

# Gloucestershire County Council

**Medium Term Financial  
Strategy Approved by  
County Council 14<sup>th</sup>  
February 2018**

**2018/19 to 2020/21**

**Budget 2018 /19**

## **A      Context**

- 1    This Medium Term Financial Strategy (MTFS) was presented to Cabinet for approval on 31st January 2018, prior to final approval of County Council on 14th February 2018. It has been prepared using best estimates from available data, based on the final settlement made 6<sup>th</sup> February 2018.
- 2    The MTFS contains the approved budget for 2018/19. The budget totals £413.48 million, which includes £0.530 million for the lengthsman scheme funded from the transformation reserve. It is based on a 2.49% Council Tax increase. In addition, there is the continuation of the 'Adult Social Care precept' allowing upper-tier authorities to increase council tax levels by up to 3% over two years, or 2% over 3 years specifically to fund Adult Social Care. The Council has chosen the 2% levy over three years, which raises an additional estimated £5.54 million for Adult Social Care services in 2018/19.
- 3    The approved MTFS should be considered in the context of the Council Strategy, which sets out the Council's strategic policy direction.
- 4    The Council Strategy summarises these high level plans and is supported by a series of policy statements that set out our proposals for specific areas in more detail.
- 5    In the context of the Council Strategy, commissioning intentions for each commissioning area are provided in Annex 1. The Annex highlights current achievements and future plans in relation to the redesign of services within Gloucestershire, which aim to maximise effectiveness whilst delivering on the significant financial challenges facing the Council. These detailed narratives cover Children and Families (Annex 1.1), Adults (Annex 1.2), Public Health (Annex 1.3) and Communities and Infrastructure (Annex 1.4).

## **B      Council Strategy 2018/19**

- 6    The Council Strategy is the key high-level document that, along with the MTFS, sets the Council's strategic policy direction. It is approved each year by the Council, alongside the MTFS and sets out the vision and values that will guide the Council, the priorities for addressing the challenges and opportunities we face, and how we will demonstrate progress in delivering those priorities.
- 7    The priorities set out in the Strategy are:
  - Protecting the most vulnerable people in our county
  - Building sustainable communities
  - Investing in vital services and infrastructure
  - Growing our economy
  - Creating a council fit for the future

## **C Other Consultation**

8 A formal budget consultation took place between 14<sup>th</sup> December 2017 to 17<sup>th</sup> January 2018, with the following groups:

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

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 784 responses to the budget consultation. The council also received 183 comments on social media in direct response to targeted communications.

## **9 Council Budget**

74% of respondents agreed with our draft budget proposals including the 1.99% increase in council tax and 2% national adult social care levy.

Overall the comments received supported the council's budget proposals particularly the investment in services for children and young people, our most vulnerable people and in our roads and other infrastructure. The main comments on the draft budget were:

- Invest in services for the most vulnerable
- Supportive of proposals
- More investment in roads and other infrastructure
- Not enough detail in consultation - and needs a simplified version of the budget to make it easier to comment on
- Invest in services for children and young people including education

Other comments to our proposed budget included:

- Disagree with council tax rise
- Invest in services that affect people's everyday lives
- Lobby for more money from central government

## 10 Council priorities

The majority of respondents agreed with our draft priorities

89% of respondents agreed with the priority 'Protecting the most vulnerable in our county'

The main comments about this priority were:

- We need to provide more support to vulnerable people, including homeless people, to help them build their confidence. There is a need for more day centres and respite services.
- The most vulnerable people, children and families need to be the priority. We need to focus on early intervention and making sure that people know that they are entitled to receive the right support and services that they need and deserve.

85% of respondents agreed with the priority 'Building sustainable communities'

The main comments about this priority were:

- We should focus on helping communities grow to become thriving communities. We can support them by spending money on the basic statutory services eg: a reliable joined up public transport service, resource centres, libraries and play areas. But this should not come at a cost to the community.
- Need to define "Sustainable", and how are you going to achieve this.

93% of respondents agreed with the priority 'Investing in vital services and Infrastructure'

The main comments about this priority were:

- Vital services need ongoing investments to be able to work efficiently and ensure they are sustainable. We need to invest more into our roads and footpaths, public transport, schools, broadband and in keeping our towns and villages clean
- Infrastructure is key as long as the finances are used in a transparent and economic way

86% of respondents agreed with the priority 'Growing our economy'

The main comments about this priority were:

- A strong economy will provide employment and taxes for investment into our services; this will encourage businesses to come to Gloucestershire which will create more jobs and apprenticeships for young people, creating a better standard of living.

- We need to invest in good infrastructure to help grow our economy and attract people/businesses to stay/move to Gloucestershire. We need to have good transport, internet, car parking and affordable homes.

85% of respondents agreed with the priority 'Creating a council fit for the future'

The main comments about this priority were:

- Need to define what this means, and how you are going to achieve this.
- We need a council that is looking ahead and planning for the changes that need to happen. You need to change the culture in ways of working, such as effective contract management. We need to make these changes and address the problems we face and use what we already have more efficiently to look at promoting new ways of working.
- We need a strong council that will make positive decisions for the county. We need more investment in infrastructure, public transport, better technology systems, libraries and affordable housing. We need to invest more in rural/deprived areas and create a council that works for the public

11 The Overview and Scrutiny Management Committee have also undertaken their own budget scrutiny process. They met on 24<sup>th</sup> January 2018 to agree their report and recommendations. This report was circulated to Cabinet and the chair of OSMC was invited to present the report to Cabinet on 31<sup>st</sup> January 2018.

## **D Finance Settlement and Funding Assumptions**

12 The funding environment for local authorities is increasingly complex. Cuts in government grant have been a feature of the settlement, and indications are that these are set to continue to the end of the Current Spending Review (CSR) in 2019/20. In 2016/17 central government made an offer to local authorities, which included details of the settlement for four years (over the CSR period), instead of just one year. This increased the certainty of the main funding streams and the allocations. The Council accepted this offer as a minimum funding offer, signing up to the four-year deal. The budget for 2018/19 was based on the figures the Council signed up to, which were honoured in the 2018/19 provisional settlement in December 2017 and remained unchanged within the final 2018/19 settlement in February 2018.

13 On 19th December 2017, the Secretary of State for Communities and Local Government announced the provisional local government settlement for 2018/19. The announcement included the following headline proposals over the remaining life of the Spending Review Period:

- Increased council tax referendum principle from 2% to 3% for 2018-19, with the maximum £5 increase maintained for district councils.

- Confirmation of the continuation of the ASC precept including the additional flexibility to raise the precept to 3% this year but by no more than 6% over the 17-18 to 19-20 period.
- Announcement of the Government's "aim" to localise 75% of business rates from 2020-21 and implementation of the new needs assessment.
- Consultation in the spring on "fair and affordable options" to tackle negative RSG in 2019-20.
- In addition to those already announced; ten 100% business rates retention pilots were accepted for 2018-19 including Gloucestershire
- No continuation of Transition Grant.
- £946m paid nationally in New Homes Bonus. Further reduction in the number of payment years from 5 years in 2017-18, to 4 years in 2018-19. NHB will continue to be paid on housing growth above 0.4% (0.4% in 2017-18). No further changes, as consulted on, in 2018-19.
- Savings from the New Homes Bonus in 2017-18 were allocated to local authorities as the £241m Adult Social Care Support Grant. Nothing announced for the 2018-19 savings.
- Continuation of capital receipts flexibilities for a further 3 years.
- The expected Green Paper for Adult Social Care will be published in summer 2018.
- 2018/19 and indicative 2019-20 Public Health Grants were announced in December 2017, confirming MTFS assumptions.

### Financial Settlement

- 14 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.
- 15 The main un-ringfenced grants received from central government that form the settlement are Revenue Support Grant (RSG) and Business Rate Top Up Grant, (which is part of the Business Rates Retention Scheme funding (BRR)). The BRR 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.
- 16 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 CPI, the Council's share of business rate yield is forecast to rise in line with CPI.

## Other Funding Streams

17 In addition to the main un-ringfenced grants received, the Council also receives a number of other grants, which central government include in their presentation of Core Spending Power of local authorities. These include:

- **Public Health Grant**  
Public Health funding is expected to reduce by 3.9% in real terms to 2019/20 and following an announcement in March 2017, ring fencing was extended into 2018/19. The Council has forecast a reduction of around 2.5% for 2018/19, and figures have been announced as £24.271 million in line with expectations.
- **Improved Better Care Fund**  
The CSR announced an additional £1.5 billion for Adult Social Care by 2019/20 through the Improved Better Care Fund. From 2018/19 the Council will receive £6.8 million, which forms part of the overall budget of the Council for 2018/19. The Council continues to work closely with Health partners to facilitate more integrated working between health and social care.
- **New Homes Bonus (NHB)**  
The Government introduced the NHB as a cash incentive scheme to reward councils for new home completions and for bringing empty homes back into use. This provided match funding for each new property, originally for six years, but now reduced to four years plus a bonus for each affordable home. The Council's allocation of grant reduced by around 10% in 2017/18, and expectations were that it would reduce by a further 27% to £3 million for 2018/19. However, the allocation announced with the provisional 2018/19 settlement was higher than expected, giving the Council additional income of £0.431 million, bringing the total allocation to £3.4 million.

18 Well over half of the Council's funding now comes from Council Tax. The general Council Tax referendum limit for local authorities general fund (excluding the Adult Social Care Levy) was increased to 3% with the provisional settlement announcement. Based on current forecasts on council taxbase this could raise an additional £2.6 million for 2018/19. The budget for 2018/19 proposes to raise council tax by 2.49%, taking advantage of half of this increase, and generates estimated income of £6.46 million and the Adult Social Care Levy of 2% which generates an estimated £5.19m (both these amounts are calculated excluding the impact of any increase in the taxbase). These Council Tax increases help to mitigate the impact of the reduction in government grants outlined above and funding pressures on council services.

19 Following dialogue with the district councils additional funding has been built into the base budget for a 2.3% increase in the tax base for the county. Therefore the Council gains £5.54 million from the ASC levy, (£5.19 million 2% council tax increase plus £0.35 million taxbase uplift), and £12.39m from the general council tax increase (£6.46 million 2.49% council tax increase plus £5.92 million taxbase uplift). An estimated surplus of over £5.25 million on the Collection Fund is also assumed.

20 Alongside the settlement there are other significant changes that impact on local government, that are affecting the financial forecasts for the Council. This includes the proposed move to 100% BRR, Business Rate Pilot application and the Fair Funding Review.

#### 100% BRR and Business Rate Pilots

21 The Local Government Finance Bill was published on 13th January 2017. Its main purpose was to put in place the framework for 100% BRR. However, with the General Election in June 2017 this Bill was withdrawn, and was not mentioned in any subsequent publications.

Then on the 1st September 2017 the Department for Communities and Local Government (DCLG) published an “Invitation to local authorities to pilot 100% business rates retention in 2018/19 and to pioneer new pooling and tier-split models,” with a deadline of 27th October 2017. Extensive modelling work was undertaken by the council and the six district councils supported by an external consultant which reviewed the risks and benefits and resulted in a bid to DCLG. In the event the bid is successful it could result in a one off financial benefit in 2018/19 for all seven councils. Further detail is available in the November Budget Monitoring report, which authorised the Strategic Finance Director, in consultation with the Deputy Leader and Cabinet Member for Finance and Change, to commit Gloucestershire County Council to entering into the pilot for 100% Business Rates Retention in 2018/2019 for Gloucestershire in the event the bid to DCLG is successful.

22 DCLG announced successful pilots in December 2017 alongside the provisional financial settlement. Gloucestershire's bid was successful, and indications announced at the time were that this is worth an additional £9.2 million to Gloucestershire as a whole. The bid was based on:-

- 20% to an already established and effective Strategic Economic Development Fund (set up under existing pool arrangements and managed by the Gloucestershire Economic Growth Joint Committee comprising all seven Gloucestershire Councils and the GFirst Local Enterprise Partnership).
- 30% to the 6 District Councils for financial resilience (stability and sustainability) and growth initiatives specific to their individual areas
- 50% to the County Council for financial resilience (stability and sustainability) and growth initiatives

23 Working on the basis that the Council's share for sustainability is 50%, this gives the Council one off funding of potentially £4.6 million. It should be noted that this is a best estimate of the rates collection forecast and business rates collected may be more or less than this. Extensive modelling was carried out at the time our submission was submitted based on latest forecasts and appeals data. The pilot does not form part of the Core Spending Assessment for the Council and is only for one year therefore the sum is not built into the MTFS.

24 County Council noted that Gloucestershire was successful in becoming a Business Rate Retention pilot in 2018/19 and approved the priorities against additional revenue generated, being £2.6 million for Children's Social Care, £1 million for Adult Social Care, £0.53 million for Highways and £0.47 million for Electric Vehicle Infrastructure, subject to final cabinet confirmation once the latest business rate estimates have been confirmed by districts in 2018/19

### The Gloucestershire Pool

- 25 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 to support council services and economic growth.
- 26 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 and 2016/17 with the Pool once again in a surplus. Latest modelling forecasts a surplus for 2017/18.
- 27 As the 100% BRR bid to DCLG has been successful, the current arrangement for the Pool will cease for the year, and will be resurrected in 2019/20.

### Fair Funding Review

- 28 The technical consultation on the fair funding review was published alongside the provisional local government provisional financial settlement on the 19th December, running until 12th March 2018.
- 29 The current system of annual funding allocations is very complex involving over 120 indicators of need, which reflect historical factors that have been identified as driving costs of service delivery. The National Fair Funding Review is therefore reviewing the underlying needs formula and distribution methodology used, to simplify the model with common cost drivers such as population, sparsity and deprivation, which are relevant, objective, distinct, stable and future proof.
- 30 The Council will review and feed back as necessary on this consultation. Of particular importance will be “transition” (or damping) arrangements that are put in place, so that authorities can develop financial plans with some knowledge of the potential “worst-case” scenario. The design of this “transition” is going to be crucial, as well as the amount and timing of transition allowed.

## **E Revenue Budget Proposal 2018/19**

31 The following table shows the changes since the Cabinet report in December 2017:

| Detail  | £m           |
|---|--------------|
| Additional NHB grant                                      | 0.431        |
| Additional 0.5% Council Tax                               | 1.328        |
| Additional Taxbase linked to Council Tax                  | 1.618        |
| Additional Taxbase linked to ASC Council Tax              | 0.109        |
| Additional Council Tax Surplus Declared (one off funding) | 2.249        |
| Reserve Funding for one off projects                      | 0.580        |
| <b>TOTAL</b>  | <b>6.315</b> |

32 The approved revenue budget for 2018/19 totals £413.48 million, a net increase of £5.78 million from 2017/18. This is made up of £35.04 million of investment in services offset by £29.26 million of savings and efficiencies. These investments and savings are detailed in annex 2.

33 The following changes have been made to the budget proposal for 2018/19:

- Children & Families – The Vulnerable Children's budget has been increased by £5.01 million to enable the Council to deliver high quality safeguarding and care services to vulnerable children and young people in Gloucestershire. This is made up of additional investment in the Children's Safeguarding Service of £3.89 million, which will enable us to build a new Children's Social Care service. We have seen demand for children's social care services increase over the last year with a 17% increase in referrals and a 35% increase in the number of children subject to a child protection plan, in addition we need to strengthen our social work practice following an inadequate OFSTED in 2017. The funding will be used to recruit more social workers to manage demand, enable us to recruit and retain experienced and qualified social workers through a revised career progression pathway, develop smaller teams to support quality of practice and decision making and additional administrative support so that social workers can focus on direct work with families. There is also an additional one-off funding sum of £1.12 million to support the implementation of the Ofsted Improvement Plan, requiring additional senior management capacity, quality assurance and additional corporate support.
- The Adult Social Care Levy additional funded budget has been increased by £0.123 million following changes to the reported tax base for District Councils.
- An additional £0.6 million has been added to the pay inflation provision in order to support a 2% pay award across all service areas.
- Additional one off increase within the budget of £0.050 million to commission the provision of community based support to distribute sanitary products to the most vulnerable women presenting for our services to be funded from the Active Communities reserve.

- Following the success of the lengthsman scheme additional funding of £0.530 million was approved in 2018/19 to continue the scheme after which it will become incorporated into the new Highways contract. This is funded from the Transformation Reserve.

34 In addition to the increases outlined above the starting budget for individual services (shown in Annexes 2 and 3) has been realigned to reflect permanent budget transfers occurring in 2017/18.

