance at 31st March 2017	
Capital Grant & Contributions Reserves	44,151			44,151	29
Capital Receipts Reserve	21,375			21,375	30
Total Capital Reserves	65,526	0	0	65,526	

Notes on Reserves

1. The Capital fund balance assumes that £7.520 million will be transferred from the revenue capital financing budget to support future capital programme expenditure from 2017/18 onwards.

2. The Strategic Waste Reserve's estimated balance as at 31st March 2017 is £35.822 million, following a proposed transfer of £1.9 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.

4. The Invest to Save Reserve supports projects that are designed to deliver on-going savings in the future by providing "pump priming" funding and is committed e.g. £0.9 million Provision of Photovoltaic PV Panels for Shire Hall.

5. It is anticipated that the Insurance Fund will increase by £0.500 million as at 31st March 2017 based on a detailed analysis of existing and future liabilities, utilising the advice of the actuary and the Council's insurers. Two new reserves have been created for risks associated with Safeguarding (£0.25 million) and Residual liabilities relating to Highways (£0.25 million).

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 with additional staffing required to promote the approach in the Community.

7. The Public Health holds any unused balances from the ring fenced 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. An additional contribution of £0.1 million is proposed for 2016-17 in order to ensure that adequate funding is available for the 2017 Elections.

9. The Vehicle and Plant reserve is intended to support Council procurement of Service vehicles and Plant. It is intended that this fund will support the current cross cutting review of Transportation.

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. It is forecast that the Reserve will have a balance of £0.562 million at 31st March 2017.

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 at £4.77 million, 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 Adoption Reserve was established to support future costs associated with the Adoption Service.

16. The way that the Council is funded changed in 2013/14. As a result the Council is subject to volatility around Business Rates collections. To minimise this volatility the Council will receive a “Top Up” Grant from Central Government, which means that only our “Baseline” position will be subject to the volatility. This figure accounts for £20.6 million of our funding, and means that if our District Councils collect less business rates this figure could be lower. Central Government do have a safety net mechanism, that would mean that the Council would receive funding to offset this loss should Business Rates fall, however this safety net is set at 7.5%, meaning that our collected Business Rates would need to fall by £4.9 million before the safety net would become payable. Where deficits do occur, the reserve will be used to prevent any impact on the revenue budget.

17. The Education Funding Smoothing Reserve funds any in-year funding adjustments made in relation to Academies. Such adjustments will be funded during the year from the reserve with base budget reductions made in the following year’s budget, i.e. if a school transfers to Academy status mid-year the Council’s budget will be top-sliced mid-year.

18. 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.

19. 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.

20. The A417 Missing Link Reserve was established to support the upgrading of this section of the A417.

21. Adult Care reserve was established to create to cover the budgetary risks associated with the fluctuations in demand led Adult Services.

22. This reserve was created to hold a number of small revenue carry forwards from 2015/16 for Community and Infrastructure services and will be fully utilised in 2016/17 other than £0.137 million for Street Lighting LED phase 2 contract mobilisation which will be spent in 2017/18.

23. The Traded Services reserve was created to support activities to generate further traded income. The reserve will be used in 2016/17 to fund costs associated with additional marketing.

24. This is the smoothing reserve for the repayment of the SALIX/SEELs repayments over 7 years. The reserve is forecast to increase in 16/17.

25. This Funding was approved by Cabinet to fund capital works which will enable children centre buildings to be adapted and made suitable for the provision of a wider range of services.

26. This relates to a small number of specific reserves.

27. It has been assumed that balances for Schools and the Dedicated School's Grant will remain at similar levels to those held at 31st March 2016.

28. General reserves are forecast to remain at £19.848 million at 31 March 2017, assuming a balanced outturn position on the Revenue budget for 2016/17. In the event of an over spend position a draw down on general reserves will be required.

29. 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 2016-17 onwards.

30. 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 7

MTFS 2017/18 – 2019/20 – Forecast draft budgets based on funding assumptions

	2016/17 Revised £m	**2017/18 Forecast £m**	**2018/19 Forecast £m**	**2019/20 Forecast £m**
Base Budget	408.46	408.46	407.7	398.69
Inflation (Pay,Pensions and Prices)		2.09	4.60	4.70
National Living Wage		3.11	3.80	3.40
Additional Social Workers in Children Services		2.46	0.00	0.00
Other increased costs (Vulnerable Adults & Children - including one off investments)		16.00	3.62	5.00
Other Pressures (Estimated)		8.38	3.97	5.22
Additional One off Adult Social Care Grant		2.54	-2.54	0.00
Savings to be met from Transformation Programme		-35.34	-22.46	-12.62
Net Operating Budget	**408.46**	**407.7**	**398.69**	**404.39**
Funded by:-				
Core Grant Funding	-118.25	-101.97	-92.43	-83.68
Other Non Ring Fenced Grant Funding	-13.96	-12.31	-4.96	-4.84
Public Health Grant	-25.54	-24.91	-24.27	-23.63
Council Tax Surplus	-5.00	-3.87	-3.00	-3.00
Reserve Movements	0.00	-5.02	0.00	0.00
Council Tax Requirement	**245.71**	**259.62**	**274.03**	**289.24**
Council Tax Calculation				
Council Tax Base (Est)	216,673	220,159	223,462	226,814
Council Tax Band D Equivalent)	£1,134.01	£1,179.26	£1,226.32	£1,275.24
% Increase in Council Tax	3.99%	3.99%	3.99%	3.99%

Annex 8a

Capital Programme 2017/18

MEDIUM TERM CAPITAL PROGRAMME - COUNTY COUNCIL SERVICES
FINANCING STATEMENT

	------------------	Profiled Budget	------------------			Total	Prior	Total
					Future	Still	Years	Scheme
	2016/17	2017/18	2018/19	2019/20	Years	Required	Actual	Investment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
GROSS PAYMENTS								
Adults	**7,026**	**1,875**	**584**	**2,567**	**0**	**12,052**	**3,671**	**15,723**
Children & Families	**23,160**	**38,206**	**23,677**	**38**	**0**	**85,081**	**47,762**	**132,843**
Communities & Infrastructure:								
Infrastructure	**52,571**	**47,582**	**28,801**	**17,211**	**0**	**146,165**	**60,671**	**206,836**
Libraries	**284**	**1,224**	**500**	**0**	**0**	**2,008**	**789**	**2,797**
Community Safety F&R	**1,248**	**1,080**	**360**	**0**	**0**	**2,688**	**2,808**	**5,496**
Business Support:								
AMPS	**3,389**	**19,370**	**10,752**	**0**	**0**	**33,511**	**6,303**	**39,814**
ICT Projects	**3,653**	**4,111**	**500**	**1,750**	**0**	**10,014**	**1,455**	**11,469**
Archives	**1,001**	**1,692**	**195**	**0**	**0**	**2,888**	**132**	**3,020**
Customer	**111**	**200**	**0**	**0**	**0**	**311**	**197**	**508**
Business Support Misc	**108**	**6,845**	**6,000**	**0**	**0**	**12,953**	**338**	**13,291**
Total	**92,551**	**122,185**	**71,369**	**21,566**	**0**	**307,671**	**124,126**	**431,797**
AVAILABLE RESOURCES								
Revenue Contributions	4,190	3,852	3,546	1,750	0	**13,338**		
Section 106 Contributions	6,644	14,590	140	0	0	**21,374**		
Capital Fund	5,994	8,032	0	360	0	**14,386**		
Other External Contributions	456	87	0	0	0	**543**		
External Grant - including Government	62,773	65,190	42,365	19,456	0	**189,784**		
Other Reserves	7,426	2,536	0	0	0	**9,962**		
Capital Receipts	5,068	21,103	19,318	0	0	**45,489**		
Internal Borrowing	0	6,795	6,000	0	0	**12,795**		
Other - including Borrowing	0	0	0	0	0	**0**		
Total	**92,551**	**122,185**	**71,369**	**21,566**	**0**	**307,671**		
Surplus/deficit (-)	**0**	**0**	**0**	**0**	**0**	**0**		