35 The Council also receives a number of specific grants. The latest position is as follows:-

| <b>Ringfenced Revenue Grants, not included in Base Funding</b> | <b>Actuals<br/>2017/18<br/>£'000</b> | <b>Forecast<br/>2018/19<br/>£'000</b> |
|--|--------------------------------------|---------------------------------------|
| Dedicated Schools Grant (DSG)                                  | 251,456                              | 257,997                               |
| Better Care Fund (joint funding with CCG)                      | 37,287                               | 37,995                                |
| Pupil Premium Grant  | 12,134                               | 12,283                                |
| Primary School PE and Sport Funding                            | 2,898                                | 2,898                                 |
| Universal Infant Free School Meals Grant                       | 5,628                                | 5,628                                 |
| Adult and Community Learning                                   | 2,407                                | 2,067                                 |
| Music Service  | 794                                  | 795                                   |
| SEN Implementation   | 417                                  | 417                                   |
| Adoption Support Fund  | 739                                  | -                                     |
| Youth Justice Board - Remands                                  | 43                                   | 43                                    |
| Youth Justice Board  | 480                                  | 480                                   |
| Staying Put  | 260                                  | 260                                   |
| Unaccompanied Asylum Seekers                                   | 580                                  | 765                                   |
| Firelink Grant   | 224                                  | 224                                   |
| New Dimension Service and Maintenance Grant                    | 36                                   | 58                                    |
| Emergency Services Mobile Communication Programme (ESMCP)      | 202                                  | 1,048                                 |
| The Private Finance Initiative (PFI)                           | 4,875                                | 4,875                                 |
| Extended Rights to Free Travel                                 | 398                                  | 413                                   |
| Independent Living Fund  | 945                                  | 945                                   |
| Local Reform and Community Voices                              | 345                                  | 345                                   |
| Sixth Form Funding   | 2,006                                | 2,006                                 |
| School Improvement Grant                                       | 426                                  | 426                                   |
| Additional Social Care Funding                                 | 10,598                               | 7,176                                 |
| Adult Social Care Support Grant *                              | -                                    | 1,581                                 |
| Tackling Troubled Families & PbR                               | 1,148                                | 1,148                                 |
| <b>Total Ringfenced Grant</b>                                  | <b>336,326</b>                       | <b>341,873</b>                        |

\* This grant funding was received in 2017/18 but was included within the Council's base budget. (£2.541 million)

36 In addition to the permanent investments within the 2018/19 budget proposals also include a number of one-off investments funded from the Transformation Reserve. The one-off proposals are

- **£1.59 million - Growing Our Communities Fund**

Building on the success of the three grant programmes; Active Together, Healthy Together and the Children's Activity Fund this proposal takes the learning from the running of these three programmes from 2014 – 2017. The evaluation and feedback from stakeholders revealed the following benefits of a small grants programme:

It helped to foster good relationships and mutual trust between the Council and the Voluntary & Community Sector. Members were pivotal to the success of the programme by adopting a light touch approach. The Council has built many positive relationships with local charities and social enterprises who appreciated the flexibility the grants gave them to help meet local needs without too many strings attached.

The grants have encouraged and inspired the development of local solutions. Small grants can lever in additional funding and help to grow volunteer capacity thus increasing community resilience. Many projects harnessed existing skills and knowledge within the community to deliver their outcomes.

Recognising that these programmes will finish at the end of 2017/18 the MTFS proposes a Growing our Communities Fund 2018 – 2021, which is a member led communities grant programme. The purpose of the fund is to launch a grants programme that invests in Active Communities by supporting projects and activities that will make a positive difference to local communities. This light touch support to community initiatives would aim to:

- contribute to identifying and reduce social isolation;
- develop self supporting community hubs;
- support digital/virtual support networks
- promote healthy lifestyles
- Support safer neighbourhoods

The approved £1.590 million reflects a sum of £30,000 being available to each councillor over a three year period (2018/19 to 2020/21) to fund community based investments as described above.

- **£2.74 million - A417 Reserve**

Given the Cabinet's commitment to the £4 million support to the A417 highways safety improvement work, a further £2.74 million is to be added to the A417 Reserve to create the total funding commitment of £4.0 million.

37 A summary of this budget is provided below. This excludes the approved one off investments to be funded from Reserves, namely the three year Growing our Communities Fund and also the A417 highways safety improvement transfer.

## Overall Budget

### MTFS 2018/19 Budget Summary

| Budget Area                               | Approved 2017-18 MTFS Base Budget | £'000s | Removal of 2017-18 One Off Investments from Service Areas to T&C | £'000s   | 2017-18 Agreed Base Budget  | £'000s | Cost Reductions | £'000s        | Cost Increases (Including Inflation) | £'000s | Proposed 2018-19 Budget | £'000s | Cash Increase / Decrease | £'000s | Percentage Increase / Decrease |
|---|-----------------------------------|--------|--|----------|-----------------------------|--------|-----------------|---------------|--------------------------------------|--------|-------------------------|--------|--------------------------|--------|--------------------------------|
|   |                                   |        |  |          | 2017-18 Revised Base Budget |        |                 |               |                                      |        |                         |        |                          |        |                                |
| <b>Programme Budget Areas</b>             |                                   |        |  |          |                             |        |                 |               |                                      |        |                         |        |                          |        |                                |
| Adults                                    | 136,882                           |        | -4,035   | -743     | 132,104                     |        | -11,561         | 12,629        | 133,172                              |        | 1,068                   |        | 0.81%                    |        |                                |
| Children and Families Vulnerable Children | 58,683                            |        | -1,610   | 335      | 57,408                      |        | -               | 16,288        | 73,696                               |        | 16,288                  |        | 28.37%                   |        |                                |
| Children and Families - Other Services    | 30,641                            |        | -410   | -471     | 29,760                      |        | -891            | 409           | 29,278                               |        | -482                    |        | -1.62%                   |        |                                |
| Communities and Infrastructure            | 83,804                            |        | -4,520   | -1,270   | 78,014                      |        | -527            | 2,939         | 80,426                               |        | 2,412                   |        | 3.09%                    |        |                                |
| Business Support                          | 25,138                            |        | -  | 977      | 26,115                      |        | -666            | 2,468         | 27,917                               |        | 1,802                   |        | 6.90%                    |        |                                |
| Technical and Corporate                   | 47,642                            |        | 10,575   | 1,172    | 59,389                      |        | -14,975         | 307           | 44,721                               |        | -14,668                 |        | -24.70%                  |        |                                |
| <b>Total GCC</b>                          | <b>382,790</b>                    |        | <b>-</b>   | <b>-</b> | <b>382,790</b>              |        | <b>-28,620</b>  | <b>35,040</b> | <b>389,210</b>                       |        | <b>6,420</b>            |        | <b>1.68%</b>             |        |                                |
| Public Health                             | 24,912                            |        |  |          | 24,912                      |        | -641            |               |                                      |        | 24,271                  |        | -641                     |        | -2.57%                         |
| <b>Total Budget</b>                       | <b>407,702</b>                    |        | <b>-</b>   | <b>-</b> | <b>407,702</b>              |        | <b>-29,261</b>  | <b>35,040</b> | <b>413,481</b>                       |        | <b>5,779</b>            |        | <b>1.42%</b>             |        |                                |

38 The 2018/19 budget is funded as follows:

|   | £000           |
|---|----------------|
| <b>Original 2017/18 Budget</b>  | <b>407,702</b> |
| Inflation   | 6,725          |
| Cost and spending increases   | 27,785         |
| Cost Reductions   | <u>-29,261</u> |
| <b>Approved Budget (Council Resolution)</b>   | <b>412,951</b> |
| Additional One off Project – continuation of the lengthsman scheme to be funded from the transformation reserve | 530            |
| <b>Total Approved Budget</b>  | <b>413,481</b> |
| Less:   |                |
| Settlement Funding  | 93,601         |
| Public Health Grant   | 24,271         |
| Improved Better Care Fund   | 6,838          |
| New Homes Bonus   | 3,388          |
| Other Non Ring Fenced Grants  | 2,003          |
| Reserves  | 580            |
| Collection Fund Surplus   | <u>5,249</u>   |
| Budget to be met by Council Tax Payers  | 277,551        |

**Council Tax at band D = £1,232.21**

39 The budget for 2018/19 contains provision to fund key budget pressures including estimates for unavoidable contractual inflation, pay (2%) and increases in demand led services. In addition the approved budget includes funding for key Administration priorities and additional funding for Children & Families following the recent OFSTED inspection.

## F Financial Performance in 2017/18

40 The current forecast of the year end revenue position, based on actual expenditure at the end of November 2017 and forecasts made in December 2017 is an overspend of £0.036 million. (0.01% of the budget), a movement of £0.250 million since the last report in December 2017.

### Directorate Breakdown for Cabinet Report - Position as at the end of November 2017

| Service Area                 | 2017/18<br>Budget | Forecast<br>Outturn<br>Position | Forecast<br>Outturn<br>Variance | Variance<br>% | Forecast<br>Variance<br>Previously<br>reported | Change in<br>variance |
|------------------------------|-------------------|---------------------------------|---------------------------------|---------------|--|-----------------------|
|                              | £000              | £000                            | £000                            | %             | £000   | £000                  |
| Adults                       | 145,230           | 145,230                         | 0                               | 0.0%          | -420   | 420                   |
| Public Health                | 24,912            | 24,912                          | 0                               | 0.0%          | 0  | 0                     |
| Children & Families          | 98,205            | 104,474                         | 6,269                           | 6.4%          | 6,339  | -70                   |
| Communities & Infrastructure | 88,806            | 88,806                          | 0                               | 0.0%          | 0  | 0                     |
| Business Support Services    | 26,388            | 26,388                          | 0                               | 0.0%          | 0  | 0                     |
| Support Services Recharges   | -26,408           | -26,408                         | 0                               | 0.0%          | 0  | 0                     |
| <b>Total for Services</b>    | <b>357,133</b>    | <b>363,402</b>                  | <b>6,269</b>                    | <b>1.8%</b>   | <b>5,919</b>                                   | <b>350</b>            |
| Technical & Corporate        | 50,569            | 44,336                          | -6,233                          | -12.3%        | -6,133   | -100                  |
| <b>Total</b>                 | <b>407,702</b>    | <b>407,738</b>                  | <b>36</b>                       | <b>0.01%</b>  | <b>-214</b>                                    | <b>250</b>            |

41 Further details of the forecast year end position can be found in the Financial Monitoring Report 2017/18 presented to Cabinet 31<sup>st</sup> January 2018.

## G Dedicated Schools Grant (DSG)

42 In July 2017 the Secretary of State announced arrangements for DSG funding in 2018/19 and 2019/20 (apart from early years which was not announced until December 2017), confirming a National Funding Formula (NFF) would be used to allocate funds to local authorities for both the schools block and high needs block elements of the DSG from April 2018, and an additional £1.3 billion nationally would be spent on schools over the next two years.

43 In order to provide stability the announcement stated no local authority will see a reduction in its cash allocation for the high needs block or its per pupil allocation for the schools block.

44 A new Central School Services Block (CSSB) has been created by the Department for Education (DfE) by moving funds from the existing Schools Block of the DSG. This will cover the Local Authority statutory responsibilities for both maintained schools and academies.

45 The impact on Gloucestershire's DSG (excluding early years) as a result of the NFF changes is an overall increase of 1.76% in 2018/19 and a further increase of 0.98% in 2019/20 when compared to the 2017/18 DSG baseline. The change across the individual DSG blocks is shown below:

|                               | Current             | NFF with floors/caps |                     | no floors/caps      | Percentage changes on 17/18 baselines |              |              |
|-------------------------------|---------------------|----------------------|---------------------|---------------------|---------------------------------------|--------------|--------------|
|                               |                     | 17/18 Baselines      | 18/19 illustrative  | 19/20 illustrative  | NFF in Full                           | 18/19        | 19/20        |
| Schools Block                 | £337,336,194        | £343,874,698         | £347,534,141        | £349,362,768        |                                       | 1.94%        | 3.02%        |
| High Needs Block              | £56,936,639         | £57,454,334          | £57,720,384         | £57,720,384         |                                       | 0.91%        | 1.38%        |
| Central Block                 | £2,598,885          | £2,533,913           | £2,492,831          | £2,492,831          |                                       | -2.50%       | -4.08%       |
| <b>Total DSG (excl EY)</b>    | <b>£396,871,718</b> | <b>£403,862,946</b>  | <b>£407,747,357</b> | <b>£409,575,984</b> |                                       | <b>1.76%</b> | <b>2.74%</b> |
| <b>Increase comp to 17/18</b> |                     | <b>1.76%</b>         | <b>2.74%</b>        | <b>3.20%</b>        |                                       |              |              |

46 A revised dataset based on the October 2017 school census was issued by the DfE along with the announcement of the DSG for each authority for 2018/19. The impact of the further announcements on the DSG are shown below:

| DSG movement 2017/18 to 2018/19                 | Schools        | Central School Services | High Needs    | Total excluding EY | Early Years (EY) | Total DSG      |
|---|----------------|-------------------------|---------------|--------------------|------------------|----------------|
| 2017/18 DSG as at December 2017                 | 337.059        | 2.599                   | 57.213        | 396.871            | 30.060           | <b>426.931</b> |
| Increase up to illustrative NFF 2018/19         | 6.816          | <b>-0.065</b>           | 0.241         | 6.992              | 0.000            | 6.992          |
| <b>Illustrative NFF 2018/19</b>                 | <b>343.875</b> | <b>2.534</b>            | <b>57.454</b> | <b>403.863</b>     | <b>30.060</b>    | <b>433.923</b> |
| Increase for census and source data updates     | 4.550          | 0.034                   | 0.113         | 4.697              | 3.126            | 7.823          |
| <b>2018/19 DSG announced 19th December 2017</b> | <b>348.425</b> | <b>2.568</b>            | <b>57.567</b> | <b>408.560</b>     | <b>33.186</b>    | <b>441.746</b> |
| <b>Overall increase 2017/18 to 2018/19</b>      | <b>11.366</b>  | <b>-0.031</b>           | <b>0.354</b>  | <b>11.689</b>      | <b>3.126</b>     | <b>14.815</b>  |
| <b>Overall % increase 2017/18 to 2018/19</b>    | <b>3.4%</b>    | <b>-1.2%</b>            | <b>0.6%</b>   | <b>2.9%</b>        | <b>10.4%</b>     | <b>3.5%</b>    |

47 This represents an increase of £14.8m (3.5%) from the current 2017/18 DSG of £426.9m. The previously announced National Funding Formula changes account for £7.0m of the increase and the further £7.8m increase reflects the change for 902 additional pupils in the October 2017 census and for updates in census and underlying source data used for the high needs and early years funding formulas.

48 Although the final schools block (before any recoupment for academies) has now been confirmed by the DfE, the final high needs block will not be confirmed until the end of March 2018 after further information on high needs places has been collected. The final early years block will not be confirmed until April 2019 after it has been updated for the January 2019 pupil count.

### School Block Funding

49 In September 2017 final decisions on the NFF were made by the DfE. Further information on the NFF and methods local authorities can use for allocating funds to schools have also subsequently been provided by the DfE and Education and Skills Funding Agency (ESFA) through regional meetings, at the national fair funding conference and through ESFA workshops. The key announcements from these were:

- The NFF will be implemented in 2018/19 as planned. It will be used as a method of allocating funds to local authorities (not direct to schools). There will be local discretion on the formula for 2018/19 and 2019/20 so local authorities along with their schools forum will determine the allocations to individual schools in those years.
- The additional £1.3 billion nationally has been used in the NFF to:
  - Increase the baseline amount per pupil for all schools by 0.5% in each of the two years.
  - Increase the basic amount per pupil for both primary and secondary schools
  - Introduce a new minimum allocation per pupil factor.
- The minimum per pupil element has been set at £3,300 for primary schools in 2018/19 and £3,500 in 2019/20. The minimum per pupil for secondary schools is £4,600 in 2018/19 and £4,800 in 2019/20.
- The minimum funding guarantee can be determined locally at any rate between +0.5% and -1.5%.
- The schools forum can agree a transfer from the schools block to the high needs block of up to 0.5% of the schools block value but there must be full consultation with schools.
- There will not be a looked after children factor in the schools NFF and the government is therefore putting extra funding into the pupil premium plus allocation which as a consequence will increase to £2,300 in 2018/19.

- The DfE and ESFA have confirmed that it will not be possible for local authorities to replicate the NFF when they allocate funds to schools for the following reasons:
  - The NFF is illustrative only based on October 16 census data. Funds issued to schools in 2018/19 will be based on October 2017 census data. The DfE have confirmed that although they will adjust NFF allocations to local authorities for overall pupil number changes in primary and secondary, they will not be rebasing the NFF in 2018/19 or 2019/20 for any other changes.
  - Some of the NFF Funding is required to meet the full year effect of lump sums and varied pupil numbers in the new schools that opened in 2017/18, along with any changes in factors such as rates and rents which are being funded by the DfE on a historic basis.
  - There will need to be a local capping arrangement to meet the cost of the Minimum Funding Guarantee for schools and to balance the schools block funding received.
  - The ESFA have issued an Authority Proforma Tool (APT) that local authorities have to use in 2018/19 to allocate funds to schools. The calculations in the ESFA's APT are different to those used by the DfE in the NFF.

50 The Schools Forum have recommended that the school funding formula for 2018/19 should be calculated using the following methodology:

- Ensure all schools receive a minimum 0.5% per pupil increase in 2018-19 compared to their baselines by setting the minimum funding guarantee (MFG) at plus 0.5%.
- Apply the DfE minimum per pupil rates quoted for 2018/19 at £3,300 Primary and £4,600 Secondary.
- Apply all the NFF factors and data provided by the DfE.
- Use the NFF factor rates quoted by the DfE.
- Set the Cap at a level that both covers the MFG cost and enables the schools block budget to be balanced.
- Use the APT provided by the ESFA to calculate the final allocations to schools.

51 The School Forum's recommended formula for delegation of school budgets for 2018/19 is shown in Annex 9.

52 There is a requirement to submit the final 2018/19 schools formula to the DfE for approval by 19th January 2018, and then issue budgets to schools by 28th February 2018.

#### High Needs Block Funding

53 The High Needs budget is under huge pressure. The latest forecast is an overspend of around £1.2m in 2017/18. On this basis, DSG balances available to support high needs at 31<sup>st</sup> March 2018 will stand at around £2.1m.

54 A major budget review will be undertaken at the end of January 2018. The budget for 2018/19 and a medium term financial plan will then be presented to the Schools Forum in March 2018. It is inevitable though that there will need to be a further draw on DSG balances to support the 2018/19 budget. The aim is then for the changes arising from the High Needs programme to impact from the autumn term so that a balanced budget can be set for 2019/20.

### Early Years Block

55 The Early Years National Funding Formula (EYNFF) was announced by the DfE and implemented from April 2017. The initial total for the Early Years block for 2018/19 is £33.186m and includes the Early Years pupil premium and the disability access fund. The total will be updated following the 2018 and 2019 census. The increase in the funding of £3.126m relates to the full year effect of the additional 15 hours entitlement for eligible working parents which began in September 2017.

56 The Early Years regulations limit the cost of central services to 5% in 2018/19, reduced from 7% in 2017/18. Schools Forum has agreed to the budget for central costs being set at the maximum level (circa £1.6m). This will continue to fund an element of Children and family hubs, Early Years quality team, nursery payment administration and supporting overheads.

### Central School Services Block (CSSB)

57 The CSSB for 2018/19 is £2.568m and is based on a national average unit of funding of £32.41 with 90% based on per pupil funding and 10% on a deprivation factor. The unit of funding is then multiplied by the number of mainstream pupil numbers on the October 2017 census, which for Gloucestershire was 79,239 pupils.

58 The national rate would have resulted in a 4.1% reduction but this has been protected to 2.5% in 2018/19 resulting in a reduction of £34k next year.

59 These funds cover the following costs:

| <b>Central School Services Block</b> | <b>£m</b>    |
|--------------------------------------|--------------|
| Copyright                            | 0.461        |
| Schools Forum                        | 0.127        |
| Admissions Coordination              | 0.750        |
| Centrally Retained Duties            | 1.230        |
| <b>TOTAL</b>                         | <b>2.568</b> |

## **H Council Tax**

60 The Council's current 2017/18 Band D Council Tax is £1,179.26, including the Adult Social Care Precept. For 2018/19 Council Tax will increase by 2.49% plus an additional 2% the Adult Social Care Precept.

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

| Band | 2017/18   | 2018/19   | Increase |
|------|-----------|-----------|----------|
|      | £         | £         | £        |
| A    | £786.17   | £821.47   | £35.30   |
| B    | £917.20   | £958.39   | £41.19   |
| C    | £1,048.23 | £1,095.30 | £47.07   |
| D    | £1,179.26 | £1,232.21 | £52.95   |
| E    | £1,441.32 | £1,506.03 | £64.71   |
| F    | £1,703.38 | £1,779.86 | £76.48   |
| G    | £1,965.43 | £2,053.68 | £88.25   |
| H    | £2,358.52 | £2,464.42 | £105.90  |

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

## **I The Robustness of the Budget Proposals**

62 The approved MTFS and detailed budget for 2018/19 have been formulated in accordance with the medium term financial planning framework and budget principles as detailed in Annex 4.

63 The starting point for producing the MTFS for the next three years, and the detailed budget proposals for 2018/19, is the 2017/18 MTFS.

64 The approved 2018/19 budget, and future years' budgets, also takes into account forecast funding changes, new unavoidable commitments, changes in legislation and Administration priorities.

## **J Flexible Use of Capital Receipts**

65 As part of the local government settlement for 2016/17 Government announced greater flexibility for 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.

66 The budget 2018/19 does not anticipate the use of capital receipts in this way during 2018/19 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.

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

## **K Council's Financial Standing and Risks**

68 Under the Local Government Act 2003 the Council has a responsibility to ensure that reserves are adequate. During 2017/18 all reserves have been examined in detail.

69 A summary of the Council's forecast reserves as at 31st March 2018, and movements since 31st March 2017 are as follows:

|   | <b>31<sup>st</sup> March</b> | <b>31<sup>st</sup> March</b> |
|---|------------------------------|------------------------------|
|   | <b>2017</b>                  | <b>2018</b>                  |
|   | <b>£000</b>                  | <b>£000</b>                  |
| Earmarked Revenue Reserves -Non Schools | 112,689                      | 96,166                       |
| Earmarked Reserves – School Related     | 24,483                       | 24,483                       |
| General Fund Reserves                   | 19,848                       | 18,553                       |
| Total Capital Reserves                  | 78,388                       | 78,388                       |
|   |                              |                              |
| Total Reserves                          | <u>235,408</u>               | <u>217,590</u>               |

70 General balances are anticipated to reduce to a level of £18.553 million, following support to the 2017/18 revenue budget approved by County Council in February 2017. This also assumes a balanced revenue outturn position for 2017/18. This equates to 4.56% of the 2017/18 net budget. If an over spend occurs in 2017/18, general fund balances are likely to reduce further.

71 This is considered to be a satisfactory level of general reserves, being within the target range of 4% to 6%. However given the risks facing the council, particularly the potential for an estimated £7 million back dated Sleep-In allowance following recent case law, it is not recommended to reduce these levels further.

72 Non School Revenue Earmarked Reserves are forecast to fall from £112.689 million as at 31st March 2017, to £96.166 million as at 31st March 2018, a reduction of £16.523 million. It has been assumed that both Schools Related Reserves and Capital Reserves will remain at the level of balances held at 31st March 2017.

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

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

74 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. Other specific risks include the pay cap exceeding 2% and the potential backdating of sleep-in payments.

75 In preparing the budget, and in the context that non schools earmarked reserves will fall during 2017/18, 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 approved 2018/19 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, particularly the financial risk associated with the backdating of sleep In allowances following recent case law.
- 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, and particularly post Ofsted inspection. Although additional resources are being invested in these areas under the approved 2018/19 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 and national insurance 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.
- Consideration to the funding pressures within the DSG High Needs Block Funding has been made. Whilst the Council has a programme in place to resolve this issue, if the High Needs block continues to overspend this will be initially funded through available DSG balances and further measures would be taken to reduce expenditure. Ultimately if these measures were not successful then eventually there would be a risk that this liability could fall on the Council.

76 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.

**M Public Sector Equality Duty**

77 A detailed Due Regard Statement has been produced which summarises the impact of the budget proposals on people with protected characteristics and how the impact will be mitigated. It also includes the evidence base used and the impact on the workforce. A briefing note outlining Councillors responsibilities will accompany the agenda for this meeting.

**N Forward Draft Plans for the Revenue Budget**

78 The Council's plans are set for the three years covering 2018/19 to 2020/21. The approved detailed budget for 2018/19 is set out within the MTFS, whilst the current draft forecast budgets for 2019/20 and 2020/21 are:

|        | <b>2019/20</b><br>£m | <b>2020/21</b><br>£m |
|--------|----------------------|----------------------|
| Budget | 423.52               | 426.28               |

79 Annex 6 gives outline financial proposals for 2019/20 and 2020/21, and will be updated as further information becomes available.

**O Capital Strategy 2018-19 & Beyond**

80 The Council's capital strategy is an overarching strategy that supports business plans.

81 It reflects the vision of the Council and aspirations of local people for service delivery and recognises the potential for others to contribute ideas and resources, through consultation with stakeholder groups. It also determines the priorities between the various services and looks for opportunities for crosscutting and joined-up investment.

82 The capital strategy is a vehicle for achieving the goals and priorities of the organisation.

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

**P Capital Expenditure**

84 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.

85 The approved capital programme provides total investment in the county totalling £504.00 million. The main investment relates to Communities and Infrastructure (£266.92 million), Schools and facilities for children (£153.66 million) Business Support (£58.94 million) and Adults (£24.47 million). Consistent with the Council's priority to reduce the level of long term debt, and the impact of interest and capital repayments on the revenue budget, the capital programme for 2018/19 is largely "capped" at the level of developer contributions, capital grants received and revenue contributions from capital financing budgets with internal borrowing only being used for key administration priorities.

86 The above figures exclude the Renewable Energy Generation - Solar Farm scheme under which the Council was to finance the design, build and operation of medium-scale ground-mounted solar Photovoltaic (PV) generation facilities on a number of sites. The scheme was originally approved in February 2015 funded from internal borrowing, subject to further detailed evaluation.

87 Due to Government changes to renewable energy subsidies (feed in tariffs) the sites approved are not currently financially viable and therefore the MTFS proposes to remove this scheme from the programme making £12.795 million of internal borrowing available to fund investment in infrastructure as outlined further on in the report. Development work around opportunities to invest in new projects relating to energy supply technologies is ongoing and in the event a viable project emerges, it will be presented to Cabinet for approval with a new business case including relevant funding options.

#### ***New Capital Investment 2018/19 onwards***

88 The approved capital programme for 2018/19 onwards contains £178.99 million of new investment on capital schemes, financed from grants, revenue contributions, developer contributions and capital financing budget, as set out in the table below.

89 Priority schemes not supported by grants or contributions, which are detailed in Annex 8b, have been included within the new programme on the basis that they can be funded from capital receipts, internal borrowing, revenue contributions and contributions from reserves, thereby avoiding the need for new borrowing. These new schemes approved amount to £67.19 million.

## **Funding for New Capital Investment**

| <b>Grant</b>   | <b>£000</b>    |
|--|----------------|
| Adults - Disabled Facilities Grant (indicative)  | 5,561          |
| Children and Families – Basic Need Grant 2018/19 (balance remaining)                   | 18,980         |
| Children and Families – Basic Need Grant 2019/20                                       | 12,565         |
| Children and Families – Schools Condition Allocation 2018/19 (indicative)              | 5,131          |
| Children and Families – Special Provision Fund 2018/19                                 | 650            |
| Children and Families – Special Provision Fund 2019/20                                 | 650            |
| Children and Families – Special Provision Fund 2020/21                                 | 650            |
| Communities & Infrastructure – Highways Maintenance Block Grant 2018/19                | 14,350         |
| Communities & Infrastructure – Highways Maintenance Block Grant 2019/20 (indicative)   | 14,350         |
| Communities & Infrastructure – Highways Maintenance Block Grant 2020/21 (indicative)   | 14,350         |
| Communities & Infrastructure – Highways Maintenance Incentive Grant 2018/19 (estimate) | 2,994          |
| Communities & Infrastructure – Highways Maintenance Incentive Grant 2019/20 (estimate) | 2,994          |
| Communities & Infrastructure – Highways Maintenance Incentive Grant 2020/21 (estimate) | 2,994          |
| Communities & Infrastructure – Integrated Transport Block Grant 2018/19                | 2,861          |
| Communities & Infrastructure – Integrated Transport Block Grant 2019/20 (indicative)   | 2,861          |
| Communities & Infrastructure – Integrated Transport Block Grant 2020/21 (indicative)   | 2,861          |
| Communities & Infrastructure – National Investment Productivity Fund 2018/19           | 2,696          |
| Communities & Infrastructure – Pothole Action Fund 2018/19                             | 1,435          |
| <b>Total Grant</b>   | <b>108,933</b> |
| <b>Revenue Contributions - Children &amp; Families (estimate)</b>                      | <b>430</b>     |
| <b>Developer s106 Contributions - Children &amp; Families</b>                          | <b>2,445</b>   |
| Capital Receipts   | 12,547         |
| Internal Borrowing   | 54,000         |
| Other Reserves   | 638            |
| <b>Total Capital Financing Budgets</b>   | <b>67,185</b>  |
| <b>Total New Capital Funding 2018/19 onwards</b>                                       | <b>178,993</b> |

### ***Children and Families***

90 The Council receives 2 main capital grants for schools from the Department for Education: Basic Need and Schools Condition.

91 The Basic Need allocation of £20.92 million for 2018/19 was approved in the 2017/18 MTFS for future years' spend. Of this grant, £1.94 million has been allocated to the existing programme, leaving a balance of £18.98 million available for new investment. The Basic Need allocation for 2019/20 is confirmed as £12.57 million. £15.00 million of the above basic need grants has been allocated to the new Cheltenham Secondary School scheme.

92 An indicative figure for the Schools Condition allocation of £5.13 million has been included for 2018/19 based on the allocation received for 2017/18.

93 Estimated school revenue contributions of £0.28 million and £0.15 million have been included in the Schools Capital Maintenance Programme and Suitability Programme respectively.

94 Developer s106 contributions totalling £2.45 million have been included for the following school schemes:

|                           |               |
|---------------------------|---------------|
| Ashchurch Primary School  | £0.23 million |
| Tredington Primary School | £0.27 million |
| Fairford Primary School   | £0.75 million |
| John Moore Primary School | £1.20 million |

***Communities and Infrastructure***

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

96 The Department of Transport has confirmed the Maintenance Block Grant allocation for 2018/19 as £14.35 million and has provided indicative amounts of £14.35 million for both 2019/20 and 2020/21. We also anticipate receiving £2.99 million from the Local Highways Maintenance Incentive Element Fund for 2018/19 to 2020/21, this has been included in the overall Structural Maintenance figure of £17.34 million.

97 The Integrated Transport Block Grant funding arrangements were revised from 2015/16. In 2018/19 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 2019/20 and 2020/21.

98 Over recent years the Council has continued to invest in structural maintenance, despite austerity, and in its 2017 manifesto the administration committed to invest at least £150 million over the next five years. This requires an additional £40 million of investment, the majority of which will be capital. This investment will more than double the amount of annual planned resurfacing works over a five year period (May 2017 to April 2022). In July 2017 Cabinet approved £1 million of Highways investment towards costs associated with procurement. The remaining £39 million of Highways investment approved under the MTFS Budget will be funded from internal borrowing.

## **Q      Borrowing**

Total external borrowing requirement at the end of 2017/18 is forecast to be £302.1 million, a reduction of £6.7 million compared with the £308.8 million outstanding at the end of 2016/17.

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

100 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.

101 In line with the Council's aim to reduce the level of external borrowing, capital receipts have increasingly been used to fund capital expenditure. The MTC2 target for capital receipts from the sale of assets was £60 million by the end of 2017/18. An additional target of £33 million has been set for the 3 year period 2018/19 to 2020/21. This funding will mainly be used to repay debt or finance capital expenditure to avoid new borrowing. A Disposal Schedule was considered by Cabinet in January 2018 in line with the Disposal Strategy.

102 The approved capital programme includes significant investment – The vast majority of projects will be funded from government grants or capital financing budgets. Internal borrowing is planned for two major investment projects: Cheltenham School (£15 million), where we have a statutory duty to provide sufficient school placements and highway investment (£39 million) to fulfil the manifesto promise of investing £150 million in highways over the next 5 year period.

## R Prudential Code

103 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).

104 Under the 2003 Act, Council's have the freedom to determine the level of borrowing they wish to undertake to deliver their capital programmes.

105 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.

106 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.

107 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.

## **S Treasury Management**

108 The approved Treasury Management Strategy Statement and Annual Investment Strategy (AIS) for 2018/19 are shown in Annex 10.

109 It was considered by the Audit and Governance Committee on 26th January 2018 who endorsed it in advance of Cabinet and Council in February 2018.

110 Annex 10 provides details of:

- Treasury Management Strategy for 2018/19 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.

111 The approved Treasury Management Strategy includes a change in relation to the Minimum Revenue Provision (MRP). In 2015/16 the policy was amended to a fixed fee for existing debt, totalling £8.2 million. Following further review of the Capital Financing Requirement and the Prudential Indicators, and discussions with the Council's treasury advisors (Arlingclose) and external auditor (Grant Thornton) a further reduction to the MRP charge for existing debt to £6.2 million, releasing £2 million per annum was approved. This change still allows for a prudent provision for the repayment of existing debt, and ensures that Prudential Indicators are not breached.

112 The other main changes to the approved Treasury Management Strategy for 2018/19, when compared with the 2017/18 strategy, are as follows:

- The lowest risk category approved for use has been raised from BBB+ to A-.
- For non-specified investment limits, the total limit for investment in unrated UK Government and local authorities is removed.
- A section has been added on non treasury management investments, in accordance with expected changes to the Treasury Code.

**T Attached Annexes**

|          |  |
|----------|--|
| Annex 1  | Commissioning Intentions                         |
| Annex 2  | Budget Movements by Service Area                 |
| Annex 3  | Budget Summary by Service Area                   |
| Annex 4  | Medium Term Financial Planning Framework         |
| Annex 5  | Reserves and Balances Analysis                   |
| Annex 6  | Revenue Budget Forward Projections               |
| Annex 7  | Capital Strategy                                 |
| Annex 8a | Capital Programme 2018/19                        |
| Annex 8b | New Schemes 2018/19 Funded from Capital Receipts |
| Annex 9  | Dedicated Schools Grant – Schools Block          |
| Annex 10 | Treasury Management Strategy                     |
| Annex 11 | Risk Management Strategy                         |

## **Annex 1 Commissioning Intentions**

### **Annex 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 2017/18 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.

In March 2017 Ofsted inspected services for children in need of help and protection, looked after children and care leavers and graded the overall service as inadequate. Whilst there were strengths in our adoption services (graded good) and an improving picture for our children in care and care leavers (graded requires improvement), our help and protection and leadership and management were inadequate. The Council has developed an improvement plan to set out how we are bringing about the necessary improvements to services for children and young people across Gloucestershire and to ensure clarity and direction for Children's Services, our partners and everyone who needs to be involved in our transformation journey. Following the recent Ofsted inspection earlier this year, this has left Children's Services on a very structured improvement journey.

#### **Strategic Direction**

We are in the process of developing our new "Families" plan, outlining the county's approach to the needs of children, young people and their families for the next 3 years. The plan will be live from April 2018 so there is an element of Transition for 2018/19 as we move from a purely child and young person focus to a wider families approach. The new plan will also support and embed our Ofsted improvement journey, both for the short and longer strategic aspirations are to improve the outcomes for not only children young people and their families but for the wider partnerships and children's services workforce.

#### **Wider drivers for change**

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

The Care Act 2014 is designed to bring the current laws related to adult social care together into one Act. Whilst predominately focused on Adults, the Care Act did introduce new legislation to support young people who find themselves caring for a parent or sibling; a decision to reconfigure the young carers' service and disaggregate it from the Adult Service is underway.