Capital Programme 2017/18		Total Scheme Budget					Financing for Total Scheme budget										
Scheme Name	Current Total Scheme Budget £'000	Prior Years Actuals £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'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	Total for Remaining Life £'000	Prior Years Funding £'000	Funding of budget total £'000
Summary by Service Area																	
Adults	15,723	3,671	7,026	1,875	584	2,567	25	0	1,048	76	10,762	0	141	0	12,052	3,671	15,723
Children & Families	132,843	47,762	23,160	38,206	23,677	38	1,753	18,181	2,386	26	62,435	300	0	0	85,081	47,762	132,843
Infrastructure	206,836	60,671	52,571	47,582	28,801	17,211	2,673	2,763	4,812	370	109,731	8,762	17,054	0	146,165	60,671	206,836
Libraries	2,797	789	284	1,224	500	0	5	420	35	10	0	0	1,538	0	2,008	789	2,797
Community Safety F&R	5,496	2,808	1,248	1,080	360	0	1,380	0	380	0	903	0	25	0	2,688	2,808	5,496
AMPS	39,814	6,303	3,389	19,370	10,752	0	4,712	10	1,286	0	4,783	900	21,820	0	33,511	6,303	39,814
ICT Projects	11,469	1,455	3,653	4,111	500	1,750	2,553	0	3,811	0	0	0	3,650	0	10,014	1,455	11,469
Archives	3,020	132	1,001	1,692	195	0	237	0	428	61	1,062	0	1,100	0	2,888	132	3,020
Customer	508	197	111	200	0	0	0	0	150	0	0	0	161	0	311	197	508
Business Support Miscellaneous	13,291	338	108	6,845	6,000	0	0	0	50	0	108	0	0	12,795	12,953	338	13,291
	431,797	**124,126**	**92,551**	**122,185**	**71,369**	**21,566**	**13,338**	**21,374**	**14,386**	**543**	**189,784**	**9,962**	**45,489**	**12,795**	**307,671**	**124,126**	**431,797**
Adults																	
Gloucester LD Reprovision Scheme	**876**	556	30	290	0	0	0	0	0	76	244	0	0	0	320	556	876
Sandford Park House	**360**	0	0	0	0	360	0	0	360	0	0	0	0	0	360	0	360
Adults Social Services Grant 13/14 14/15	**2,399**	192	0	0	0	2,207	0	0	0	0	2,207	0	0	0	2,207	192	2,399
GIS	**850**	32	793	25	0	0	0	0	643	0	175	0	0	0	818	32	850
Social Care Capital Grant 15/16	**1,409**	0	325	500	584	0	0	0	0	0	1,409	0	0	0	1,409	0	1,409
Disabled Facilities Grant	**4,682**	0	4,682	0	0	0	0	0	0	0	4,682	0	0	0	4,682	0	4,682
Housing & Technology Capital Fund Grant	**1,834**	0	800	1,034	0	0	0	0	0	0	1,834	0	0	0	1,834	0	1,834
Schemes under £250,000 16/17 onwards	**3,313**	2,891	396	26	0	0	25	0	45	0	211	0	141	0	422	2,891	3,313
Total Adults	**15,723**	**3,671**	**7,026**	**1,875**	**584**	**2,567**	**25**	**0**	**1,048**	**76**	**10,762**	**0**	**141**	**0**	**12,052**	**3,671**	**15,723**
Children & Families																	
Alderman Knight sufficiency	**1,900**	76	250	1,574	0	0	0	0	0	0	1,824	0	0	0	1,824	76	1,900
Bettridge sufficiency	**2,651**	132	2,321	198	0	0	0	0	10	0	2,509	0	0	0	2,519	132	2,651
Paternoster, replace temps	**2,800**	5	70	2,585	140	0	0	0	0	0	2,795	0	0	0	2,795	5	2,800
Cleeve School 1FE expansion	**4,958**	1	400	4,437	120	0	0	4,957	0	0	0	0	0	0	4,957	1	4,958
Beaufort School 1FE expansion	**3,900**	0	380	3,400	120	0	0	3,800	0	0	100	0	0	0	3,900	0	3,900
Chipping Campden School, science block	**1,140**	0	1,053	87	0	0	0	1,140	0	0	0	0	0	0	1,140	0	1,140
Pittville School, increase capacity	**1,908**	0	1,503	405	0	0	32	0	0	0	1,876	0	0	0	1,908	0	1,908
Severn Vale School 1FE expansion	**1,800**	0	0	1,800	0	0	0	1,800	0	0	0	0	0	0	1,800	0	1,800
Maidenhill School, kitchen refurbishment	**276**	14	248	14	0	0	0	0	136	0	126	0	0	0	262	14	276
Bournside School, expansion	**2,400**	0	0	2,400	0	0	0	213	0	0	2,187	0	0	0	2,400	0	2,400
Short Breaks Capital Grants	**942**	5	447	490	0	0	0	0	0	0	937	0	0	0	937	5	942
Hartwood House refurbishment	**303**	0	250	53	0	0	0	0	0	0	303	0	0	0	303	0	303
Abbeymead Primary, temporary expansion	**296**	1	288	7	0	0	0	0	0	0	295	0	0	0	295	1	296
Woodmancote Primary, expand to 2FE	**986**	225	731	30	0	0	0	716	0	0	45	0	0	0	761	225	986
Leighterton Primary replace temps	**440**	0	88	330	22	0	0	0	0	0	440	0	0	0	440	0	440
Chalford Hill Primary, replace temps	**1,283**	23	112	1,148	0	0	3	0	0	0	1,257	0	0	0	1,260	23	1,283
Cirencester Primary replace classrooms	**1,501**	1	60	914	488	38	0	0	0	0	1,500	0	0	0	1,500	1	1,501
Drybrook Primary remodel classrooms	**760**	0	38	684	38	0	0	0	0	0	760	0	0	0	760	0	760
English Bicknor Primary Pre-school	**260**	0	13	234	13	0	26	0	0	0	234	0	0	0	260	0	260
Grangefield Primary, expansion	**2,668**	46	1,500	1,122	0	0	0	2,622	0	0	0	0	0	0	2,622	46	2,668
Hardwicke Primary temporary expansion	**500**	0	450	50	0	0	0	500	0	0	0	0	0	0	500	0	500
Kemble Primary All pupils under 1 roof	**273**	0	14	245	14	0	68	0	0	0	205	0	0	0	273	0	273
Mickleton Primary additional classroom	**422**	1	200	221	0	0	0	421	0	0	0	0	0	0	421	1	422
Northway Infant, replacement school	**3,856**	3,312	474	70	0	0	0	0	0	0	544	0	0	0	544	3,312	3,856
Thrupp Primary, replace temps	**650**	5	50	595	0	0	0	0	0	0	645	0	0	0	645	5	650
Hunts Grove, ICT, FFE & internal fees	**511**	0	3	508	0	0	0	0	0	0	511	0	0	0	511	0	511
Childrens Centres improvements	**300**	0	0	300	0	0	0	0	0	0	0	300	0	0	300	0	300
Waterwells Academy, 2 classroom building	**300**	0	0	300	0	0	0	0	0	0	300	0	0	0	300	0	300
Longford Primary, ICT/FFE	**271**	0	0	271	0	0	0	0	0	0	271	0	0	0	271	0	271
Rowanfield Infant, rationalisation	**500**	133	352	15	0	0	0	0	0	0	367	0	0	0	367	133	500