Children and Social Work Act 2017 is intended to improve support for looked after children and care leavers, promote the welfare and safeguarding of children, and make provisions about the regulation of social workers. The Act sets out corporate parenting principles for the council as a whole to be the best parent it can be to children in its care. These are largely a collation of existing duties local authorities have towards looked after children and those leaving care and will now extend our duties up to the age of 25 for all those leaving care. We will be required to publish our support offer to care leavers and to promote the educational attainment of children who have been adopted or placed in other long-term arrangements. The legislation extends the current considerations of the court when making decisions about the long-term placement of children to include an assessment of current and future needs and of any relationship with the prospective adopter. The Act makes changes to the arrangements for local child safeguarding partnerships and the serious case review process, including provision for a central Child Safeguarding Practice Review Panel for cases of national importance. It also establishes a new regulatory regime for the social work profession.

## **Needs Analysis**

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

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

For the Early Years Foundation Stage in 2015, 64% of children achieved a good level of development (GLD), which was an improvement on 2014, but Gloucestershire remains slightly below the regional and national averages of 67% and 66% respectively. There is a notable gap in gender with 72% of girls, and 56% of boys achieving a GLD (mirroring the national gender differences). Children with Black or Chinese ethnicities are less likely to achieve a GLD. The proportion of children achieving a GLD split by first language shows that children with a first language other than English are less likely to achieve a GLD. More work is required to fully implement the 2- 2.5 year integrated check which brings together the Early Years Foundation Stage (EYFS) Progress Check at age two with the Healthy Child Programme (HCP) 2-2½ year health and development in order to identify those who might otherwise struggle to reach a GLD.

Gloucestershire currently has an increasing cared for population which is forecast to reach nearly 700 by March 2018 from a previous level of around 550. There are a number of possible reasons for this; the current improvement journey shows that our thresholds are poor and inconsistently applied so, along with an improvement in practice and assessment; this will increase the number of children and young people becoming looked after. The Children and Social Care Act has also extended the statutory duties for leaving care up to the age of 25 (previously 21), which will automatically increase our care population.

The 2014/15 rates of young people aged 10-24 admitted to hospital for self-harm in Gloucestershire (526.0 per 100,000) is significantly worse than England (398.8) and similar to the South West (537.9). The Gloucestershire rates increased between 2012/13 and 2013/14, with the most recent rates showing a slight decrease from 2013/14. Led locally by Gloucestershire Clinical Commissioning Group (GCCG), all key partners have now agreed a transformation plan that takes a 'whole system approach' to supporting mental health and wellbeing of children and young people.

### **Meeting the Challenge 2017/18**

The MTC targets for 2017/18 totalled £10.07m and are on course to deliver savings of £9.9m due to the front loading of some children's centre restructure costs which will now be delivered in 2018/19.

The MtC savings include further reductions in home to school transport budgets and a continuing fall in spend against an historic pension's budget. The final roll out of SEN changes in respect of 16 -19 year olds reduced the need for some services and contractual efficiencies were found.

### **Looking forward**

The Ofsted inspection leaves Children's Services on a very structured improvement journey. The associated improvement plan will need to be delivered in the next 12 months. This will focus particularly on the in care population, which is predicted to rise in part due to the Ofsted inspection but also due to the implementation of the Children and Social work act 2017. Guidance on the act is due to be published shortly and specific commissioning tasks will flow from this. The council will also need to continue to respond to changes in government funding for core education services as responsibility for school improvement continues to transfer to schools and academies.

The Current Children and Young People's plan is due to expire in March 2018. During 2017 the Council will be reviewing the needs analysis and working with all partners to develop a Children and Families plan. This will take forward the priorities of the partnership with a focus on prevention through to providing support for the most vulnerable and keeping children safe. The new Children and families plan for 2018 onwards will have a family based focus and will frame the longer term commissioning strategy.

### **Delivering Change**

There are four main drivers to the work:

- Delivering against the OFSTED improvement plan
- Commissioning to take forward the priorities identified in the new Children and Families Plan including areas identified in the JSNA.
- Implementing the changes in legislation outlined in the children and social care act 2017 from April 2018.
- Delivering business as usual or on going commissioning arrangements.

Specific planned activities for 2018/19 include:

1. Development and implementation of a new Placement Sufficiency strategy for children's services this will include the extensive market management and development to provide:
  - A service which embeds improved practice within Children's services.
  - A fully operational IRIS project.
  - The right placement first time - to improve placement stability - this will also need to be embedded in practice.
  - Placements are developed in county to support children and young people to remain in local schools and health services
  - Emergency provision is developed to meet current needs, including the out-of hours and PACE placements.
  - Development of the market for young peoples accommodation to meet the new Duty for leaving care young people which comes into force from April 2018 - this will include UASC young people. Review of "support and assertive interventions "to prevent children and young people coming into care.
2. Update the current multi agency strategy for CSE and ensure action plans for both CSE and Missing are robust and reflect current challenges.
3. Develop a vulnerable young people's protocol to ensure clear governance arrangements are in place.
4. Continue to work with colleagues across the partnership to implement the Joint Strategy for Children and Young People with Additional Needs ensuring seamless support for children and young people's needs. This will include a focus upon improving transitions to adult services for children with additional needs by ensuring they are prepared adequately for independence in adulthood from the age of 16
5. Implement the new Statutory guidance for leaving care young people, as stated within the new Children and Social Work Act 2017 which will be requirement from April 2018. This includes:
  - To publish information about the authorities "Leaving care Offer"
  - Appoint a personal advisor for care leavers up to the age of 25 years - regardless of whether the young person intends to pursue education or training
  - LA's also will have a duty to carry out an assessment of the young persons needs and to provide the necessary advice and support
6. Continue to implement 'Gloucestershire's Future in Mind- Children's Mental Health Transformation plan with a focus on providing a balance between the need for more early intervention and prevention and on meeting the needs of those very vulnerable children and young people who achieve poorer outcomes than most of the population. This will include extending the Mental Health in schools approach from Stroud into Gloucester City, working with partners on the self harm pathway and also looking at the mental health needs of children and young people who have suffered trauma and abuse.

7. Review and re-tender carer's services in two lots to encompass the needs of adult and young carers.
8. Update the childcare sufficiency strategy and associated action plan to deliver to the anticipated rise in demand following the roll out of the free 30 hours entitlement.
9. Working with Public Health Nursing and Education, ensure the 2 – 2.5 integrated checks are fully embedded across the county.
10. Scoping the development of a multi agency safeguarding hub model for responding to families with the most complex needs effectively with partners (including the development of a problem solving court, Early FDAC, ACES, PODS to reduce recurrent removals of children)
11. Continue to deliver the Council's statutory responsibilities for education.

## **Annex 1.2: Adults Commissioning Intentions**

### **Context**

Adult social care has a current (2017/18) net budget of £136.9 million, the single biggest area of expenditure of the County Council. We support approximately 25,000 people who have a disability, are vulnerable, or live with an age-related disorder, as well as commissioning services aimed at addressing social care and health inequalities, promoting health and well being. We work in partnership with our service users and carers, health, housing and the third sector to maximise people's potential for independence, meeting assessed need within a legal framework most notably as set out in the Care Act 2014.

The overall performance of adult services continues to improve particularly in the key policy areas of reducing reliance on residential and nursing care and self directed support. We are also increasing the numbers of people supported to live independently through the use of technology (telecare) and continue to make progress in supporting people with disabilities into employment. We have also devoted additional resources to ensuring timely hospital discharge, 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 fewer than 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 significant proportions (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 2017/18**

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

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

- continuing to strengthen our assessment and care management function whilst also developing stronger links with primary care as part of the integrated multidisciplinary place based model
- supporting more people to live independently in the community
- develop our offer to Carers in line with Care Act requirements.
- improving transitions to adult services for children with special needs by ensuring they are prepared adequately for independence in adulthood from the age of 16
- being more responsive to potential demand through early intervention and prevention
- continuing with our cultural change work which supports both staff and service users to reflect on their attitude to managing risk in everyday life
- further improvements in the efficiency and effectiveness of services we commission including those commissioned jointly with the Clinical Commissioning Group (CCG)
- reducing admissions to full time care
- working with the NHS to better case manage people at risk of crisis or in need of urgent support, facilitate timelier discharges from hospital and reduce admissions and readmissions
- 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 including tighter management of voids in shared housing
- develop jointly with the CCG the Shared Lives service in the County
- 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 CCG to ensure people with a learning disability in long stay hospitals are returned to independent living in their own community

## **Delivering Change**

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

The scale and pace of change continues at an unprecedented level and will create transitional issues as we all adjust to working in a different way. Communicating our intentions and listening to the voice of those we serve will be central to our thinking and will assist us to ensure all voices are heard and concerns and questions are actively addressed. All activities will be subject to community impact assessments and specific consultation will be undertaken where appropriate with stakeholders. We will actively pursue opportunities to engage with service users and their carers to continue to build confidence in those partnerships.

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

Tier one – Help to help yourself.

Tier two – Help when you need it.

Tier three – Ongoing support for those that need it.

## Annex 1.3: Public Health Commissioning Intentions

### Context

The three domains of public health; health improvement; health protection and health care public health, became part of local government's public health function in 2013.

Gloucestershire County Council has a statutory duty to promote the health of the Gloucestershire population, and responsibility for commissioning specific public health services, supported by a ring-fenced grant, which was extended to include new responsibilities for 0-5 year olds (health visiting) in 2015.

In 2018/19, the grant available is £24.27m. The allocation is based on a national formula linked to health inequality and health need and remains ring-fenced until the end of March 2019, with reductions to the end of 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. Specifically, Gloucestershire County Council is required to deliver a number of mandated functions:

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

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

### Strategic Direction

Nationally, the strategy for Public Health in England was laid out in the Government's White Paper *Healthy Lives, Healthy People* (2010). Locally, our system's strategic ambition is reflected in the vision presented in Gloucestershire's Health and Wellbeing Strategy, *Fit for the Future*; 'to improve the health of all Gloucestershire residents and protect the most vulnerable' by 'working with our communities to co-produce health, wellbeing and resilience.' Public Health has identified the following principles to guide our commissioning intentions, in the context of closer working with colleagues commissioning services across the Prevention, Wellbeing & Communities Hub:

- We prioritise prevention, self-help/self-care and early intervention, with a view to improving health and wellbeing and changing demand for services;
- We take a strengths-based approach, to make the most of assets and resources within communities, help build community capacity and develop community safeguarding and resilience;
- We work to ensure the best start in life;
- We give equal weight to physical and mental health and wellbeing;

- We focus resources where the need is greatest, helping to address avoidable health inequalities and targeting the most vulnerable;
- We work across GCC and the wider system, with health, social care, housing and other partners.

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

Gloucestershire's Sustainability & Transformation Plan (STP), *One Gloucestershire: Transforming Care, Transforming Communities*, describes the vision for how publicly funded health and social care services can support a healthier Gloucestershire, that is socially and economically strong and vibrant, to achieve an improved and more sustainable health and care system.

Gloucestershire County Council's Public Health function will continue to play a key role in influencing the STP, in particular leading its prevention and self-care plan through both the commissioning of services that contribute to the prevention of health and care needs and providing systems leadership on key societal health issues.

### **Needs analysis**

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

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

The three leading causes of death in Gloucestershire are cancer (26%), circulatory disease (28%) and respiratory disease (15%). However, there are differences across the districts of Gloucestershire. For example, residents of Cotswold district have significantly lower mortality rates than the rest of the county for all three causes of death, whilst residents of Gloucester city have a significantly higher mortality rate for respiratory disease. Lifestyle factors such as smoking, poor nutrition, physical inactivity and alcohol misuse are important contributors to most preventable diseases. Unless we take early action to support individuals, families and communities to take steps to improve their own health and wellbeing now, we will not be able to resource the increases in people with ongoing care needs in the future.

### **Meeting the Challenge 2017/18**

Savings were realised in 2017/18 from the recommissioned adult drug and alcohol and healthy lifestyles services, which both commenced in January 2017. During 2017/18, Public Health delivered two major change projects in the reshaping of sexual health services and the public health nursing service (health visiting and school nursing). These will begin to deliver savings during 2017/18 and beyond.

These major recommissioning projects make up a significant portion of the allocated public health grant and, in 2018/19, the team's focus will shift from recommissioning and tendering activity to overseeing the implementation of new services, the 'business as usual' activity of contract management and developing the systems leadership role of public health.

During 2016 Gloucestershire County Council were selected as one of four local authorities to participate in a three year national programme, working with Leeds Beckett University, to co-produce guidance for other local authorities to implement a whole systems approach to addressing obesity. During 2017/18 this work has informed the refinement of our local obesity strategy and plans and we are now developing a specific programme to improve the local food environment.

### **Looking Forward**

The Public Health grant allocation is a ring-fenced grant and the expectation is that it will be fully spent. However, the Comprehensive Spending Review (CSR) in 2015 brought about a reduction in the Public Health grant over the four-year period to 2019/20. Whilst the four major recommissioning projects will be completed or almost completed by 2018/19, further reductions will need to be met through the review of individual elements of spend, e.g. in drug and alcohol activity outside of the main service.

2018/19 will also see an increased focus in Public Health's influencing and knowledge management and decision-making support roles. Helping people to stay healthy and live independently for longer and ensuring children have the best start in life are major contributors to reducing cost pressures in the medium and longer term. As such, Public Health activity plays a key role in supporting the commissioning intentions of other parts of Gloucestershire County Council, including children's and adult social care, as well as the wider system.

## **Delivering Change**

Our commissioning intentions for 2018/19 are:

1. Deliver mandated functions  
NHS Health Checks, Sexual Health, National Child Measurement Programme, Health Protection, Core Offer to the CCG & Health Visiting service
2. Deliver our driving change projects  
Remodelling of 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 health and wellbeing in GCC business
5. Continue to deliver the Active Individuals, Active Communities and Safe, Settled and Secure Lives policies

Specific planned activities for 2018/19 include:

### **1. Delivering our mandated functions**

- NHS Health Checks – implement a more targeted approach to the delivery of NHS Health Checks via GP practices
- Sexual Health – embed the reshaped sexual health service
- National Child Measurement Programme
- Health Protection
- Core Offer to the CCG – supporting the implementation, monitoring and evaluation of initiatives delivered as part of the STP
- Health Visiting service – embed the reshaped public health nursing service.

### **2. Deliver our driving change projects**

- Implementation and embedding of the remodelled sexual health service. During 2017-18 a system wide redevelopment of Sexual Health services was led by a partnership of Gloucestershire County Council Public Health Team, NHS Gloucestershire Clinical Commissioning Group and the Gloucestershire Local Medical Committee, with input from other partners. This work has seen a refocusing of the Specialist service on those with a specialist sexual health or contraceptive need, or who are vulnerable to poor sexual health outcomes and innovative service changes such as online postal testing, telephone triage service, and online booking among other developments. The new system changes are going live during 2017/18 and into 2018/19. The new sexual health prevention service is due to go live in 2018/19. This will see a strengthening of primary sexual health prevention; aiming to reduce demand for health and social care services in the medium to long-term.
- Continue to work with Gloucestershire Care Services NHS Trust to deliver 2017/18 changes to the Public Health Nursing Service in line with the feedback received through the Public and stakeholder consultation. This may include changes to the way mandated contracts are provided for some families, moving to a different pathway for identifying hearing problems and delivering support through new hubs and bundles. Support and oversee planning for planned schemes to be delivered in 2019/20.

- Continue to embed the new healthy lifestyles service including the implementation of new functions to support pregnant women and young children (first 1001 days) and healthy workplaces
- Re-commission Public Health Enhanced Services (PHES) from General Practices and community pharmacy, including a more targeted approach to the delivering the NHS Health Checks programme and strengthening sexual health and contraception services in Primary Care to support access for those who will no longer be seen in the Specialist Service. This will include the delivery of: primary care long acting reversible contraception, primary care sexual health clinics and community pharmacy emergency hormonal contraception

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

- Actively working with the Clinical Commissioning Group and other partners as part of the Prevention & Self-Care Plan to ensure that up-stream health improvement services are routinely commissioned as part of a broader pathway approach
- Working with community organisations to develop innovative approaches to addressing health inequalities in key population groups
- Working across the system to develop and implement a whole systems approach to tackling obesity including a partnership approach to creating a healthier food environment
- Supporting the development and implementation of Gloucestershire Moves – Gloucestershire's programme to promote active lifestyles
- Supporting the Health and Wellbeing Board as it seeks to explore Adverse Childhood Experiences (ACEs) and whether an ACEs informed approach should be taken forward in Gloucestershire
- Lead the development of a countywide oral health promotion strategy and plan
- Develop a local prevention consensus statement and concordat for better mental health, reflecting the national agenda for a system-wide approach to public mental health

### **4. Develop and embed health and wellbeing in GCC business**

- To co-ordinate and develop the community offer across the whole care sector. Working within prevention and early intervention elements of the operating model and being cognisant of how the system works and how changes to the community offer can affect demand elsewhere
- Scope a programme of work around embedding health in programmes addressing the wider determinants of health and identify priorities for implementation e.g. spatial planning, employment, transport and travel, environmental issues and poverty
- Support the implementation of GCCs workplace health and wellbeing plan
- Contribute to the development and implementation of GCCs behaviour change and demand management programme.

## **Annex 1.4: Communities & Infrastructure Commissioning Intentions**

### **CONTEXT**

#### **Place Vision - Place shaping for the future**

The County Council, along with its partners, is not only responsible for providing services now; we design strategies and invest in infrastructure to enable the future, laying the foundations for the economically, socially and environmentally successful communities we need to become.

### **STRATEGIC DIRECTION**

#### **Place priorities – People, Planning & Place**

Places must work for the people that live in them. For the County Council, successful infrastructure is more than hard engineering; it provides the social, economic and environmental systems that support communities. Our priorities are shaped on understanding the different timescales, taking action that recognises the need to deliver over the next 3-years up to 2020, to enable already planned growth and change from 2020-2035 and to facilitate discussion and plan new growth for 2035-2050. Put another way the County Council needs to plan for the community and economic needs of 2050, whilst making sure someone disposes of your waste and opens your library for business tomorrow morning.

### **NEEDS ANALYSIS**

#### **The future of Gloucestershire**

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

The County Council will take a long-term view to ensure Gloucestershire is fit for the future beyond 2035 – the following is just a ‘snap-shot’ to illustrate the journey we are on at all levels – it is not meant to be exhaustive – there are many futures that the County Council will need to try and shape and react to:

- Petrol and diesel cars became obsolete once the cost of electric vehicles dropped and their range increased. Most people no longer own or drive their own cars; they use shared autonomous vehicles that are available on demand. Welcome to Mobility as a Service – the Spotify model of transport.
- Roads are safer, the number and severity of accidents has fallen while residential streets have become relatively free of parked cars. However, the electrification of transport has increased demand for power; supply is now much more dependent on local generation and storage of energy.

- Councils are smaller and smarter, with most back office functions automated and transactions taking place on-line. Staff are mobile; they orchestrate and commission networks of partners, providers and community groups, sharing data widely. On-line engagement and participation tools involve residents in scenario planning and resource allocation.
- Homes and workplaces have seen great innovation based on fast digital connectivity, smarter use of energy and storage, and the re-use of rainwater and sewage. Restored front gardens offer benefits in terms of improved appearance, biodiversity and drainage as resilience challenges from climate change continue and include an unpredictable cycle of flood and drought

## LOOKING FORWARD

### Gloucestershire 2035-2050

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

Food for thought:

- We will be able to evaluate how successful the Vision 2050 process was at shaping the County;
- The west coast mainline will use electric trains;
- The West of England and West Midlands Elected Mayor and Combined Authorities will be celebrating their 20<sup>th</sup> birthdays;
- By 2039 only 49.6% of the population will be of working age.
- Britain's relationship with the European Union will have changed significantly impacting on global and national trade; as will the ability to rely on skilled workforce through immigration;

### Gloucestershire 2020 to 2035

Decision-making has to happen at the most appropriate level. The County Council and its partners are clear that localised infrastructure, environment and industrial strategies, aligned with national objectives can deliver certainty. Beside long term planning, good infrastructure demands clear funding commitments, not competitive bidding processes. Importantly, it also provides social and environmental benefits as well as the economic return on investment.

Food for thought:

- HS2 and the 3<sup>rd</sup> runway at Heathrow will be operational and access to the airport will have been improved by Crossrail and the new western access;
- Hinkley Point will be up and running and Oldbury is coming on line;
- Gloucestershire will have 60,000+ more homes than today and the highway network will be at capacity and reliant on technological advancement (i.e. autonomous vehicles) to create new capacity;
- The A417 missing link along with smart motorway and junction upgrades to J9, J10, J13 and J14 will all have been delivered reducing congestion and enabling development in the central Severn Vale.

## **Gloucestershire 2017 – 2020**

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

### **Food for thought:**

- The Javelin Park Energy from Waste facility will be operational from summer 2019. Our reliance on landfill for the disposal of household residual waste will have dramatically reduced and instead Gloucestershire's household waste will be generating electricity. The facility will generate enough electricity to power around 25,000 homes.
- Gloucestershire's recycling rate continues to increase. Exceeding 50% for the first time in 2016/17 (and already meeting the EU waste framework directive target of 50% by 2020), recycling levels will reach the joint waste strategy target of 60% by 2020.
- 50% of our highways operatives are over the age of 50. Addressing the issues of developing a skilled workforce will require investment in skills;
- Through people leaving the workforce and job growth there will be a requirement to fill 130,000 jobs between 2012-2022 (all sectors and all levels);
- For every new job there will be a requirement to fill 9 through replacement demand;
- As a major employer in the County, GCC will need to plan for its own workforce to work more flexibly, for longer and ensure there is emphasis on continuous skills development throughout employment;
- Physical and digital connectivity is a key factor in making Gloucestershire an attractive place to live and work for young people

## **LOOKING FORWARD**

### **2017 – 2020: Building partnerships and delivering today**

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

(\*waste management, highways, Fire & Rescue, Transport; libraries, economic development, strategic infrastructure (highways, schools, digital), planning, regulatory services).

### **Economic growth and infrastructure**

- We know how important the road network is for business and for us to be able to get to work, school and leisure. We will invest £150m over the next five years – our biggest ever investment in roads;
- We will deliver superfast broadband to every home by 2021. We have already invested over £29m which has brought broadband to over 107,000 homes and businesses in the county so far.

- Complete economic corridor modelling by March 2018 to help position Gloucestershire's economy based on an analysis of which directions it looks and use this to inform gfirst LEP economic and GCC infrastructure thinking;
- Work in partnership with Highways England and sub-regional Combined and Local Authorities to make sure that Road Investment Strategies 2 and 3 include the extension of the smart motorways network south of Worcester through to Bristol is implemented and linked to junction improvements in the County, particularly J9, J10, J13, J14
- Work with bus and rail operators to invest in better public transport connectivity necessary to deliver sustainable economic growth, by opening modern transport interchanges in Gloucester city centre and at Cheltenham Spa station and by managing congestion on the road network.
- Work in partnership with Network Rail and regional Combined and Local Authorities to make sure that control periods 6 and 7 include projects to improve rail connectivity in the County, including the Metrowest extension to Gloucester delivered enabling 30 minute services to the west of England
- Working collaboratively with partners and developers to create a cycle superhighway, connecting communities across the county, extending the range that people will cycle and making the outside more accessible. Bringing large scale bike hire (Boris Bikes) to the county and maximising the potential of electric bikes to increase the appeal of cycling to broader demographic groups and to more rural communities.
- Continue to support the Local Nature Partnership and further develop the Council's approach to enabling 'Green Infrastructure', including Sustainable Drainage Systems and upper catchment flood alleviation solutions.
- 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.

## **Employment and Skills**

- Alongside that, we are committed to helping the County's young people to develop skills and knowledge. We will work with local employers to create 5,000 new apprenticeships, at least 2,000 of which will be in engineering.
- Our partnership working with employers and skills providers via the Gloucestershire Employment and Skills Board will strengthen various aspects of the local skills system including: apprenticeships; retaining older workers; more effective labour market information and careers support; stronger links between businesses and schools; improved support for local businesses to close their skills gaps; improved employment and skills opportunities for priority areas of the County (e.g. Matson and Podsmead, Forest of Dean).
- Continue to invest in employment and skills investment by Gloucestershire Adult Education Service in local communities, particularly those most in need.
- Creating safe and trusted spaces through Library Growth Hub networks to support entry level businesses that may not choose to access more formal advice.
- Using apprenticeships to help recruit to public sector roles where there is a skills shortage.

## Place Based Services

- Continue to deliver effective regulatory services, including for Public Rights of Way and Traffic Regulation Orders, Trading Standards, Fire Safety and Planning Enforcement (minerals and waste), and ensure that they continue to be intelligence led, proportionate, reasonable, clearly prioritised.
- 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.
- 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.
- New Highways Contract procured with new structural maintenance resurfacing contract in place by April 2018, a professional services support contract and the new term maintenance contract operating from April 2019;
- Javelin Park energy from waste facility fully operational from autumn 2019;
- 31 Libraries become Tier 3 Growth Hubs with 2 innovation labs to support educational and economic growth
- The library service in the local community continues to be the County Councils generic face to face customer presence in local places driving digital skills, supporting local businesses to innovate, develop and grow as Tier 3 growth hubs and providing an access 'hub' for a range of other services – concessionary fares, registrars, drop-ins for people with disabilities, early health intervention, and job clubs
- Continue the journey towards carbon neutrality for the Council's operations and plan and prepare for increasing numbers of severe weather incidents.
- 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
- Develop a new Fire and Rescue 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.
- Improve the customer contact centre and reception experience, through smarter data intelligence, digital signposting and self service. Growing digital skills within our workforce to harness new technologies for smarter cities that will enhance our quality of life and enable Gloucestershire to compete within the global economy.
- Development of a Highways Skills Academy with key partners including local educational facilities, Gfirst LEP, highways contractors and wider supply chain all working towards the long term development of a skilled construction and engineering workforce.
- Completion of LED Street Lighting core investment programme to change all street lighting over to LED technology.

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.

## 2020 to 2035: Bringing national strategy down to the local level

Creating communities that work for all relies on effective localised decision making aligned with national strategy. Our local industrial, economic and environmental strategies must be integrated and make the case for Gloucestershire, making a clear our offer to national Government and what investment we need to deliver it.

## **Economic growth and infrastructure**

- Continue to help UK government push ahead with the improvement work on the A417 missing link;
- Deliver transport schemes including the Gloucester South West Bypass and A419 Stonehouse improvements which have been funded through the Growth Deal (rounds 1-3) and promote new infrastructure projects in future rounds that will support economic growth
- Pursue projects that start to earn income from innovative energy supply projects, with a particular emphasis on PV, battery storage and electric vehicle charging.
- Designing new developments, retrofitting existing infrastructure and encouraging behaviour change to transition from petrol/diesel car ownership towards electric vehicles, shared mobility and connected and autonomous vehicles.
- Apprenticeship delivery increased to help local businesses deal with their skills gaps.
- LED lighting to support sustainable travel, maximising the use of solar for public/cycle paths and signage
- Continued increase in self service options in libraries, with additional digital equipment to support increased confidence of the public to access services on line

## **Placed based services**

- Through the Joint Waste Partnership deliver 60% recycling and 92% energy recovery from residual waste treated at Javelin Park

## **2035 - 2050 - Creating the places of the future**

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

## **Economic growth and infrastructure**

- Use the Vision 2050 engagement process to help shape the Council's long term thinking.

## **MTC2 AND DELIVERING THE CHANGE**

MTC2 targets for 2017/18 have been delivered.

Place based services will continue to be under financial pressure as a result of increasing demand for social care.

In response the Council's Place Based services have been on a transformation journey for a number of years:

- Waste management, a key milestone being the commissioning of Javelin Park energy from waste facility;
- Transport, reducing spend on subsidised transport whilst maintaining accessibility by supporting the commercial network and integration with Home to School transport networks;

- Investment in broadband with around 95% of premises in the county already having Next Generation Access (30mbps) and reshaping Libraries to be the digital skills hubs for the Council;
- The shift to cashless payment for on-street parking underpinned by more efficient enforcement and back office functions

The priorities for transformation, will include

- Continuing the planned journey with waste, transport, digital and libraries.
- Reshaping Gloucestershire Highways to allow it to deliver the £150m+ of investment
- Considering ways to benefit from investment in energy technology at the local level, including grid supply and balancing and servicing new technologies such as electric vehicles and bicycles.
- Exploiting new approaches to cashless parking and differentiating offers to residents, visitors and commuters.
- Getting better at evidencing the value of Place based services in shaping the wider determinants of health and working more closely with public health to secure investment in improving health and social outcomes in the county.

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

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

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

## Annex 2 – Budget Movements by Service Area

### 2018-19 Adults Budget including the National Adult Social Care Levy

|   | Cost<br>Increases<br>£000 | Cost<br>Reductions<br>£000 | Cost<br>£000   |
|---|---------------------------|----------------------------|----------------|
| <b>Starting Budget (2017-18 Revised Budget)</b>   |                           |                            | <b>132,104</b> |
| <b><u>Budget Changes:</u></b>   |                           |                            |                |
| <b><u>Cost Increases</u></b>  |                           |                            |                |
| <b>Improved Better Care Fund</b>  |                           |                            | 7,089          |
| Pay Inflation   | 588                       |                            |                |
| To provide for a 2% pay award wef 1 April 2018  |                           |                            |                |
| <b>Increased cost of care of vulnerable adults</b>  |                           |                            |                |
| Inflation for Adult Social Care   | 2,061                     |                            |                |
| Demand pressures linked to demographic growth   | 1,845                     |                            |                |
| Complex Transitional services for Learning Disabilities   | 1,100                     |                            |                |
| Disabilities - Transforming Care & Associated Discharges  | 354                       |                            |                |
| Full year impact of NLW decisions in previous year  | 1,141                     |                            |                |
| <b>National Adult Social Care Levy</b>  |                           |                            | 5,540          |
| Amount of Additional adult social care levy 18-19 totals £5.540 million   |                           |                            |                |
| National Living Wage  | 3,391                     |                            |                |
| Inflationary cost pressure following the introduction of the national living wage   |                           |                            |                |
| Care Act  |                           |                            |                |
| To fund, over and above the funding set aside in the Better Care Fund, the ongoing costs of the requirements needing to be undertaken in 2018/19 of the Care Act 2014. This includes continued investment in new ways of working, the development of referral centres and enhanced support to self funders. | 1,453                     |                            |                |
| Demand pressures linked to demographic growth   | 696                       |                            |                |

| 2018-19 Adults Budget including the National Adult Social Care Levy Continued   | Cost Increases<br>£000 | Cost Reductions<br>£000 | Cost<br>£000 |
|---|------------------------|-------------------------|--------------|
| <b><u>Cost Reductions</u></b>   |                        |                         |              |
| <b>Adult Social Care Single Savings Programme</b>   |                        |                         |              |
| - Older People  |                        |                         |              |
| The Older People and Vulnerable Adults element of the Programme supports the strategic directions of keeping people safe and independent, ideally in their own homes, investing in prevention to delay and avoid more expensive care support. In addition it continues to support the integration of Health and Social Care to deliver positive outcomes for individuals.   |                        | -5,069                  |              |
| - Physical & Learning Disabilities  |                        |                         |              |
| The Disabilities element of the Programme supports the Building Better Lives Policy for supporting people with Disabilities in Gloucestershire. The savings will be delivered through effective enablement, brokerage, review to ensure needs are met utilising community resources and supporting people with disabilities into employment.(Physical Disabilities £0.487 million/Learning Disabilities £2.005 million)   |                        | -2,492                  |              |
| <b>Demand Management Issues Phase 3</b>   |                        | -4,000                  |              |
| Projects targeted at living within our means and adjusting to meet the increasing demand differently. Most of these projects are designed around the implementation of national policy and good practice - expanding the model of reablement, working in multidisciplinary teams but also increasing investments in management of the social care function, avoiding crisis, listening to our service users and improving the customer journey through the three tier conversations at the frontline in adult services. |                        |                         |              |
| <b>TOTAL NET CHANGE</b>   | <b>12,629</b>          | <b>-11,561</b>          | <b>1,068</b> |

|  |                |
|--|----------------|
| <b>2018-19 Adults Budget including National Adult Social Care Levy *</b> | <b>133,172</b> |
|--|----------------|

\* This excludes the additional ringfenced social care grant funding totalling £7.176 million expected in 2018-19. (£10.598 million in 2017-18)

**2018-19 Public Health Budget**

|  | Cost<br>Increases | Cost<br>Reductions |               |
|--|-------------------|--------------------|---------------|
|  | £000              | £000               | £000          |
| <b>Starting Budget (2017-18 Revised Budget)</b>  |                   |                    | <b>24,912</b> |
| <b><u>Budget Changes:</u></b>  |                   |                    |               |
| <b><u>Cost Reductions</u></b>  |                   |                    |               |
| 2.5% national reduction in ring fenced grant allocation and savings achieved through remodelling of the sexual health and public health nursing services to release efficiency savings |                   |                    | -641          |
| <b>TOTAL NET CHANGE</b>  | <b>-</b>          | <b>-641</b>        | <b>-641</b>   |
| <b>Public Health Budget 2018-19</b>  |                   |                    | <b>24,271</b> |

**2018-19 Children and Families Budget - Vulnerable Children**

|  | Cost<br>Increases<br>£000 | Cost<br>Reductions<br>£000 |
|--|---------------------------|----------------------------|
| <b><u>Budget Changes:</u></b>  |                           |                            |
| <b>Starting Budget (2017-18 Revised Budget)</b>  |                           | <b>57,408</b>              |
| <b><u>Cost Increases</u></b>   |                           |                            |
| <b>Pay Inflation</b>   | 446                       |                            |
| To provide for a 2% pay award wef 1 April 2018   |                           |                            |
| <b>National Living Wage</b>  | 329                       |                            |
| Inflationary cost pressures following introduction of the National Living Wage   |                           |                            |
| <b>External Placement Budget - the increased cost and number of placements</b>   | 7,600                     |                            |
| <b>Section 17 &amp; Discretionary Payments - to support increased activity within social care</b>  | 623                       |                            |
| <b>Child Protection Conference Chairs - additional staffing to meet demand and required standards</b>  | 121                       |                            |
| <b>Community Equipment Budget - to support increased activity due to demographic growth</b>  | 225                       |                            |
| <b>Care Leavers - New Legislation to support Care Leavers to age 25</b>  | 200                       |                            |
| <b>Inflation uplift for Adoption, Special Guardianship and Fostering Allowances</b>  | 195                       |                            |
| <b>Special Guardianship Orders - Increased Numbers</b>   | 808                       |                            |
| <b>Fostering - In House Fostering Service - additional staff and allowances</b>  | 607                       |                            |
| <b>Children with Disabilities - Demographic Growth</b>   | 82                        |                            |
| <b>DCYP Children with Disabilities - increase in number of Direct Payments</b>   | 39                        |                            |
| <b>Additional investment in Children's Safeguarding Service to ensure it is fit for purpose, supports practitioners in delivering best practice and is market competitive to attract staff. It will support a revised career structure and allow nationally accepted caseloads for social workers.</b> | 3,890                     |                            |
| <b>Additional one-off funding to support the implementation of the Ofsted Improvement Plan</b>   | 1,123                     |                            |
| <b>TOTAL NET CHANGE</b>  | <b>16,288</b>             | - <b>16,288</b>            |
| <b>Children &amp; Families - Vulnerable Children Budget 2018/19</b>  |                           | <b>73,696</b>              |