Capital Programme 2017/18		Total Scheme Budget					Financing for Total Scheme budget										
Scheme Name	Current Total Scheme Budget £'000	Prior Years Actuals £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'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	Total for Remaining Life £'000	Prior Years Funding £'000	Funding of budget total £'000
Calton Primary, 1FE expansion	**4,796**	2,766	1,830	200	0	0	0	0	0	0	2,030	0	0	0	2,030	2,766	4,796
Elmbridge Junior, adaptations	**495**	1	214	280	0	0	60	0	6	0	428	0	0	0	494	1	495
Hatherley Infant, toilet refurbishment	**280**	10	255	15	0	0	15	0	0	0	255	0	0	0	270	10	280
Tuffley Primary, extend community room	**258**	2	243	13	0	0	0	0	256	0	0	0	0	0	256	2	258
Schemes under £250,000 16/17 onwards	**51,597**	41,003	9,323	1,259	12	0	1,119	880	403	26	8,166	0	0	0	10,594	41,003	51,597
New Starts 2017/18 onwards																	
Basic Need Grant 18/19	**14,660**	0	0	0	14,660	0	0	0	0	0	14,660	0	0	0	14,660	0	14,660
Locality Solutions	**375**	0	0	375	0	0	0	0	375	0	0	0	0	0	375	0	375
24hr Intensive intervention service-children's residential beds	**1,200**	0	0	1,200	0	0	0	0	1,200	0	0	0	0	0	1,200	0	1,200
Capital Maintenance Programme	**1,680**	0	0	1,680	0	0	280	0	0	0	1,400	0	0	0	1,680	0	1,680
Health & safety/accessibility etc.	**700**	0	0	700	0	0	0	0	0	0	700	0	0	0	700	0	700
Suitability Programme	**1,650**	0	0	650	1,000	0	150	0	0	0	1,500	0	0	0	1,650	0	1,650
Basic Need projects	**1,000**	0	0	1,000	0	0	0	0	0	0	1,000	0	0	0	1,000	0	1,000
Balcarass School, 1FE extension	**5,000**	0	0	2,000	3,000	0	0	0	0	0	5,000	0	0	0	5,000	0	5,000
Shurdington Primary, expansion	**1,200**	0	0	600	600	0	0	0	0	0	1,200	0	0	0	1,200	0	1,200
Springbank Primary, garden room	**180**	0	0	180	0	0	0	0	0	0	180	0	0	0	180	0	180
Severn Vale School, budget increase	**3,200**	0	0	1,000	2,200	0	0	0	0	0	3,200	0	0	0	3,200	0	3,200
Barnwood Park School, 1FE expansion	**2,500**	0	0	1,250	1,250	0	0	0	0	0	2,500	0	0	0	2,500	0	2,500
Alderman Knight School, Support Centre	**185**	0	0	185	0	0	0	0	0	0	185	0	0	0	185	0	185
Cotswold School, 6th Form accommodation	**1,132**	0	0	1,132	0	0	0	1,132	0	0	0	0	0	0	1,132		1,132
Total Children & Families	**132,843**	**47,762**	**23,160**	**38,206**	**23,677**	**38**	**1,753**	**18,181**	**2,386**	**26**	**62,435**	**300**	**0**	**0**	**85,081**	**47,762**	**132,843**
Infrastructure - Highways - Struct Maint																	
B4234 Cannop Pond, Parkend	**936**	193	743	0	0	0	0	0	63	0	680	0	0	0	743	193	936
Pothole Action Fund Unallocated	**4,535**	0	3,100	1,435	0	0	0	0	814	0	2,721	1,000	0	0	4,535	0	4,535
Street Column Structural Test & Repair	**1,028**	679	349	0	0	0	0	0	0	0	349	0	0	0	349	679	1,028
Concrete Column Replacement-LED Project	**1,180**	559	621	0	0	0	0	0	0	0	621	0	0	0	621	559	1,180
Challenge Fund Contribution CMS & CC	**684**	340	344	0	0	0	0	0	0	0	344	0	0	0	344	340	684
High Mast Replacement	**390**	0	110	280	0	0	0	0	0	0	390	0	0	0	390	0	390
Street Lighting - General	**3,044**	2,757	0	287	0	0	0	0	0	0	287	0	0	0	287	2,757	3,044
Berkeley New And Berkeley Old Bridges	**2,520**	272	2,248	0	0	0	0	0	0	0	2,248	0	0	0	2,248	272	2,520
Horsley Hill Landslip Nailsworth	**512**	132	236	144	0	0	0	0	0	0	380	0	0	0	380	132	512
SM PRN A Roads Unallocated	**2,215**	0	2,215	0	0	0	0	0	740	0	1,475	0	0	0	2,215	0	2,215
SM NPRN B Classified Unallocated	**1,067**	0	1,067	0	0	0	0	0	0	0	1,067	0	0	0	1,067	0	1,067
SM NPRN C Classified Unallocated	**4,969**	0	4,969	0	0	0	0	3	0	0	4,966	0	0	0	4,969	0	4,969
SM NPRN Unclassified Unallocated	**485**	0	485	0	0	0	0	0	150	0	335	0	0	0	485	0	485
Footways Unallocated	**896**	0	780	116	0	0	0	0	35	0	861	0	0	0	896	0	896
Minor Works MTC2 16/17	**2,208**	0	1,601	607	0	0	428	0	0	0	1,780	0	0	0	2,208	0	2,208
Reactive Works Unallocated	**3,640**	0	3,640	0	0	0	0	0	0	0	3,640	0	0	0	3,640	0	3,640
Safety Fencing	**350**	0	350	0	0	0	250	0	0	0	100	0	0	0	350	0	350
Schemes under £250,000 16/17 onwards	**22,202**	18,025	3,940	237	0	0	1,159	50	302	0	2,646	20	0	0	4,177	18,025	22,202
New Starts 2017/18 onwards																	
Structural Maintenance (estimate)	**46,041**	0	0	17,341	14,350	14,350	0	0	0	0	46,041	0	0	0	46,041	0	46,041
National Productivity Investment Fund	**3,260**	0	0	3,260	0	0	0	0	0	0	3,260	0	0	0	3,260	0	3,260
Total Infrastructure - Highways - Struct Maint	**102,162**	**22,957**	**26,798**	**23,707**	**14,350**	**14,350**	**1,837**	**53**	**2,104**	**0**	**74,191**	**1,020**	**0**	**0**	**79,205**	**22,957**	**102,162**

Capital Programme 2017/18		Total Scheme Budget					Financing for Total Scheme budget										
Scheme Name	Current Total Scheme Budget £'000	Prior Years Actuals £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'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	Total for Remaining Life £'000	Prior Years Funding £'000	Funding of budget total £'000
Infrastructure - Highways - Integ Trans																	
Metz Way Bus Lane (East of Eastern Ave)	**635**	101	534	0	0	0	0	34	0	0	500	0	0	0	534	101	635
Cheltenham Transport Plan (Boots Corner	**1,105**	412	693	0	0	0	0	0	0	0	693	0	0	0	693	412	1,105
Tewkesbury Rd Chelt-Bus Priority Signals	**353**	77	0	276	0	0	0	223	0	0	53	0	0	0	276	77	353
Cinderford Northern Quarter Spine Road	**4,440**	748	2,613	1,079	0	0	0	0	0	0	3,692	0	0	0	3,692	748	4,440
Smartcards	**615**	310	61	244	0	0	0	0	41	0	264	0	0	0	305	310	615
On street parking (Cheltenham Phase 4)	**378**	113	256	9	0	0	0	0	51	0	214	0	0	0	265	113	378
Elmbridge Major Scheme Bid	**13,380**	3,942	4,473	4,965	0	0	0	0	0	0	9,438	0	0	0	9,438	3,942	13,380
Bowbridge Stroud - Community Offer	**845**	474	371	0	0	0	0	0	0	240	131	0	0	0	371	474	845
Bristol Road, Gloucester	**590**	71	219	300	0	0	0	495	0	0	24	0	0	0	519	71	590
Schemes under £250,000 16/17 onwards	**23,418**	18,547	2,365	2,506	0	0	244	1,941	203	130	2,353	0	0	0	4,871	18,547	23,418
New Starts 2017/18 onwards																	
Integrated Transport (estimated 2017/18)	**8,583**	0	0	2,861	2,861	2,861	0	0	0	0	8,583	0	0	0	8,583	0	8,583
Total Infrastructure - Highways - Integ Trans	**54,342**	**24,795**	**11,585**	**12,240**	**2,861**	**2,861**	**244**	**2,693**	**295**	**370**	**25,945**	**0**	**0**	**0**	**29,547**	**24,795**	**54,342**
Infrastructure - Highways - Other																	
Rural Broadband - Fastershire	**13,700**	1,604	7,406	3,400	1,290	0	0	0	0	0	0	7,742	4,354	0	12,096	1,604	13,700
Flood & Water Management Act	**280**	15	0	265	0	0	0	0	265	0	0	0	0	0	265	15	280
Priors & Oakley FAS - FDGiA	**1,983**	118	150	1,715	0	0	0	0	139	0	1,726	0	0	0	1,865	118	1,983
Moreton in Marsh – watercourse dvrsn IPP	**270**	0	135	135	0	0	0	0	270	0	0	0	0	0	270	0	270
Residual Waste Project	**9,023**	8,740	0	283	0	0	283	0	0	0	0	0	0	0	283	8,740	9,023
LED Streetlighting Major Project	**22,217**	2,186	5,816	3,915	10,300	0	0	0	0	0	7,331	0	12,700	0	20,031	2,186	22,217
Lydney Level Crossings	**500**	12	35	453	0	0	0	0	0	0	488	0	0	0	488	12	500
Hempsted HRC	**420**	22	390	8	0	0	40	0	358	0	0	0	0	0	398	22	420
Schemes under £250,000 16/17 onwards	**1,939**	222	256	1,461	0	0	269	17	1,381	0	50	0	0	0	1,717	222	1,939
Total Infrastructure - Highways - Other	**50,332**	**12,919**	**14,188**	**11,635**	**11,590**	**0**	**592**	**17**	**2,413**	**0**	**9,595**	**7,742**	**17,054**	**0**	**37,413**	**12,919**	**50,332**
Libraries																	
Customer Services Programme	**1,519**	0	30	989	500	0	0	0	9	10	0	0	1,500	0	1,519	0	1,519
Schemes under £250,000 16/17 onwards	**1,258**	789	254	215	0	0	0	420	11	0	0	0	38	0	469	789	1,258
New Starts 2017/18 onwards																	
Replacement of delivery vehicle	**20**	0	0	20	0	0	5	0	15	0	0	0	0	0	20	0	20
Total Libraries	**2,797**	**789**	**284**	**1,224**	**500**	**0**	**5**	**420**	**35**	**10**	**0**	**0**	**1,538**	**0**	**2,008**	**789**	**2,797**
Community Safety F&R																	
BA Project	**700**	0	350	350	0	0	0	0	0	0	700	0	0	0	700	0	700
Appliances and Equipment	**510**	0	510	0	0	0	510	0	0	0	0	0	0	0	510	0	510
Schemes under £250,000 16/17 onwards	**3,196**	2,808	388	0	0	0	130	0	30	0	203	0	25	0	388	2,808	3,196
New Starts 2017/18 onwards																	
Replacement of Two Fire appliances	**600**	0	0	240	360	0	600	0	0	0	0	0	0	0	600	0	600
Road Traffic Collision Equipment	**140**	0	0	140	0	0	140	0	0	0	0	0	0	0	140	0	140
Replacement of Mobile data Terminals on appliances	**300**	0	0	300	0	0	0	0	300	0	0	0	0	0	300	0	300
Replacement of Command and Control Equipment	**50**	0	0	50	0	0	0	0	50	0	0	0	0	0	50	0	50
Total Community Safety F&R	**5,496**	**2,808**	**1,248**	**1,080**	**360**	**0**	**1,380**	**0**	**380**	**0**	**903**	**0**	**25**	**0**	**2,688**	**2,808**	**5,496**

Capital Programme 2017/18

Scheme Name	Current Total Scheme Budget £'000	Total Scheme Budget: Prior Years Actuals £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Financing for Total Scheme budget: 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	Total for Remaining Life £'000	Prior Years Funding £'000	Funding of budget total £'000
AMPS																	
SH MTFS SH Maintenance	**1,096**	443	53	600	0	0	0	0	1	0	0	0	652	0	653	443	1,096
MTFS SH Reorganisation	**1,201**	264	480	166	291	0	0	0	442	0	0	0	495	0	937	264	1,201
MTFS SH Refurbishment	**7,151**	40	373	5,600	1,138	0	0	0	3	0	0	0	7,108	0	7,111	40	7,151
Worksmart - Photovoltaic Panels	**1,140**	0	0	1,140	0	0	0	0	240	0	0	900	0	0	1,140	0	1,140
Area Based Review	**8,000**	0	0	4,000	4,000	0	0	0	0	0	0	0	8,000	0	8,000	0	8,000
Blackfriars & Quays Redevelopment	**4,130**	77	1,020	2,000	1,033	0	0	0	0	0	4,053	0	0	0	4,053	77	4,130
Shire Hall - Toilet Refurbishments	**301**	28	101	86	86	0	0	0	0	0	0	0	273	0	273	28	301
Purchase of 33 Paygrove Lane	**331**	31	300	0	0	0	0	0	0	0	0	0	300	0	300	31	331
Shire Hall Maintenance - 16-17 MTFS	**1,500**	0	0	1,000	500	0	0	0	0	0	0	0	1,500	0	1,500	0	1,500
Health & Safety Works 2016/17 - 2018/19	**900**	0	0	600	300	0	0	0	0	0	0	0	900	0	900	0	900
Disabled Access Corp 2016/17 - 2018/19	**450**	0	0	300	150	0	0	0	0	0	0	0	450	0	450	0	450
Rural Estates - Farm Investment	**1,500**	0	0	1,000	500	0	0	0	0	0	0	0	1,500	0	1,500	0	1,500
Schemes under £250,000 16/17 onwards	**7,442**	5,420	1,062	892	68	0	40	10	600	0	730	0	642	0	2,022	5,420	7,442
New Starts 2017/18 onwards																	
Ex Magistrates refurbishment and conversion to Social Care Hub	**2,900**	0	0	1,100	1,800	0	2,900	0	0	0	0	0	0	0	2,900	0	2,900
Office staffing restructures-AMPS moves support	**1,772**	0	0	886	886	0	1,772	0	0	0	0	0	0	0	1,772	0	1,772
Total AMPS	**39,814**	**6,303**	**3,389**	**19,370**	**10,752**	**0**	**4,712**	**10**	**1,286**	**0**	**4,783**	**900**	**21,820**	**0**	**33,511**	**6,303**	**39,814**
ICT Projects																	
ICT Strategy - Telephony	**1,512**	327	1,185	0	0	0	0	0	3	0	0	0	1,182	0	1,185	327	1,512
ICT Strategy - Remote Access upgrade	**319**	0	319	0	0	0	0	0	0	0	0	0	319	0	319	0	319
ICT Strategy - Server Replace & Refresh	**645**	186	459	0	0	0	0	0	0	0	0	0	459	0	459	186	645
ICT Strat - Secure Wi-Fi	**514**	0	514	0	0	0	0	0	0	0	0	0	514	0	514	0	514
Shire Hall Refurbishment Programme	**280**	0	280	0	0	0	0	0	0	0	0	0	280	0	280	0	280
ICT unallocated	**450**	0	0	450	0	0	450	0	0	0	0	0	0	0	450	0	450
Schemes under £250,000 16/17 onwards	**1,838**	942	896	0	0	0	0	0	0	0	0	0	896	0	896	942	1,838
New Starts 2017/18 onwards																	
Compliance and security-windows 7 refresh	**2,100**	0	0	100	250	1,750	0	0	2,100	0	0	0	0	0	2,100	0	2,100
Strong infrastructure-Recycle laptop & desktop devices	**762**	0	0	762	0	0	762	0	0	0	0	0	0	0	762	0	762
Strong infrastructure-Wide Area Network	**1,070**	0	0	1,070	0	0	1,070	0	0	0	0	0	0	0	1,070	0	1,070
Flexible Mobile and efficient working-Wifi	**129**	0	0	129	0	0	129	0	0	0	0	0	0	0	129	0	129
Flexible Mobile and efficient working	**800**	0	0	550	250	0	0	0	800	0	0	0	0	0	800	0	800
Compliance and security-Remote access	**92**	0	0	92	0	0	92	0	0	0	0	0	0	0	92	0	92
Compliance and security-Web/email filtering	**50**	0	0	50	0	0	0	0	50	0	0	0	0	0	50	0	50
Shire Hall Refurbishment-office refurb	**60**	0	0	60	0	0	0	0	60	0	0	0	0	0	60	0	60
Compliance and security-Refresh of virtual server	**353**	0	0	353	0	0	0	0	353	0	0	0	0	0	353	0	353
Flexible Mobile and efficient working-Mobile device management	**50**	0	0	50	0	0	50	0	0	0	0	0	0	0	50	0	50
Strong infrastructure/Resilience	**300**	0	0	300	0	0	0	0	300	0	0	0	0	0	300	0	300
Compliance and security - Email archiving	**145**	0	0	145	0	0	0	0	145	0	0	0	0	0	145	0	145
Total ICT Projects	**11,469**	**1,455**	**3,653**	**4,111**	**500**	**1,750**	**2,553**	**0**	**3,811**	**0**	**0**	**0**	**3,650**	**0**	**10,014**	**1,455**	**11,469**
Archives																	
Alvin Street Extension	**3,009**	122	1,000	1,692	195	0	237	0	427	61	1,062	0	1,100	0	2,887	122	3,009
Schemes under £250,000 16/17 onwards	**11**	10	1	0	0	0	0	0	1	0	0	0	0	0	1	10	11
Total Archives	**3,020**	**132**	**1,001**	**1,692**	**195**	**0**	**237**	**0**	**428**	**61**	**1,062**	**0**	**1,100**	**0**	**2,888**	**132**	**3,020**
Customer																	
Schemes under £250,000 16/17 onwards	**508**	197	111	200	0	0	0	0	150	0	0	0	161	0	311	197	508
Total Customer	**508**	**197**	**111**	**200**	**0**	**0**	**0**	**0**	**150**	**0**	**0**	**0**	**161**	**0**	**311**	**197**	**508**
Business Support Misc																	
Energy Supply Technologies	**12,795**	0	0	6,795	6,000	0	0	0	0	0	0	0	0	12,795	12,795	0	12,795
Schemes under £250,000 16/17 onwards	**446**	338	108	0	0	0	0	0	0	0	108	0	0	0	108	338	446
New Starts 2017/18 onwards																	
Customer Programme/Digital Strategy-website development	**50**	0	0	50	0	0	0	0	50	0	0	0	0	0	50	0	50
Total Business Support Miscellaneous	**13,291**	**338**	**108**	**6,845**	**6,000**	**0**	**0**	**0**	**50**	**0**	**108**	**0**	**0**	**12,795**	**12,953**	**338**	**13,291**

Annex 8b New Schemes 2017/18 Funded from Revenue Contributions and Capital Fund

Capital Programme New Schemes 2017/18 onwards funded from Revenue Contributions and Capital Fund					
Scheme Name	**Current Total Scheme Budget £'000**	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**	**Comments**
Children & Families					
Locality Solutions	**375**	375			Rationalising working hubs enabling better access for young people in care, better integration with wider youth support activity, and optimising building use for the future.
24hr Intensive intervention service - children's residential beds	**1,200**	1,200			To secure and adjust two properties to provide in house residential beds and 24 hour intensive intervention services.
Children & Families Total	**1,575**	**1,575**	**0**	**0**	
AMPS					
Ex Magistrates refurbishment and conversion to Social Care Hub	**2,900**	1,100	1,800		GCC has adopted a strategic policy of closing satellite offices and investing in Shire Hall, providing benefits on the staffing side, such as allowing for better communications within teams whilst reducing the revenue costs associated with the running of multiple offices.
Office staffing restructures - AMPS moves support	**1,772**	886	886		
AMPS Total	**4,672**	**1,986**	**2,686**	**0**	
ICT Projects					
Compliance and security - windows 7 refresh	**2,100**	100	250	1,750	Providing an up-to-date and supported computer desktop operating system for all council devices to ensure that ongoing investment, support and maintenance by Microsoft provides value for money and service continuity.
Strong infrastructure - Recycle laptop & desktop devices	**762**	762			Replacement of ageing end user devices that were re-purposed and re-utilised during the previous computer replacement programme.
Strong infrastructure - Wide Area Network	**1,070**	1,070			To replace the council's ageing ICT voice and data network circuits with a secure, robust, scalable and cost effective service offering designed to accommodate and facilitate modern ways of working.
Flexible, mobile and efficient working - Wifi	**129**	129			To provide secure Wi-Fi coverage into Block 6 as part of the extended Property Services Shire Hall refurbishment programme
Flexible, mobile and efficient working	**800**	550	250		To continually assess and invest in additional technology solutions that will provide council staff with the tools they need to work more efficiently. This will build upon existing investment in secure corporate mobile devices and unified communication technologies.