**2018/19 Children and Families Budget - Other Services**

|   | Cost<br>Increases<br>£000 | Cost<br>Reductions<br>£000 | £000          |
|---|---------------------------|----------------------------|---------------|
| <b>Starting Budget (2017/18 Revised Budget)</b>   |                           |                            | <b>29,760</b> |
| <b><u>Budget Changes:</u></b>   |                           |                            |               |
| <b>Education</b>  |                           |                            |               |
| <b>Pay Inflation</b>  | 161                       |                            |               |
| To provide for a 2% pay award wef 1 April 2018  |                           |                            |               |
| <b>Home to School Transport</b>   | 50                        |                            |               |
| To provide for contractual prices inflation.  |                           |                            |               |
| <b>Home to School Transport</b>   | 125                       |                            |               |
| Increase in numbers entitled to transport   |                           |                            |               |
| <b>Home to School Transport</b>   | -200                      |                            |               |
| Reduce bespoke travel arrangements through Independent Travel Training, increased vehicle capacity to Special Schools and the use of individual Personal Travel Allowances for CYP with complex needs.          |                           |                            |               |
| <b>Pensions</b>   | -150                      |                            |               |
| Reduce the budget based on an assessment of the reduction in no. of pensioners and spouses based on age and trends  |                           |                            |               |
| <b>Commissioning</b>  |                           |                            |               |
| <b>Pay Inflation</b>  | 23                        |                            |               |
| To provide for a 2% pay award wef 1 April 2018  |                           |                            |               |
| <b>Supporting People</b>  |                           |                            |               |
| Reduce community based support contract in line with utilisation and reduce capacity of accommodation based support in line with demand.  |                           |                            | -541          |
| Commission the provision of community based support to distribute sanitary products to the most vulnerable women presenting for our services to be funded from the Active Communities reserve.(One off funding) | 50                        |                            |               |
| <b>TOTAL NET CHANGE</b>   | <b>409</b>                | <b>-891</b>                | <b>-482</b>   |
| <b>Children &amp; Families - Other Services Budget 2018/19</b>  |                           |                            | <b>29,278</b> |

2018/19 Communities and Infrastructure Budget

|  | Cost Increases | Cost Reductions |        |
|--|----------------|-----------------|--------|
|  | £000           | £000            | £000   |
| <b>Starting Budget (2017/18 Revised Budget)</b>  |                |                 | 78,014 |
| <b><u>Budget Changes:</u></b>  |                |                 |        |
| <b><u>Cost Increases</u></b>   |                |                 |        |
| <b>Pay Inflation</b>   | 495            |                 |        |
| To provide for a 2% pay award wef 1 April 2018   |                |                 |        |
| <b>Fire Fighters Pay Award (above general provision)</b>   | 342            |                 |        |
| To provide for a further 1% pay award wef 1 April 2018   |                |                 |        |
| <b>National Living Wage</b>  | 383            |                 |        |
| Inflationary cost pressures following introduction of the National Living Wage   |                |                 |        |
| <b>Development of Major Transport Schemes</b>  | 150            |                 |        |
| Due to the removal of revenue funding options when applying for capital grant funding there is a need to fund feasibility costs to enable schemes to be ready for external funding applications. |                |                 |        |
| <b>Waste</b>   | 2              |                 |        |
| HRC Maintenance to compactors  |                |                 |        |
| <b>Highways LED</b>  | 408            |                 |        |
| Street Lighting contract price inflation and increase in electricity consumption due to growth in assets   |                |                 |        |
| <b>Road Safety Team</b>  | 220            |                 |        |
| Ongoing funding to continue to run the Road Safety Partnership   |                |                 |        |
| <b>Customer Programme Shortfall</b>  | 379            |                 |        |
| <b>Highways - Additional Highways Costs</b>  | 30             |                 |        |
| <b>Additional one off investment in the Lengthsman Scheme in 2018/19 until it is incorporated in the new Highways contract- Funded from the Transformation Reserve</b>                           | 530            |                 |        |
| <b><u>Cost Reductions</u></b>  |                |                 |        |
| <b>Parking</b>   |                | -50             |        |
| To review charging policy, including the introduction of 'pay by the minute' for on-street pay and display   |                |                 |        |
| <b>Integrated Transport</b>  |                | -50             |        |
| Review charging opportunities & centralisation of budgets  |                |                 |        |
| <b>Libraries</b>   |                | -50             |        |
| To re-shape support staffing arrangements  |                |                 |        |
| <b>Waste</b>   |                | -167            |        |
| To consider the introduction of 'winter opening' hours at household recycling centres  |                |                 |        |
| <b>Strategic Planning</b>  |                | -50             |        |
| To refocus spending on flood alleviation   |                |                 |        |
| <b>Fire &amp; Rescue Services</b>  |                | -160            |        |
| Reduced costs of new pension scheme.   |                |                 |        |
| Rationalisation of software licencing.   |                |                 |        |
| Realising the benefits of the introduction of new systems.   |                |                 |        |
| <b>TOTAL NET CHANGE</b>  | 2,939          | -527            | 2,412  |
| <b>Communities and Infrastructure Budget 2018/19</b>   |                |                 | 80,426 |

## 2018/19 Business Support Budget

|  | Cost<br>Increases | Cost<br>Reductions |               |
|--|-------------------|--------------------|---------------|
|  | £000              | £000               | £000          |
| <b>Starting Budget (2017/18 Revised Budget)</b>  |                   |                    | <b>26,115</b> |
| <b><u>Budget Changes:</u></b>  |                   |                    |               |
| <b><u>Cost Increases</u></b>   |                   |                    |               |
| <b>Pay Inflation</b>   | 396               |                    |               |
| To provide for a 2% pay award wef 1 April 2018   |                   |                    |               |
| <b>National Living Wage</b>  | 207               |                    |               |
| Inflationary cost pressures following introduction of the National Living Wage                                 |                   |                    |               |
| <b>Cost increases due to increase in child protection cases (extraordinary included)</b>                       | 333               |                    |               |
| <b>General Data Protection Regulations Compliance</b>  | 300               |                    |               |
| <b>E-storage Management Digital Strategy</b>   | 132               |                    |               |
| <b>Print Contract</b>  | 42                |                    |               |
| <b>HR Scanning System</b>  | 68                |                    |               |
| <b>SAP data archiving and support</b>  | 122               |                    |               |
| <b>Credit controller role</b>  | 48                |                    |               |
| <b>ICT contract inflation</b>  | 820               |                    |               |
| <b><u>Cost Reductions</u></b>  |                   |                    |               |
| <b>Efficiency savings across all support services, including digitisation of processes</b>                     |                   | -396               |               |
| <b>Efficiency savings associated with improved cash flow and expansion of the GCC temporary staff register</b> |                   | -250               |               |
| <b>Efficiency savings from reduced printing through member ICT</b>   |                   | -20                |               |
| <b>TOTAL NET CHANGE</b>  | <b>2,468</b>      | <b>-666</b>        | <b>1,802</b>  |
| <b>Business Support Budget 2018/19</b>   |                   |                    | <b>27,917</b> |

**2018/19 Technical and Corporate Budget**

|   | Cost<br>Increases | Cost<br>Reductions |                |
|---|-------------------|--------------------|----------------|
|   | £000              | £000               | £000           |
| <b>Starting Budget (2017/18 Revised Budget)</b>   |                   |                    | <b>59,389</b>  |
| <b><u>Budget Changes:</u></b>   |                   |                    |                |
| <b><u>Cost Increases</u></b>  |                   |                    |                |
| <b>Pay inflation</b>  | 6                 |                    |                |
| To provide for a 1% pay award wef 1 April 2018  |                   |                    |                |
| Contingency to provide for an additional 0.5% pay award wef 1 April 2018  | 301               |                    |                |
| <b><u>Cost Reductions</u></b>   |                   |                    |                |
| <b>Removal of 2017-18 one off investments</b>   |                   | -10,575            |                |
| <b>MRP Changes</b>  |                   |                    |                |
| Capital Financing Changes as set out in detail within the Treasury Management Strategy  |                   | -2,000             |                |
| <b>Customer - Property Disposals</b>  |                   | -1,400             |                |
| Revenue savings generated from the utilisation of the proceeds of property disposals to reduce debt and/or support financing of the capital programme |                   |                    |                |
| <b>Treasury management</b>  |                   | -1,000             |                |
| Increased income from investments   |                   |                    |                |
| <b>ROUNDING ADJUSTMENT</b>  |                   |                    |                |
| <b>TOTAL NET CHANGE</b>   | <b>307</b>        | <b>-14,975</b>     | <b>-14,668</b> |
| <b>Technical and Corporate Budget 2018/19</b>   |                   |                    | <b>44,721</b>  |

**Additional 2018/19 One Off Investments to be funded from the Transformation Reserve**

|  | Cost<br>Increases | Cost<br>Reductions |              |
|--|-------------------|--------------------|--------------|
|  | £000              | £000               | £000         |
| <b>Growing Our Communities Fund – this fund will allow each Councillor to allocate £30,000 over a three year period to invest in key community projects.</b> | 1,590             |                    |              |
| <b>A transfer to the A417 Reserve to create a total fund of £4.0 million</b>   | 2,740             |                    |              |
| <b><u>TOTAL 2018/19 ONE OFF INVESTMENTS FROM TRANSFORMATION RESERVE</u></b>  | <b>4,330</b>      | <b>0</b>           | <b>4,330</b> |

## Annex 3 – Budget Summary by Service Area

### Overall Budget

#### Medium Term Financial Strategy - 2018/19 Budget

| Budget Area                                | 2017/18 Revised Base Budget £'000s | Cost Reductions £'000s | Cost Increases (Including Inflation) £'000s | Proposed 2018/19 Budget £'000s | Cash Increase / Decrease £'000s | Percentage Increase / Decrease £'000s |
|--|------------------------------------|------------------------|---|--------------------------------|---------------------------------|---------------------------------------|
| <b>Programme Budget Areas</b>              |                                    |                        |   |                                |                                 |                                       |
| Adults                                     | 132,104                            | -11,561                | 12,629                                      | 133,172                        | 1,068                           | 0.81%                                 |
| Children and Families- Vulnerable Children | 57,408                             | 0                      | 16,288                                      | 73,696                         | 16,288                          | 28.37%                                |
| Children and Families- Other Services      | 29,760                             | -891                   | 409   | 29,278                         | -482                            | -1.62%                                |
| Communities and Infrastructure             | 78,014                             | -527                   | 2,939                                       | 80,426                         | 2,412                           | 3.09%                                 |
| Business Support                           | 26,115                             | -666                   | 2,468                                       | 27,917                         | 1,802                           | 6.90%                                 |
| Technical and Corporate                    | 59,389                             | -14,975                | 307   | 44,721                         | -14,668                         | -24.70%                               |
| <b>Total GCC</b>                           | <b>382,790</b>                     | <b>-28,620</b>         | <b>35,040</b>                               | <b>389,210</b>                 | <b>6,420</b>                    | <b>1.68%</b>                          |
| Public Health                              | 24,912                             | -641                   |   | 24,271                         | -641                            | -2.57%                                |
| <b>Total Budget</b>                        | <b>407,702</b>                     | <b>-29,261</b>         | <b>35,040</b>                               | <b>413,481</b>                 | <b>5,779</b>                    | <b>1.42%</b>                          |

## Adults MTFS 2018/19

|  | 2017/18<br>Revised Base<br>Budget | Cost Increases<br>(Including<br>Inflation) |               | Proposed<br>2018/19 Budget | Cash Increase /<br>Decrease | Percentage<br>Increase /<br>Decrease |
|--|-----------------------------------|--|---------------|----------------------------|-----------------------------|--------------------------------------|
|  |                                   | Cost<br>Reductions                         | £'000s        | £'000s                     | £'000s                      | %                                    |
| Services for Older People                      | 47,965                            | -5,883                                     | 3,193         | 45,275                     | -2,690                      | -5.61%                               |
| Services for People with a Physical Disability | 12,389                            | -573                                       | 922           | 12,738                     | 349                         | 2.82%                                |
| Services for People with a Learning Disability | 47,565                            | -4,979                                     | 6,042         | 48,628                     | 1,063                       | 2.23%                                |
| Services for People with Mental Health Issues  | 7,317                             |  | 258           | 7,575                      | 258                         | 3.53%                                |
| Other Services for Adults                      | 16,868                            | -126                                       | 2,214         | 18,956                     | 2,088                       | 12.38%                               |
| <b>Total: Adults</b>                           | <b>132,104</b>                    | <b>-11,561</b>                             | <b>12,629</b> | <b>133,172</b>             | <b>1,068</b>                | <b>0.81%</b>                         |

## Public Health MTFS 2018/19

|  | 2017/18<br>Revised<br>Base<br>Budget<br>£'000s | Cost<br>Movements<br>£'000s | Proposed<br>2018/19<br>Budget<br>£'000s | Cash<br>Increase /<br>Decrease<br>£'000s | Percentage<br>Increase /<br>Decrease<br>% |
|--|--|-----------------------------|---|--|---|
| <b>Public Health Ringfenced Grant:</b>                     |  |                             |   |  |   |
| Sexual Health  | 3,846  | -504                        | 3,342                                   | -504                                     | -13.10%                                   |
| Health Behaviours  | 2,084  | 256                         | 2,340                                   | 256                                      | 12.28%                                    |
| Drugs & Alcohol  | 6,327  | -234                        | 6,093                                   | -234                                     | -3.70%                                    |
| Children 0-19 (incl. Health Visiting<br>& School Visiting) | 9,458  | 144                         | 9,602                                   | 144                                      | 1.52%                                     |
| Public Mental Health                                       | 302  | -32                         | 270                                     | -32                                      | -10.60%                                   |
| NHS Health Checks  | 712  | -242                        | 470                                     | -242                                     | -33.99%                                   |
| Safeguarding   | 100  |                             | 100                                     | 0  | 0.00%                                     |
| PH function incl. staffing and intelligence                | 2,083  | -29                         | 2,054                                   | -29                                      | -1.39%                                    |
| <b>Public Health Ringfenced Grant</b>                      | <b>24,912</b>                                  | <b>-641</b>                 | <b>24,271</b>                           | <b>-641</b>                              | <b>-2.57%</b>                             |

## Children and Families MTFS 2018/19

### Children and Families - Vulnerable Children MTFS 2018/19

|                                   | 2017/18<br>Revised<br>Base<br>Budget<br>£'000s | Cost<br>Reductions<br>£'000s | Cost<br>Increases<br>(Including<br>Inflation)<br>£'000s | Proposed<br>2018/19<br>Budget<br>£'000s | Cash<br>Increase /<br>Decrease<br>£'000s | Percentage<br>Increase /<br>Decrease<br>% |
|-----------------------------------|--|------------------------------|---|---|--|---|
| Vulnerable Children               | 57,408   |                              | 16,288  | 73,696                                  | 16,288                                   | 28.37%                                    |
| <b>Total: Vulnerable Children</b> | <b>57,408</b>                                  | <b>-</b>                     | <b>16,288</b>   | <b>73,696</b>                           | <b>16,288</b>                            | <b>28.37%</b>                             |

### Children and Families - Other Services MTFS 2018/19

|  | 2017/18<br>Revised<br>Base<br>Budget<br>£'000s | Cost<br>Reductions<br>£'000s | Cost<br>Increases<br>(Including<br>Inflation)<br>£'000s | Proposed<br>2018/19<br>Budget<br>£'000s | Cash<br>Increase /<br>Decrease<br>£'000s | Percentage<br>Increase /<br>Decrease<br>% |
|--|--|------------------------------|---|---|--|---|
| Education  | 18,729   | -350                         | 336   | 18,715                                  | -14                                      | -0.07%                                    |
| Commissioning  | 1,062  | -                            | 23  | 1,085                                   | 23                                       | 2.17%                                     |
| Other Children Services                              | 9,969  | -541                         | 50  | 9,478                                   | -491                                     | -4.93%                                    |
| <b>Total: Children &amp; Families Other Services</b> | <b>29,760</b>                                  | <b>-891</b>                  | <b>409</b>  | <b>29,278</b>                           | <b>-482</b>                              | <b>-1.62%</b>                             |