Capital Programme New Schemes 2017/18 onwards funded from Revenue Contributions and Capital Fund

Scheme Name	Current Total Scheme Budget £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Comments
Compliance and security - Remote access	**92**	92			To complete the upgrade of the new secure and compliant remote access solution for council staff, 3rd parties and partnership organisations.
Compliance and security - Web/email filtering	**50**	50			To strengthen the council's existing cyber security defences to better protect staff when conducting council business via the internet.
Shire Hall Refurbishment - office refurb	**60**	60			To provide the required ICT infrastructure & networking capability into Block 6 as part of the extended Property Services Shire Hall refurbishment programme.
Compliance and security - Refresh of virtual server	**353**	353			To conduct an essential upgrade of end of life software used to provide council staff with access to information systems and data.
Flexible, mobile and efficient working - Mobile device management	**50**	50			To provide a technology solution which will enable field-based staff to remotely access council information systems and data securely from corporately managed mobile devices.
Strong infrastructure/Resilience	**300**	300			To continually assess and invest in additional technology solutions that will provide council staff with a strong technological infrastructure. This will build upon existing investment in a secure data centre and file storage platform for the council.
Compliance and security - Email archiving	**145**	145			To ensure sufficient server capacity to meet the management of email archiving.
ICT Projects Total	**5,911**	**3,661**	**500**	**1,750**	
Business Support Miscellaneous					
Customer Programme/ Digital Strategy - website development	**50**	50			Development of the website, increasing opportunities for customers to self serve and delivering key digital projects
Business Support Miscellaneous Total	**50**	**50**	**0**	**0**	
Libraries					
Replacement of delivery vehicle	**20**	20			A replacement vehicle is needed to ensure cost effectiveness and to continue to provide an efficient delivery and distribution system for customers and other areas of the Council.
Libraries Total	**20**	**20**	**0**	**0**	

Capital Programme New Schemes 2017/18 onwards funded from Revenue Contributions and Capital Fund

Scheme Name	Current Total Scheme Budget £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Comments
Community Safety F&R					
Replacement of Two Fire Appliances	**600**	240	360		GFRS has a well established fire engine replacement programme to ensure that its fleet remains sustainable and reliable for responding to emergencies. There are two new fire engines needed for 2017 – 18.
Road Traffic Collision Equipment	**140**	140			GFRS regularly attends road traffic collisions where people are required to be extricated using specialist equipment. Technological has progressed to battery powered equipment which is lighter, easier to handle and improves firefighter safety by removing hazards associated with the use of hydraulic equipment. The Service needs 7 more sets to complete its response model by placing RTC equipment on more appliances around the county.
Replacement of Mobile data Terminals on appliances	**300**	300			These enable the Incident Commander to obtain premises and risk information for the incidents they attend and manage each incident successfully thereby improving firefighter and community safety. The MDT's also form an integral part of the mobilising system and enable improved communications with the Control Room at HQ
Replacement of Command and Control Equipment	**50**	50			This scheme would see the network switches at the Service HQ, which are over 13 years old, replaced with current equipment in an equally resilient configuration. This will make the network infrastructure more resilient and protect telephony, voicemail, day to day operations and most importantly the essential connectivity for the 999 system.
Community Safety F&R Total	**1,090**	**730**	**360**	**0**	
Total	**13,318**	**8,022**	**3,546**	**1,750**	

Financing	**£'000**	**£'000**	**£'000**	**£'000**
Capital Fund	5,798	5,798	0	0
Revenue Contributions	7,520	2,224	3,546	1,750
Total	**13,318**	**8,022**	**3,546**	**1,750**

Annex 9

Gloucestershire County Council
Treasury Management Strategy Statement
and Investment Strategy 2017/18 to 2018/19

Contents

Appendices

1. Background

1.1 In February 2010 the Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year.

1.2 In addition, the Department for Communities and Local Government (CLG) issued revised *Guidance on Local Authority Investments* in March 2010 that requires the Council to approve an investment strategy before the start of each financial year.

1.3 This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the CLG Guidance. In particular this Treasury Management Strategy Statement aims to approve:

- Treasury Management Strategy for 2017/18
- Annual Investment Strategy for 2017/18
- Prudential Indicators for 2017/18, 2018/19 and 2019/20
- MRP Statement

1.4 The Council has borrowed and continues to invests substantial sums of money and therefore has potentially large exposures to financial risks, including the loss of invested funds and the effect of changing interest rates. The successful identification, monitoring and control of risk is therefore central to the Council's treasury management strategy.

1.5 In accordance with the CLG Guidance, the Council will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, or in the Council's capital programme or in the level of its investment balance.

2. External Context

Economic background

2.1 The major external influence on the Council's treasury management strategy for 2017/18 will be the UK's progress in negotiating a smooth exit from the European Union. Negotiations are expected to start once the UK formally triggers exit in early 2017 and last for at least two years. Therefore uncertainty over future economic prospects is likely to remain throughout 2017/18.

2.2 The fall and continuing weakness in sterling and the near doubling in the price of oil in 2016 have combined to drive inflation expectations higher. The Bank of England is forecasting that Consumer Price Inflation will breach its 2% target in 2017, the first time since late 2013, but the Bank is expected to look through inflation overshoots over the course of 2017 when setting interest rates so as to avoid derailing the economy.

Credit outlook

2.3 Markets have expressed concern over the financial viability of a number of European banks recently. Sluggish economies and continuing fines for pre-crisis behaviour have weighed on bank profits, and any future slowdown will exacerbate concerns in this regard.

2.4 Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Council; returns from cash deposits however continue to fall.

3. Interest Rate Forecast

3.1 The Council's treasury adviser Arlingclose's central case is for UK Bank Rate to remain at 0.25% during 2017/18. The Bank of England has, however, highlighted that excessive levels of inflation will not be tolerated for sustained periods. Given this view and the current inflation outlook, further falls in the Bank Rate look less likely. Negative Bank Rate is currently perceived by some policymakers to be counterproductive but, although a low probability, cannot be entirely ruled out in the medium term, particularly if the UK enters recession as a result of concerns over leaving the European Union.

3.2 Gilt yields have risen sharply, but remain at low levels. The Arlingclose central case is for yields to decline when the government triggers Article 50. Long-term economic fundamentals remain weak, and the quantitative easing (QE) stimulus provided by central banks globally has only delayed the fallout from the build-up of public and private sector debt. The Bank of England has defended QE as a monetary policy tool, and further QE in support of the UK economy in 2017/18 remains a possibility, to keep long-term interest rates low. A more detailed economic and interest rate forecast, provided by Arlingclose, is attached at Appendix A.

4. Local Context

4.1 At 31st March 2016 the Council's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £317.6m, while usable reserves and working capital which are the underlying resources available for investment were £276.5m.

4.2 The Council currently has £298.7 million (as at 31st October 2016) of external borrowing, a £20.9m PFI lease liability and £319.086 million (as at 26th October 2016) of internal investments. This is set out in further detail at Appendix B, and forecasts changes in these sums are shown in the balance sheet analysis at Table 1 below.

4.3 Under the Prudential Code the Council is able to borrow funds in excess of the current level of its CFR up to the projected level in 2019/20. The Council is likely to only borrow in advance of need if it felt the benefits of borrowing at interest rates now compared to where they are expected to be in the future, outweighs the current cost and risks associated with investing the proceeds until the borrowing was actually required.

4.4 The forecast movement in the CFR in coming years is one of the Prudential Indicators (PIs). The movement in actual external debt and usable reserves combine to identify the Council's borrowing requirement.

Table 1: Balance Sheet Summary and Forecast

	2015/16 Actual £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
CFR	317.593	308.842	306.701	302.960	293.235
Less:					
Existing Profile of External Borrowing	298.712	293.849	285.513	277.649	269.786
and Other Long Term Liabilities (PFI)	20.942	20.391	19.825	19.138	18.465
Internal (over) Borrowing	**-2.061**	**-5.398**	**1.363**	**6.173**	**4.983**
Less:					
Balances & Reserves	223.352	221.023	216.023	211.023	206.023
Working Capital	51.116	40.000	40.000	40.000	40.000
Investments	**(276.529)**	**(266.421)**	**(254.660)**	**(244.850)**	**(241.040)**

5. Borrowing Strategy

5.1 The total borrowing requirement at the end of 2016/17 is forecast to be £308.8 million (equivalent to the CFR). This is financed by historic external borrowing of £293.8 million, and a PFI lease liability of £20.4 million. The Council's aim is to both repay maturing debt, and where possible some of the existing debt when oportunites 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 2016/17 £4.9 million maturing external debt will be repaid. £8.3 million is forecast to be repaid in 2017/18 and opportunities to repay debt early will be kept under review. Where funding permits and it is cost effective to do so, additional loans may also be repaid.

5.2 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.

5.3 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 loans instead.

5.4 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.

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

6. Sources of Borrowing and Portfolio Implications

6.1 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
- 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 authority bond issues

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

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback.

6.3 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 authority loans and bank loans, that may be available at more favourable rates.

6.4 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.

6.5 The Council holds £33.050 million of LOBO (Lender's Option Borrower's Option) 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 2017/18, 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 have now been reclassified as fixed rate market loans.

6.6 Short-term and variable rate loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators at Appendix C.

7 Debt Rescheduling

7.1 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 Cabinet Member for Finance and Change.

7.2 Borrowing and rescheduling activity will be reported to the Audit and Governance Committee in the Annual Treasury Management Report and the regular treasury management reports presented to Audit & Governance Committee .

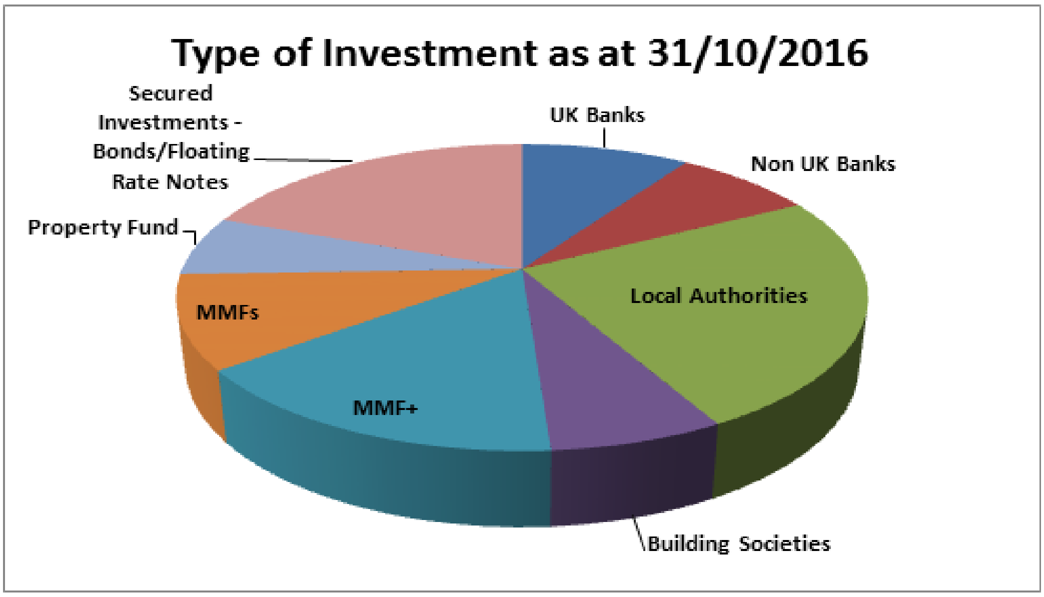
8. Investment Strategy

8.1 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2016-17 the Council's internal investment balance has ranged between £282.7 million and £357.2 million, and similar levels are expected to be maintained in the forthcoming year

8.2 Both the CIPFA Code and the CLG Guidance require 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.

8.3 Negative Interest Rates: If the UK enters into a recession in 2017/18, 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.

8.4 Given the increasing risk and continued 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 2017/18. This is especially the case for funds available for longer-term investment. The pie chart below shows how Councils surplus cash is currently invested - 40% is exposed to "bail-in" risk (ie the risk that should the counterparty fail the Council will lose a porportion of the funds deposited):



8.5 The Council is committed to moving away from unsecured investments where feasible. To minimise the risk of unsecured deposits the Council has the approved counterparties in Table 2 below, subject to the cash and time limits shown.

Table 2: Approved Investment Counterparties (including Non Specified)

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	£15m 5 years	£15m 3 years	£15m 5 years
A	£15m 13 months	£30m 2 years	£15m 5 years	£15m 2 years	£15m 5 years
A-	£15m 6 months	£30m 13 months	£15m 5 years	£15m 13 months	£15m 5 years
BBB+	£7.5m 100 days	£15m 6 months	£7.5m 2 years	£7.5m 6 months	£7.5m 2 years
None	£1m 6 months	n/a	£30m 25 years	£1m 5 years	£15m 5 years
Pooled funds	£30m per fund				

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

- **Credit Rating:**
  Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. 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 an insignificant risk of insolvency. 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 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, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain the likelihood of receiving government support if needed.

- **Pooled Funds:**
  Shares 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.

- **Other Organisations:**
  The Council may also invest cash with other organisations, for example by making loans to small businesses. Because of the higher perceived risk of unrated businesses, such investments may provide considerably higher rates of return. They will however only be made following a favourable external credit assessment and on the specific advice of the Council's treasury management adviser.

9 Risk Assessment and Credit Ratings

9.1 The Council uses long-term credit ratings from the three main rating agencies Fitch Ratings, Moody's Investors Service and Standard & Poor's Financial Services to assess the risk of investment default. The lowest available counterparty credit rating will be used to determine credit quality, unless an investment-specific rating is available. Credit ratings are obtained and monitored by the Councils treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

9.2 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only specified investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

9.3 **For specified investments:** CLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government,
  - a UK local authority, parish council or community council, or
  - a body or investment scheme of "high credit quality".

The Council defines "high credit quality" organisations as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of A- or higher.

Ratings as determined for use by the Council:

Long-term	
Fitch	A-
Moody's	A3
S&P	A-
Sovereign	AA+

The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties.

9.4 The Council may lend or invest money using any of the following instruments:

- interest-bearing bank accounts
- fixed term deposits and loans
- callable deposits and loans where the Council may demand repayment at any time (with or without notice)

- callable deposits and loans where the borrower may repay before maturity, but subject to a maximum of £30 million in total
- certificates of deposit
- bonds, notes, bills, commercial paper and other marketable instruments
- shares in money market funds and other pooled funds
- reverse repurchase (repo) agreements

Investments may be made at either a fixed rate of interest, or at a variable rate linked to a market interest rate, such as LIBOR, subject to the limits on interest rate exposures shown in Appendix C.

9.5 **Liquidity management:** The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Councils medium term financial plan and cash flow forecast.

10 Security of Investments

10.1 The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

10.2 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 Councils cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office 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.

10.3 **Non-specified Investments**: Any investment not meeting the definition of a specified investment is classed as non-specified. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table 3 below.

Table 3: Non-Specified Investment Limits

Non Specified Investment Limits	Cash limit £m
Total long-term investments	200
Total investments without credit ratings or rated below A-	150
Total investments (excluding pooled funds) in foreign countries rated below AA+	60
Total non-specified investments	410

Notes:

1. In determining the period to maturity of an investment, the investment should be regarded as commencing on the date of the commitment of the investment rather than the date on which funds are paid over to the counterparty.

2. The Local Authority Mortgage Scheme (cash backed option) requires a 5 year deposit to be placed with the mortgage lender. The deposit forms an integral part of the mortgage lending, and is included on the investment portfolio in accordance with accounting regulations, however is in addition to current lending limits specified.

3. The Council has placed funds with Funding Circle, which is a Local Authority Partnership Programme. These funds will be used to support the Business community of Gloucestershire and are in addition to the current lending limits specified above.

10.4 The maximum that will be lent to any one organisation (other than the UK Government) will be £30 million.

10.5 A group of banks under the same ownership or a group of funds under the same management will be treated as a single organisation for limit purposes. Limits will also be placed on investments in brokers' nominee accounts (e.g. King & Shaxson), 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 4: 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	£40m in total
Unsecured investments with Building Societies	£40m in total
Loans to small businesses	£1m in total
Loans to unrated corporates	£30m in total
Money Market Funds	£150m in total

11 Policy on Use of Financial Derivatives

11.1 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.

11.2 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.

11.3 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.

11.4 The Council will only use derivatives after seeking expertise, a legal opinion and ensuring officers have the appropriate training for their use.

12 2016/17 MRP Statement

12.1 Minimum Revenue Provision (MRP) was introduced when the Local Government Capital Finance System was changed on 1 April 1990. This required local authorities to assess their outstanding debt and to make an annual charge to the General Fund of 4% of the General Fund Debt.