## Communities & Infrastructure MTFS 2018/19

|                                       | 2017/18<br>Revised<br>Base<br>Budget<br>£'000s | Cost<br>Reductions<br>£'000s | Cost<br>Increases<br>(Including<br>Inflation)<br>£'000s | Proposed<br>2018/19<br>Budget<br>£'000s | Cash<br>Increase /<br>Decrease<br>£'000s | Percentage<br>Increase /<br>Decrease<br>% |
|---------------------------------------|--|------------------------------|---|---|--|---|
| Parking                               | -2,864   | -50                          | 4   | -2,910                                  | -46                                      | 1.61%                                     |
| Strategic Planning                    | 1,772  | -50                          | 164   | 1,886                                   | 114                                      | 6.43%                                     |
| Flood Alleviation                     | 1,199  |                              | 4   | 1,203                                   | 4  | 0.33%                                     |
| Highways                              | 17,975   |                              | 1,020   | 18,995                                  | 1,020                                    | 5.67%                                     |
| Integrated Transport Unit             | 10,045   | -50                          | 14  | 10,009                                  | -36                                      | -0.36%                                    |
| Unallocated/Corporate Budgets         | 1,014  |                              | 432   | 1,446                                   | 432                                      | 42.60%                                    |
| Fire & Rescue Service                 | 15,603   | -160                         | 569   | 16,012                                  | 409                                      | 2.62%                                     |
| Libraries                             | 3,315  | -50                          | 45  | 3,310                                   | -5                                       | -0.15%                                    |
| Road Safety                           | 123  |                              | 230   | 353                                     | 230                                      | 186.99%                                   |
| Regulatory Services                   | 1,315  |                              | 45  | 1,360                                   | 45                                       | 3.42%                                     |
| Healthwatch                           | 217  |                              |   | 217                                     | 0  | 0.00%                                     |
| Waste                                 | 27,429   | -167                         | 12  | 27,274                                  | -155                                     | -0.57%                                    |
| Customer Services                     | 1,250  |                              | 21  | 1,271                                   | 21                                       | 1.68%                                     |
| Customer Programme Savings            | -379   |                              | 379   | -                                       | 379                                      | -100.00%                                  |
| <b>Total: C&amp;I Including Waste</b> | <b>78,014</b>                                  | <b>-527</b>                  | <b>2,939</b>  | <b>80,426</b>                           | <b>2,412</b>                             | <b>3.09%</b>                              |

## Business Support MTFS 2018/19

|                                | 2017/18 Revised<br>Base Budget<br>£'000s | Cost<br>Increases<br>(Including<br>Reductions<br>Inflation) |              |               | Proposed<br>2018/19<br>Budget<br>£'000s | Cash<br>Increase /<br>Decrease<br>£'000s | Percentage<br>Increase /<br>Decrease<br>% |
|--------------------------------|--|---|--------------|---------------|---|--|---|
|                                |  | Cost<br>Reductions<br>£'000s                                | £'000s       | £'000s        |   |  |   |
| Support Services               | 19,294                                   | -646  | 1,376        | 20,024        |   | 730                                      | 3.78%                                     |
| Strategy & Challenge           | 6,821                                    | -20   | 1,092        | 7,893         |   | 1,072                                    | 15.72%                                    |
| <b>Total: Business Support</b> | <b>26,115</b>                            | <b>-666</b>   | <b>2,468</b> | <b>27,917</b> |   | <b>1,802</b>                             | <b>6.90%</b>                              |

## Technical & Corporate MTFS 2018/19

|   | 2017/18<br>Revised<br>Base<br>Budget<br>£'000s | Cost<br>Reductions<br>£'000s | Cost<br>Increases<br>(Including<br>Inflation)<br>£'000s | Proposed<br>2018/19<br>Budget<br>£'000s | Cash<br>Increase /<br>Decrease<br>£'000s | Percentage<br>Increase /<br>Decrease<br>% |
|---|--|------------------------------|---|---|--|---|
| Corporately Controlled Budgets          | 17,566   |                              | 305   | 17,871                                  | 305                                      | 1.74%                                     |
| Capital Financing                       | 29,897   | -4,400                       |   | 25,497                                  | -4,400                                   | -14.72%                                   |
| Members and Elections                   | 1,351  |                              | 2   | 1,353                                   | 2  | 0.15%                                     |
| One off Investments                     | 10,575   | -10,575                      |   | -                                       | -10,575                                  | -100.00%                                  |
| <b>Total: Technical &amp; Corporate</b> | <b>59,389</b>                                  | <b>-14,975</b>               | <b>307</b>  | <b>44,721</b>                           | <b>-14,668</b>                           | <b>-24.70%</b>                            |

## Context

The purpose of the Medium Term Financial Strategy (MTFS) is to give financial expression to the Council Strategy for the next three year period. The MTFS sets out the Council's high-level funded plan, for achieving its goals and priorities, balancing available financing and spending ambitions. It highlights the financial projections for financing, spending (revenue and capital), and reserves. The MTFS is prepared annually and covers the three year period 2018/19 to 2020/21. It links decisions on resource allocation with decisions on policy priorities as set out in the Council Strategy.

## Principles

The principles underlying the MTFS are:

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

## Budget Assumptions

The 2018/19 Budget and MTFS has been produced using the following assumptions

- Council tax will increase by 2.49% per annum
- The Adult Social Care Levy of 2% will be applied in 2018/19 and 2019/20
- The Pay Cap of 2% has been applied to all Council employees (with the exception of Firefighters) during the period of this MTFS.
- Inflation – budgets will only be adjusted for inflation where there is a contractual commitment
- General Reserves will remain at the current level which is within the 4-6% recommended level
- External Borrowing will be repaid as it matures and no new external borrowing is anticipated during the lifetime of this MTFS
- A limited amount of central contingency will be held to cover potential risk of:
  - Pay award over 2%
  - Unachieved savings targets

## Annex 5: Reserves & Balances Analysis

|   | Balance<br>at 31 <sup>st</sup><br>March<br>2017 | Transfers Out<br>2017/18 | Transfers In<br>2017/18 | Projected<br>Balance<br>at 31 <sup>st</sup><br>March<br>2018 | Notes     |
|---|---|--------------------------|-------------------------|--|-----------|
|   | £'000   | £'000                    | £'000                   | £'000  |           |
| <b>Earmarked Reserves</b>                         |   |                          |                         |  |           |
| Capital Fund                                      | 14,271  | -8,052                   | 6,947                   | 13,166   | 1         |
| Strategic Waste Reserve                           | 36,005  |                          | 1,700                   | 37,705   | 2         |
| Transformation Reserve                            | 6,462   | -6,130                   | 5,000                   | 5,332  | 3         |
| Invest to Save                                    | 3,141   | -900                     |                         | 2,241  | 4         |
| Insurance Fund                                    | 12,560  |                          |                         | 12,560   | 5         |
| Active Communities                                | 1,230   | -550                     |                         | 680  | 6         |
| Public Health                                     | 3,641   | -3,103                   |                         | 538  | 7         |
| County Elections                                  | 934   | -850                     | 200                     | 284  | 8         |
| Vehicle & Plant Replacement                       | 82  |                          |                         | 82   | 9         |
| Fire Service Pensions                             | 127   |                          |                         | 127  | 10        |
| Fire Joint Training Centre                        | 1,144   | -27                      |                         | 1,117  | 11        |
| Economic Stimulus Reserve                         | 6,097   | -5,465                   |                         | 632  | 12        |
| Fire PFI Reserve - GFRS                           | 3,048   |                          |                         | 3,048  | 13        |
| Revenue Grant Reserves                            | 10,710  |                          |                         | 10,710   | 14        |
| Adoption Reserve                                  | 163   | -163                     |                         | 0  | 15        |
| Rates Retention Reserve                           | 2,505   | -835                     |                         | 1,670  | 16        |
| Education Funding Risk Reserve                    | 500   |                          |                         | 500  | 17        |
| Vulnerable Children Reserve                       | 3,124   | -3,124                   |                         | 0  | 18        |
| Home to School Transport Reserve                  | 468   | -100                     |                         | 368  | 19        |
| A417 Missing Link                                 | 1,259   |                          |                         | 1,259  | 20        |
| Adult Care  | 2,903   |                          |                         | 2,903  | 21        |
| Communities & Infrastructure Reserve              | 703   | -666                     |                         | 37   | 22        |
| Traded Services & Shared Audit Service Reserves   | 253   |                          |                         | 253  | 23        |
| LED Renewables Reserve                            | 463   |                          |                         | 463  | 24        |
| Services to Families with Young Children Reserve  | 300   | -300                     |                         | 0  | 25        |
| Other Reserves                                    | 596   | -105                     | 0                       | 491  | 26        |
| <b>Earmarked Reserves ( Non School)</b>           | <b>112,689</b>                                  | <b>-30,370</b>           | <b>13,847</b>           | <b>96,166</b>  |           |
| <b>Schools Related</b>                            |   |                          |                         |  |           |
| School Balances                                   | 19,688  |                          |                         | 19,688   | 27        |
| Other Schools Related                             | 4,795   |                          |                         | 4,795  | 27        |
| <b>School Related</b>                             | <b>24,483</b>                                   | <b>0</b>                 | <b>0</b>                | <b>24,483</b>  |           |
| <b>Earmarked Reserves Total</b>                   | <b>137,172</b>                                  | <b>-30,370</b>           | <b>13,847</b>           | <b>120,649</b>   |           |
| <b>General Fund Balances</b>                      | <b>19,848</b>                                   | <b>-1,295</b>            |                         | <b>18,553</b>  | <b>28</b> |
| <b>Total Revenue Reserves</b>                     | <b>157,020</b>                                  | <b>-31,665</b>           | <b>13,847</b>           | <b>139,202</b>   |           |
| <b>Earmarked Capital Reserves</b>                 |   |                          |                         |  |           |
|   | Balance<br>at 31 <sup>st</sup><br>March<br>2017 | Transfers Out<br>2017/18 | Transfers In<br>2017/18 | Balance<br>at 31 <sup>st</sup><br>March<br>2018              |           |
| <b>Capital Grant &amp; Contributions Reserves</b> | <b>46,017</b>                                   |                          |                         | <b>46,017</b>  | <b>29</b> |
| <b>Capital Receipts Reserve</b>                   | <b>32,371</b>                                   |                          |                         | <b>32,371</b>  | <b>30</b> |
| <b>Total Capital Reserves</b>                     | <b>78,388</b>                                   | <b>0</b>                 | <b>0</b>                | <b>78,388</b>  |           |

## Notes on Reserves

1. The capital fund balance assumes that £6.95 million will be transferred from the revenue capital financing budget to support approved capital programme expenditure.
2. The strategic waste reserve's estimated balance as at 31st March 2018 is £37.70 million, following a proposed transfer of £1.7 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. The reserve will be reduced by £2.4 million to fund the 2017/18 revenue budget, as approved by County Council in February 2017.
4. The invest to save reserve supports projects that are designed to deliver on-going savings in the future by providing "pump priming" funding. The transfer out of the reserve relates to a £0.9 million contribution to capital for the provision of photovoltaic PV panels for Shire Hall.
5. It is anticipated that the insurance fund will remain at current levels in line with recommended actuarial valuations and assessment of potential liabilities.
6. The purpose of the reserve is to provide capacity to engage and build active communities as part of the Council's Strategic Plan. Commitments against the reserve are likely to be spread over a number of years. The reserve will be reduced by £0.5 million to fund the 2017/18 revenue budget, as approved by County Council in February 2017.
7. The public health reserve holds any unused balances from the Public Health Grant received by Government.
8. The county elections reserve acts as a smoothing reserve to fund the costs associated with county council elections held every four years. A budgeted annual contribution of £0.2 million is annually made to this fund. The costs associated with the 2017 election are fully funded from this reserve.
9. The vehicle and plant reserve is intended to support Council procurement of Service vehicles and Plant
10. The fire pensions reserve was established to support any potential liabilities under the fire service pension schemes. The cost of early retirements due to ill health result in additional employers' liabilities and the intention of this reserve is to offset any impact of these costs on the revenue budget if required.

11. The fire joint training reserve acts as an equalisation fund to smooth out revenue implications over the course of the PFI contract. PFI credits are received within the early years of the contract and need to be held to fund anticipated costs in the later years of the contract. Reserve balances are now expected to slowly reduce for the remaining of the contract to 2028.
12. The economic stimulus reserve is committed to fund a series of initiatives to support economic growth within Gloucestershire i.e. fastershire rural broadband and apprenticeship initiative. It is forecast that the reserve will have a balance of £0.63 million at 31st March 2018.
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 costs associated with the adoption service. It is anticipated that this will be fully utilised in 2017/18.
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. The reserve will be reduced by £0.88 million to fund the 2017/18 revenue budget, as approved by County Council in February 2017. Part of this reserve is Gloucestershire Pool money, ring fenced for economic development projects across the County totalling £0.34 million.
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. It is anticipated that this will be fully utilised in 2017/18.
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. This reserve was established to support the upgrading of a section of the A417.

21. Adult care reserve was established 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 for Community and Infrastructure services and will be fully utilised in 2017/18 other than £0.37 million for Street Lighting LED phase 2 contract mobilisation which will be spent in 2018/19.
23. The traded services & shared audit reserve was created to support activities to generate further traded income.
24. This is the smoothing reserve for the repayment of the SALIX/SEELs repayments over 7 years.
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. This reserve will be fully utilised in 2017/18.
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 2017.
28. Assuming a balanced outturn position on the revenue budget for 2017/18 general reserves are forecast to fall to £18.55 million at 31 March 2018, following the transfer of £1.29 million to support the revenue budget approved by County Council February 2017. In the event of an over spend position a further 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 2017/18 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 6 Revenue Budget Forward Projections

### MTFS 2018/19 – 2020/21 – Forecast draft budgets based on funding assumptions

|  | 2017/18<br>Revised<br>£m | 2018/19<br>Forecast<br>£m | 2019/20<br>Forecast<br>£m | 2020/21<br>Forecast<br>£m |
|--|--------------------------|---------------------------|---------------------------|---------------------------|
| Base Budget  | 407.7                    | 407.7                     | 413.48                    | 423.52                    |
| Inflation ( Pay,Pensions and Prices)   |                          | 2.43                      | 2.43                      | 2.34                      |
| National Living Wage   |                          | 4.30                      | 4.36                      | 4.48                      |
| Other Pressures (Estimated)  |                          | 28.31                     | 20.06                     | 10.20                     |
| Savings to be met from Transformation Programme  |                          | -29.26                    | -16.81                    | -14.26                    |
| <b>Net Operating Budget</b>  | <b>407.7</b>             | <b>413.48</b>             | <b>423.52</b>             | <b>426.28</b>             |
| <b>Funded by:-</b>   |                          |                           |                           |                           |
| Core Grant Funding   | -102.80                  | -93.60                    | -84.12                    | -77.17                    |
| Other Non Ring Fenced Grant Funding  | -11.10                   | -12.23                    | -18.56                    | -17.94                    |
| Public Health Grant  | -24.9                    | -24.27                    | -23.63                    | -23.63                    |
| Council Tax Surplus  | -4.08                    | -5.25                     | -4.00                     | -4.00                     |
| Reserve Movements  | -5.20                    | -0.58                     | 0.00                      | 0.00                      |
| <b>Council Tax Requirement</b>   | <b>259.62</b>            | <b>277.55</b>             | <b>293.21</b>             | <b>303.54</b>             |
| Council Tax Calculation  |                          |                           |                           |                           |
| Council Tax Base ( Est)  | 220,159                  | 225,247                   | 228,625                   | 232,055                   |
| Council Tax Band D Equivalent)   | £1,179.26                | £1,232.21                 | £1,281.37                 | £1,306.87                 |
| % Increase in Council Tax  | 3.99%                    | 4.49%                     | 3.99%                     | 3.99%                     |
| This excludes the additional ringfenced social care grant funding totalling £10.598 million in 2017-18, £7.176 million expected in 2018-19 & £3.569 million expected in 2019-20. |                          |                           |                           |                           |

## **Annex 7 Capital Strategy - 2018-19 and Beyond**

### **1. INTRODUCTION**

Gloucestershire County Council's capital strategy is an overarching strategy that supports business plans.

It reflects the vision of the County Council and aspirations of local people for service delivery and recognises the potential for others to contribute ideas and resources, through consultation with stakeholder groups. It also determines the priorities between the various services and looks for opportunities for crosscutting and joined-up investment.

The capital strategy is a vehicle for achieving the goals and priorities of the organisation.

### **2. AN OVERVIEW**

The Council Strategy is the key high-level document that, along with the Medium Term Financial Strategy (MTFS), sets the Council's strategic policy direction. The Council's Strategy sets out the vision and values that will guide the Council, the priorities for addressing the challenges and opportunities, and how progress will be demonstrated in delivering those priorities.

The priorities set out in the strategy are:

- Protecting the most vulnerable people in our County
- Building sustainable communities
- Investing in vital services and infrastructure
- Growing our economy
- Creating a Council fit for the future

To help deliver this the Council needs access to long-term assets. Long term assets, often referred to as 'fixed assets', are defined as those that have an economic life of more than one year. The provision of long-term assets is further defined as being capital expenditure. Capital expenditure therefore has a great bearing on how well the Council achieves its overall objectives and the Council's Capital Strategy is a key element in delivering this.

There are a variety of ways in which capital expenditure can be financed – some will have a more direct impact on the revenue budget (and council tax) than others.

Those that should have a largely neutral effect include direct grants, the use of receipts from the sale of fixed assets and "invest to save" schemes that more than neutralise the full financing impact on the revenue budget.

Other ways of funding capital expenditure include the direct use of revenue financing and prudential borrowing. These methods of funding can impact significantly on the revenue budget.

### **3. THE CAPITAL STRATEGY**

- To acquire and retain access to sufficient long-term assets to provide excellent services to the people of Gloucestershire.
- To live within our means.
- To leverage and recycle the Council's long-term asset base - to generate receipts for new investment and deliver revenue savings.
- To encourage Invest to Save initiatives to make efficiencies within the Council's revenue budget.
- To have a "fit for purpose" property stock which addresses the service needs of the Council.
- To improve the Council's ICT and communications infrastructure to allow better accessibility and greater scope for value for money.
- To maintain all existing Council highway infrastructure and to provide appropriate new infrastructure as demand requires.
- To facilitate the extended use of public transport.
- To meet statutory obligations as effectively as possible.
- To empower other organisations to undertake capital expenditure that directly affects the delivery of the Council's goals and priorities.
- To ensure that all investment decisions are based on a robust appraisal process, including the evaluation of Value for Money (VFM), affordability and risk.
- To view ownership of long-term assets as a means to an end, not an end in itself.
- To encourage the formulation of solutions that cut across service and partners boundaries.
- To fully appreciate the longer-term issues and consequences of growth in general population numbers: for example demographic change and variations in client numbers.