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

12.3 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 over the last 6 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. Internal borrowing has been fully repaid during 2016/17 , and maturing debt will continue to be redeemed over the next few years.

12.4 DCLG's Guidance on MRP places a duty on local authorities to make a prudent provision for debt redemption,. In order to ensure that the MRP charge remains prudent, the Council remains within Prudential Indicators, and to reduce the amount of excess MRP set aside, the Council changed its policy for supported capital expenditure in 2015/16. This prudent method is similar to other local authorities and sets aside a fixed sum of MRP each year. For Gloucestershire the fixed sum has been set at £8.2m

12.5 The asset life of capital assets obtained through the capital programme will form the basis of calculating an annual MRP provision to any new borrowing requirement going forward.

12.6 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.

13 Monitoring and Reporting on the Treasury Outturn and Prudential Indicators

13.1 Treasury Activity is monitored regularly and reported internally to the Strategic Finance Director. The Prudential Indicators will be monitored through the year and reported as follows:

The Strategic Finance Director will report to the Audit and Governance Committee on Treasury Management activity / performance and Performance Indicators as follows:

- Outturn report on treasury activity for the prior year will be presented to the July meeting.
- A monitoring update report will be presented to the October meeting.
- Consultation on the following year strategy will be presented to the January meeting.

14 Other items

Treasury Management Training

CIPFA's Code of Practice requires the Strategic Finance Director to ensure that all members and staff tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.

Requirements for members training, including Audit and Governance Committee, will be kept under review. Senior staff with responsibility for treasury management have a professional responsibility to ensure that they are aware of the relevant Codes and Guidance which apply to the treasury function, and have access to the skills and knowledge to carry out their roles effectively.

Investment Consultants / Treasury Advisors

The CLG's Guidance on local government investments recommends that the Investment Strategy should state:

- Whether and, if so, how the Council uses external contractors offering information, advice or assistance relating to investment, and

- How the quality of any such service is controlled.

In order to ensure that we manage the relationship with our treasury advisors effectively we meet on a regular basis, usually quarterly. At these meetings current market conditions are reviewed, as is the strategy in light of this. We ensure that the information provided is current and appropriate to our circumstances.

The Council maintains the quality of the service with its advisors by holding quarterly meetings and tendering periodically.

Appendix A

Arlingclose's Economic and Interest Rate Forecast

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.12
Arlingclose Central Case	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Downside risk	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.40
3-month LIBID rate														
Upside risk	0.05	0.05	0.10	0.10	0.10	0.15	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.18
Arlingclose Central Case	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.29
Downside risk	0.20	0.25	0.25	0.25	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.34
1-yr LIBID rate														
Upside risk	0.10	0.10	0.15	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.23
Arlingclose Central Case	0.60	0.50	0.50	0.50	0.50	0.50	0.50	0.60	0.70	0.85	0.90	0.90	0.90	0.65
Downside risk	0.10	0.15	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.24
5-yr gilt yield														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	0.50	0.40	0.35	0.35	0.35	0.40	0.40	0.40	0.45	0.50	0.55	0.60	0.65	0.45
Downside risk	0.30	0.45	0.45	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.47
10-yr gilt yield														
Upside risk	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	1.15	0.95	0.85	0.85	0.85	0.85	0.85	0.90	0.95	1.00	1.05	1.10	1.15	0.96
Downside risk	0.30	0.45	0.45	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.47
20-yr gilt yield														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	1.70	1.50	1.40	1.40	1.40	1.40	1.40	1.45	1.50	1.55	1.60	1.65	1.70	1.75
Downside risk	0.40	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.57
50-yr gilt yield														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	1.60	1.40	1.30	1.30	1.30	1.30	1.30	1.35	1.40	1.45	1.50	1.55	1.60	1.41
Downside risk	0.40	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.57

Underlying Assumptions:

- The medium term outlook for the UK economy is dominated by the negotiations to leave the EU. The long-term position of the UK economy will be largely dependent on the agreements the government is able to secure with the EU and other countries.
- The global environment is also riddled with uncertainty, with repercussions for financial market volatility and long-term interest rates. Donald Trump's victory in the US general election and Brexit are symptomatic of the popular disaffection with globalisation trends. The potential rise in protectionism could dampen global growth prospects and therefore inflation. Financial market volatility will remain the norm for some time.
- However, following significant global fiscal and monetary stimulus, the short term outlook for the global economy is somewhat brighter than earlier in the year. US fiscal stimulus is also a possibility following Trump's victory.
- Recent data present a more positive picture for the post-Referendum UK economy than predicted due to continued strong household spending.

- Over the medium term, economic and political uncertainty will likely dampen investment intentions and tighten credit availability, prompting lower activity levels and potentially a rise in unemployment.
- The currency-led rise in CPI inflation (currently 1.0% year/year) will continue, breaching the target in 2017, which will act to slow real growth in household spending due to a sharp decline in real wage growth.
- The depreciation in sterling will, however, assist the economy to rebalance away from spending. The negative contribution from net trade to GDP growth is likely to diminish, largely due to weaker domestic demand. Export volumes will increase marginally.
- Given the pressure on household spending and business investment, the rise in inflation is highly unlikely to prompt monetary tightening by the Bank of England, with policymakers looking through import-led CPI spikes to the negative effects of Brexit on economic activity and, ultimately, inflation.
- Bank of England policymakers have, however, highlighted that excessive levels of inflation will not be tolerated for sustained periods. Given this view and the current inflation outlook, further monetary loosening looks less likely.

Forecast:

- Globally, the outlook is uncertain and risks remain weighted to the downside. The UK domestic outlook is uncertain, but likely to be weaker in the short term than previously expected.
- The likely path for Bank Rate is weighted to the downside. The Arlingclose central case is for Bank Rate to remain at 0.25%, but there is a 25% possibility of a drop to close to zero, with a very small chance of a reduction below zero.
- Gilt yields have risen sharply, but remain at low levels. The Arlingclose central case is for yields to decline when the government triggers Article 50.

Appendix B

EXISTING PORTFOLIO PROJECTED FORWARD

	Portfolio 31st Oct 2016 £m	Average Rate %	31-Mar-17 Estimate £m	31-Mar-18 Estimate £m	31-Mar-19 Estimate £m	31-Mar-20 Estimate £m
External Borrowing						
Fixed Rate – PWLB	257.662	5.28	252.799	244.463	236.599	228.736
Fixed Rate – Market	41.050	4.45	41.050	41.050	41.050	41.050
Variable Rate – PWLB	0.000	0.00	0.000	0.000	0.000	0.000
Variable Rate – Market	0.000		0.000	0.000	0.000	0.000
Total External Borrowings	**298.712**	**5.17**	**293.849**	**285.513**	**277.649**	**269.786**
Other long-term liabilities (PFI)	20.943		20.391	19.825	19.138	18.465
Total External Debt	**319.655**		**314.240**	**305.338**	**296.787**	**288.251**
Investments:						
Managed in house						
- Short term deposits and monies on call and Money Market Funds	184.864	0.60	164.864	144.864	124.864	104.864
- Long Term investments (over 12 months)	114.222	1.40	114.222	114.222	114.222	114.222
Managed externally	20.000	4.78	20.000	20.000	20.000	20.000
Total Investments	**319.086**		**299.086**	**279.086**	**259.086**	**239.086**
Net Borrowing / Investment Position	**(0.568)**		**(15.154)**	**(26.252)**	**(37.701)**	**(49.165)**

Appendix C

Prudential Indicators 2017/18

1. Background:

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

2. Estimates of Capital Expenditure:

2.1 This indicator is set to ensure that capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax. The table below shows the estimates of capital expenditure, and further detail can be found in the Capital Programme Report.

	2015/16 Actual £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate * £m
Capital Expenditure	69.959	89.754	113.401	69.582	21.446

* Based on Current Estimates however this is likely to increase should the Council receive additional Capital Grant funding.

2.2 Capital expenditure is expected to be financed as follows:

Capital Financing	**2015/16 Actual £m**	**2016/17 Estimate £m**	**2017/18 Estimate £m**	**2018/19 Estimate £m**	**2019/20 Estimate £m**
Revenue Contributions	6.988	3.289	2.733	3.546	1.750
Capital Fund and other Reserves	6.568	14.393	9.575	0.000	0.240
Government Grants and External Contributions	55.172	66.983	73.195	40.718	19.456
Capital receipts	1.231	5.089	21.103	19.318	0.000
Total Financing	**69.959**	**89.754**	**106.606**	**63.582**	**21.446**
Internal Borrowing	0.000	0.000	6.795	6.000	0.000
External Borrowing	0.000	0.000	0.000	0.000	0.000
Total Funding	**0.000**	**0.000**	**6.795**	**6.000**	**0.000**
Total Financing & Funding	**69.959**	**89.754**	**113.401**	**69.582**	**21.446**

3. Capital Financing Requirement:

3.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing. The CFR is forecast to fall over the next three years as maturing debt is repaid and additional volunary revenue contributions are made.

	2015/16 Actual £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Capital Financing Requirement	317.593	308.842	306.701	302.960	293.235

4. Gross Debt and the Capital Financing Requirement:

4.1 This is a key indicator of prudence. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Council should ensure that the net external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional increases to the capital financing requirement for the current and next two financial years.

4.2 If in any of these years there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with gross external debt.

4.3 The Strategic Finance Director reports that the Council is currently experiencing a short term issue whereby the level of external borrowing exceeds the Capital Financing Requirement. This is due to the current limitations in being able to repay external debt early and that the current policy whereby the capital programme is approved and largely fully funded without the need for additional borrowing. This doesn't have any adverse impact on the Council's revenue budget and overall financial position. It is anticipated that this temporary position will be rectified in 2017-18 . This view takes into account current commitments, existing plans and the proposals from the approved budget.

5. Authorised Limit and Operational Boundary for External Debt:

5.1 The Council has an integrated Treasury Management Strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.

5.2 The Authorised Limit sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities. This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

5.3 The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

5.4 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit). The Council's Authorised Limit is shown below.

Authorised Limit for External Debt	2016/17 Approved £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Total	360.000	360.000	360.000	350.000

5.5 The Operational Boundary links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

5.6 The Strategic Finance Director has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next appropriate meeting of the Council. The Council's Operational Boundary is shown below.

Operational Boundary for External Debt	2016/17 Approved £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Total	330.000	330.000	330.000	330.000

6. Actual External Debt:

6.1 This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

Actual External Debt as at 31/03/2016	£m
Borrowing	298.712
Other Long-term Liabilities	20.9429
Total	**319.655**

7. Ratio of Financing Costs to Net Revenue Stream:

7.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code.

7.2 The estimate for interest payments in 2016/17 is £17.5 million and for interest receipts is £2.8 million. The ratio of financing costs to the Council's net revenue stream is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. The ratio is based on costs net of investment income.

	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Ratio of Financing Costs to Net Revenue Stream	6.13%	6.26%	6.14%	5.82%

8. Incremental Impact of Capital Investment Decisions:

8.1 This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2016/17 Approved £	2017/18 Estimate £	2018/19 Estimate £	2019/20 Estimate £
Increase in Band D Council Tax	0.00	2.06	3.83	3.77

8.2 The Council's capital plans, as estimated in forthcoming financial years, will have a minimal impact on Council Tax. This reflects the fact that capital expenditure is predominantly financed from grants, contributions, capital receipts, and internal resources.

9. Adoption of the CIPFA Treasury Management Code:

9.1 This indicator demonstrates that the Council has adopted the principles of best practice.

Adoption of the CIPFA Code of Practice in Treasury Management
The Council approved the adoption of the CIPFA Treasury Management Code at its Council meeting on 24th February 2010*.

**The Council has incorporated the changes from the revised CIPFA Code of Practice (published November 2011) into its treasury policies, procedures and practices.*

10. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:

10.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on net principal outstanding sums, (i.e. fixed rate debt net of fixed rate investments).

10.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

10.3 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

10.4 This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the amount of net principal borrowed will be:

	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Upper limit for Fixed Interest Rate exposure	320	320	320	320
Upper limit for Variable Interest Rate exposure	0	0	0	0

11. Maturity Structure of Fixed Rate borrowing:

11.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

11.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

Maturity Structure of Fixed Rate Borrowing	Upper Limit	Lower Limit	Actual Fixed Rate £m Borrowing as at 31/03/16	Actual Fixed Rate £m Borrowing as at 31/03/16	Actual Fixed Rate £m Borrowing as at 31/03/16	Fixed Rate Borrowing as at 31/03/16	Compliance with Set Limits?
	%	%	LOBO*	Market	PWLB	%	
under 12 months	25	0	33.050		4.863	12.7	Yes
12 months and within 24 months	25	0			8.336	2.8	Yes
24 months and within 5 years	50	0			23.690	7.9	Yes
5 years and within 10 years	75	0			36.545	12.2	Yes
10 years and within 20 years	100	0			44.000	14.7	Yes
20 years and within 30 years	100	0			47.849	16.0	Yes
30 years and within 40 years	100	0		8.000	77.379	25.9	Yes
40 years and within 50 years	100	0			15.000	5.0	Yes

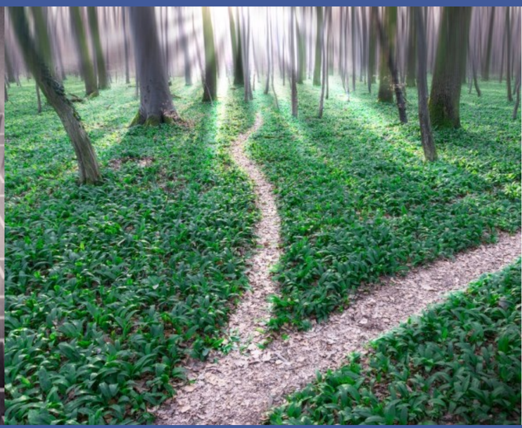
* Note that LOBO's are included in the table above at earliest call date and not at maturity.

12. Upper Limit for total principal sums invested over 364 days:

12.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

	2016/17 Approved £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Upper Limit for total principal sums invested over 364 days	120	200	200	200

Gloucestershire County Council
Risk Management Policy Statement & Strategy


2017-2018

Gloucestershire
COUNTY COUNCIL

Risk Management Policy Statement

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.

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 (virtual) Group

The virtual 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 virtual group are to:

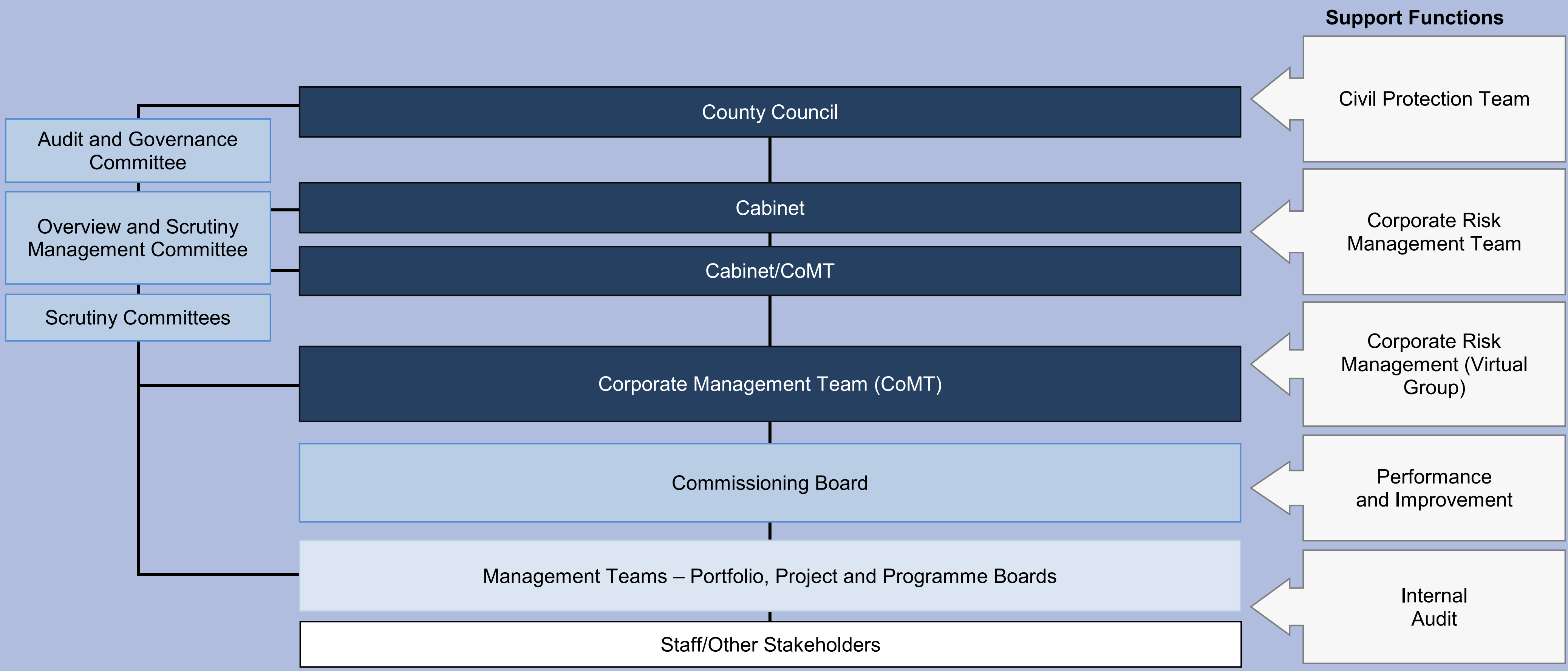
- Act as the main risk management contact/advisor for their service areas, ensuring that corporate information and requirements are communicated throughout the service areas and that key service risk information is escalated, to enable appropriate action to be taken by the Corporate Risk Management Team 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.

Risk Management Governance Structure



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December 2016

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