### **4. THE MAIN INFLUENCES ON THE CAPITAL STRATEGY**

- The ownership and current standard of the Council's existing assets.
- The Council's Medium Term Financial Strategy.
- The Council's strategic goals and priorities.
- Joint Municipal Waste Strategy.
- The adopted Joint Core Strategy and Local Plans.
- Asset Management Plans, Carbon reduction plans and ICT Strategy.
- Government financing regulations (including the Prudential Guidelines).
- The strategic plans and available resources of partner organisations.

### **5. THE FUNDING OBJECTIVES OF THE CAPITAL STRATEGY**

- Adherence to the Council's strategic priority of living within its means.

- To maximise Government grant opportunities (taking into account any future impact on the Council's budgets).
- To maximise of external partnership funding to bridge resource gaps.
- To have an effective strategic external developer contribution protocol against which the success of incoming funds can be judged.
- The speedy release of surplus assets and their application in accordance with the Council's capital receipts programme.
- To make appropriate use of prudential borrowing, consistent with the Council Tax levels defined by the Council's priorities and within the Council's prudential indicators.
- To ensure that investment and disposal decisions are based on thorough option appraisal and whole life costing.
- To maximise external contributions.

## 6. MEANS OF DELIVERY

- A Capital Programme that adheres to the Funding Objectives outlined in Section 5 above.
- An Asset Management Plan approach to the optimal use of existing assets.
- The use of partners and the empowerment of the voluntary sector.
- A planned investment in priorities over the MTFS period.
- A rationalised disposals programme in line with the Council's goals and priorities.

## 7. PLANNING & DECISION MAKING PROCESSES

- The basis of planning will be the Asset Management Plans, the adopted Joint Core Strategy and Local Plans and ICT Strategies. These are business led in accordance with the council's plans and strategies.
- Revenue plans for capital schemes will include 5% cost of capital, so that capital and revenue priorities can be considered alongside each other at the same time. The 5% charge acts as a proxy for the first year cost of new investments.
- The Council's project appraisal process will be the methodology employed to evaluate schemes in the MTFS. The elements are:
  - Scheme description
  - Fit against the Council's priorities
  - Costs including whole life costs and scheme phasing
  - Available funding and source
  - Revenue consequences
  - Risk assessment
  - VAT issues
  - Planning and site issues
  - Target dates
- Analysis of existing approved schemes to be carried out at each MTFS refresh to identify all "non-committed" schemes. These will be re-prioritised against other priority schemes awaiting approval.
- Capital resources will be made available to deliver schemes that meet the Council's "invest to save" criteria.

## Capital Programme 2018/19

### MEDIUM TERM CAPITAL PROGRAMME - COUNTY COUNCIL SERVICES FINANCING STATEMENT

|                                       | Profiled Budget |                 |                 |                 |                         |                           | Total<br>Years<br>Actual<br>£000 | Prior<br>Investment<br>£000 | Total<br>Scheme<br>£000 |  |  |  |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-------------------------|---------------------------|----------------------------------|-----------------------------|-------------------------|--|--|--|
|                                       |                 |                 |                 |                 | Future<br>Years<br>£000 | Still<br>Required<br>£000 |                                  |                             |                         |  |  |  |
|                                       | 2017/18<br>£000 | 2018/19<br>£000 | 2019/20<br>£000 | 2020/21<br>£000 |                         |                           |                                  |                             |                         |  |  |  |
| <b>GROSS PAYMENTS</b>                 |                 |                 |                 |                 |                         |                           |                                  |                             |                         |  |  |  |
| Adults                                | 7,872           | 10,523          | 0               | 0               | 0                       | 18,395                    | 6,078                            | 24,473                      |                         |  |  |  |
| Children & Families                   | 29,503          | 43,444          | 26,409          | 5,900           | 0                       | 105,256                   | 48,405                           | 153,661                     |                         |  |  |  |
| <u>Communities:</u>                   |                 |                 |                 |                 |                         |                           |                                  |                             |                         |  |  |  |
| Highways                              | 40,403          | 57,665          | 30,205          | 30,205          | 9,000                   | 167,478                   | 65,160                           | 232,638                     |                         |  |  |  |
| Strategic Infrastructure              | 3,615           | 4,509           | 5,352           | 0               | 0                       | 13,476                    | 5,288                            | 18,764                      |                         |  |  |  |
| Waste Disposal                        | 866             | 445             | 0               | 0               | 0                       | 1,311                     | 49                               | 1,360                       |                         |  |  |  |
| Libraries                             | 520             | 1,583           | 0               | 0               | 0                       | 2,103                     | 905                              | 3,008                       |                         |  |  |  |
| Community Safety                      | 1,384           | 1,672           | 2,388           | 244             | 1,849                   | 7,537                     | 3,614                            | 11,151                      |                         |  |  |  |
| <u>Business Support:</u>              |                 |                 |                 |                 |                         |                           |                                  |                             |                         |  |  |  |
| AMPS                                  | 18,040          | 15,307          | 1,738           | 450             | 0                       | 35,535                    | 6,941                            | 42,476                      |                         |  |  |  |
| ICT Projects                          | 2,929           | 3,824           | 1,750           | 0               | 0                       | 8,503                     | 2,915                            | 11,418                      |                         |  |  |  |
| Archives & Information Management     | 2,327           | 681             | 0               | 0               | 0                       | 3,008                     | 353                              | 3,361                       |                         |  |  |  |
| Customer                              | 46              | 170             | 0               | 0               | 0                       | 216                       | 342                              | 558                         |                         |  |  |  |
| Business Support Misc                 | 0               | 771             | 360             | 0               | 0                       | 1,131                     | 0                                | 1,131                       |                         |  |  |  |
| <b>Total</b>                          | <b>107,505</b>  | <b>140,594</b>  | <b>68,202</b>   | <b>36,799</b>   | <b>10,849</b>           | <b>363,949</b>            | <b>140,050</b>                   | <b>503,999</b>              |                         |  |  |  |
| <b>AVAILABLE RESOURCES</b>            |                 |                 |                 |                 |                         |                           |                                  |                             |                         |  |  |  |
| Revenue Contributions                 | 2,310           | 666             | 0               | 0               | 0                       | 2,976                     |                                  |                             |                         |  |  |  |
| Section 106 Contributions             | 14,637          | 10,926          | 258             | 0               | 0                       | 25,821                    |                                  |                             |                         |  |  |  |
| Capital Fund                          | 9,924           | 7,229           | 2,026           | 0               | 0                       | 19,179                    |                                  |                             |                         |  |  |  |
| Other External Contributions          | 575             | 45              | 0               | 0               | 0                       | 620                       |                                  |                             |                         |  |  |  |
| External Grant - including Government | 60,541          | 77,699          | 37,419          | 26,105          | 0                       | 201,764                   |                                  |                             |                         |  |  |  |
| Other Reserves                        | 3,525           | 2,725           | 859             | 0               | 0                       | 7,109                     |                                  |                             |                         |  |  |  |
| Capital Receipts                      | 15,993          | 25,304          | 8,640           | 694             | 1,849                   | 52,480                    |                                  |                             |                         |  |  |  |
| Internal Borrowing                    | 0               | 16,000          | 19,000          | 10,000          | 9,000                   | 54,000                    |                                  |                             |                         |  |  |  |
| Other - including Borrowing           | 0               | 0               | 0               | 0               | 0                       | 0                         |                                  |                             |                         |  |  |  |
| <b>Total</b>                          | <b>107,505</b>  | <b>140,594</b>  | <b>68,202</b>   | <b>36,799</b>   | <b>10,849</b>           | <b>363,949</b>            |                                  |                             |                         |  |  |  |
| <b>Surplus/deficit (-)</b>            | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>                | <b>0</b>                  |                                  |                             |                         |  |  |  |

## Capital Programme 2018/19

| Scheme Name                              | Total Scheme Budget  |                |                |                |               |               |               |              |               |               | Financing for Total Scheme budget |                |                   |               |                     |               |                |                |                |               | Total for Remaining Life | Prior Years Funding | Funding of budget total |
|--|----------------------|----------------|----------------|----------------|---------------|---------------|---------------|--------------|---------------|---------------|-----------------------------------|----------------|-------------------|---------------|---------------------|---------------|----------------|----------------|----------------|---------------|--------------------------|---------------------|-------------------------|
|  | Current Total Scheme |                | Prior Years    |                | 2017/18       | 2018/19       | 2019/20       | 2020/21      | Future Years  |               | Revenue                           | S106 External  | Other             |               | External            | Other         | Capital        | Internal       | Other incl.    |               |                          |                     |                         |
|  | Budget £000          | Actuals £000   | £000           | £000           | £000          | £000          | £000          | £000         | £000          | £000          | Contrib £000                      | Contrib £000   | Capital Fund £000 | Contrib £000  | External Grant £000 | Reserves £000 | Receipts £000  | Borrowing £000 | Borrowing £000 |               |                          |                     |                         |
| <b>Summary by Service Area</b>           |                      |                |                |                |               |               |               |              |               |               |                                   |                |                   |               |                     |               |                |                |                |               |                          |                     |                         |
| Adults                                   | 24,473               | 6,078          | 7,872          | 10,523         | 0             | 0             | 0             | 0            | 61            | 0             | 661                               | 86             | 17,571            | 0             | 16                  | 0             | 0              | 0              | 18,395         | 6,078         | 24,473                   |                     |                         |
| Children & Families                      | 153,661              | 48,405         | 29,503         | 43,444         | 26,409        | 5,900         | 0             | 1,405        | 20,370        | 1,635         | 173                               | 66,095         | 0                 | 578           | 15,000              | 0             | 0              | 105,256        | 48,405         | 153,661       |                          |                     |                         |
| Highways                                 | 232,638              | 65,160         | 40,403         | 57,665         | 30,205        | 30,205        | 9,000         | 1,078        | 5,068         | 1,032         | 260                               | 109,869        | 0                 | 11,171        | 39,000              | 0             | 0              | 167,478        | 65,160         | 232,638       |                          |                     |                         |
| Strategic Infrastructure                 | 18,764               | 5,288          | 3,615          | 4,509          | 5,352         | 0             | 0             | 198          | 0             | 1,404         | 0                                 | 2,191          | 5,329             | 4,354         | 0                   | 0             | 0              | 13,476         | 5,288          | 18,764        |                          |                     |                         |
| Waste Disposal                           | 1,360                | 49             | 866            | 445            | 0             | 0             | 0             | 0            | 0             | 431           | 0                                 | 0              | 880               | 0             | 0                   | 0             | 0              | 0              | 1,311          | 49            | 1,360                    |                     |                         |
| Libraries                                | 3,008                | 905            | 520            | 1,583          | 0             | 0             | 0             | 0            | 373           | 31            | 0                                 | 220            | 0                 | 1,479         | 0                   | 0             | 0              | 2,103          | 905            | 3,008         |                          |                     |                         |
| Community Safety                         | 11,151               | 3,614          | 1,384          | 1,672          | 2,388         | 244           | 1,849         | 67           | 0             | 1,377         | 0                                 | 568            | 0                 | 5,525         | 0                   | 0             | 0              | 7,537          | 3,614          | 11,151        |                          |                     |                         |
| AMPS                                     | 42,476               | 6,941          | 18,040         | 15,307         | 1,738         | 450           | 0             | 0            | 10            | 5,685         | 0                                 | 4,186          | 900               | 24,754        | 0                   | 0             | 0              | 35,535         | 6,941          | 42,476        |                          |                     |                         |
| ICT Projects                             | 11,418               | 2,915          | 2,929          | 3,824          | 1,750         | 0             | 0             | 100          | 0             | 6,361         | 0                                 | 0              | 0                 | 2,042         | 0                   | 0             | 0              | 8,503          | 2,915          | 11,418        |                          |                     |                         |
| Archives & Information Management        | 3,361                | 353            | 2,327          | 681            | 0             | 0             | 0             | 67           | 0             | 484           | 101                               | 1,064          | 0                 | 1,292         | 0                   | 0             | 0              | 3,008          | 353            | 3,361         |                          |                     |                         |
| Customer                                 | 558                  | 342            | 46             | 170            | 0             | 0             | 0             | 0            | 0             | 78            | 0                                 | 0              | 0                 | 138           | 0                   | 0             | 0              | 216            | 342            | 558           |                          |                     |                         |
| Business Support Misc                    | 1,131                | 0              | 0              | 771            | 360           | 0             | 0             | 0            | 0             | 0             | 0                                 | 0              | 0                 | 1,131         | 0                   | 0             | 0              | 1,131          | 0              | 1,131         |                          |                     |                         |
| <b>Total Capital Programme</b>           | <b>503,999</b>       | <b>140,050</b> | <b>107,505</b> | <b>140,594</b> | <b>68,202</b> | <b>36,799</b> | <b>10,849</b> | <b>2,976</b> | <b>25,821</b> | <b>19,179</b> | <b>620</b>                        | <b>201,764</b> | <b>7,109</b>      | <b>52,480</b> | <b>54,000</b>       | <b>0</b>      | <b>363,949</b> | <b>140,050</b> | <b>503,999</b> |               |                          |                     |                         |
| <b>Adults</b>                            |                      |                |                |                |               |               |               |              |               |               |                                   |                |                   |               |                     |               |                |                |                |               |                          |                     |                         |
| Sandford Park House                      | 360                  | 0              | 0              | 360            | 0             | 0             | 0             | 0            | 0             | 360           | 0                                 | 0              | 0                 | 0             | 0                   | 0             | 0              | 360            | 0              | 360           |                          |                     |                         |
| ERIC Replacement                         | 1,580                | 630            | 800            | 150            | 0             | 0             | 0             | 0            | 0             | 0             | 0                                 | 950            | 0                 | 0             | 0                   | 0             | 0              | 950            | 630            | 1,580         |                          |                     |                         |
| GIS                                      | 1,000                | 569            | 371            | 60             | 0             | 0             | 0             | 0            | 0             | 0             | 246                               | 10             | 175               | 0             | 0                   | 0             | 0              | 431            | 569            | 1,000         |                          |                     |                         |
| Community Capacity Grant                 | 2,168                | 0              | 0              | 2,168          | 0             | 0             | 0             | 0            | 0             | 0             | 0                                 | 0              | 2,168             | 0             | 0                   | 0             | 0              | 2,168          | 0              | 2,168         |                          |                     |                         |
| Disabled Facilities Grant 16/17          | 4,682                | 3,382          | 1,300          | 0              | 0             | 0             | 0             | 0            | 0             | 0             | 0                                 | 0              | 1,300             | 0             | 0                   | 0             | 0              | 1,300          | 3,382          | 4,682         |                          |                     |                         |
| Disabled Facilities Grant 17/18          | 5,136                | 0              | 4,834          | 302            | 0             | 0             | 0             | 0            | 0             | 0             | 0                                 | 0              | 5,136             | 0             | 0                   | 0             | 0              | 5,136          | 0              | 5,136         |                          |                     |                         |
| Supported Living Accommodation Fairford  | 730                  | 0              | 100            | 630            | 0             | 0             | 0             | 0            | 0             | 0             | 0                                 | 0              | 730               | 0             | 0                   | 0             | 0              | 730            | 0              | 730           |                          |                     |                         |
| HOLD Scheme                              | 654                  | 0              | 80             | 574            | 0             | 0             | 0             | 0            | 0             | 0             | 0                                 | 0              | 654               | 0             | 0                   | 0             | 0              | 654            | 0              | 654           |                          |                     |                         |
| Transitions for Life                     | 450                  | 0              | 0              | 450            | 0             | 0             | 0             | 0            | 0             | 0             | 0                                 | 0              | 450               | 0             | 0                   | 0             | 0              | 450            | 0              | 450           |                          |                     |                         |
| Schemes under £250,000 17/18 onwards     | 2,152                | 1,497          | 387            | 268            | 0             | 0             | 0             | 61           | 0             | 55            | 76                                | 447            | 0                 | 16            | 0                   | 0             | 0              | 655            | 1,497          | 2,152         |                          |                     |                         |
| <b>New Starts 2018/19 onwards</b>        |                      |                |                |                |               |               |               |              |               |               |                                   |                |                   |               |                     |               |                |                |                |               |                          |                     |                         |
| Disabled Facilities Grant (indicative)   | 5,561                | 0              | 0              | 5,561          | 0             | 0             | 0             | 0            | 0             | 0             | 0                                 | 0              | 5,561             | 0             | 0                   | 0             | 0              | 5,561          | 0              | 5,561         |                          |                     |                         |
| <b>Total Adults</b>                      | <b>24,473</b>        | <b>6,078</b>   | <b>7,872</b>   | <b>10,523</b>  | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>61</b>    | <b>0</b>      | <b>661</b>    | <b>86</b>                         | <b>17,571</b>  | <b>0</b>          | <b>16</b>     | <b>0</b>            | <b>0</b>      | <b>0</b>       | <b>18,395</b>  | <b>6,078</b>   | <b>24,473</b> |                          |                     |                         |
| <b>Children &amp; Families</b>           |                      |                |                |                |               |               |               |              |               |               |                                   |                |                   |               |                     |               |                |                |                |               |                          |                     |                         |
| Alderman Knight sufficiency              | 1,900                | 782            | 1,083          | 35             | 0             | 0             | 0             | 0            | 0             | 0             | 0                                 | 0              | 1,118             | 0             | 0                   | 0             | 0              | 1,118          | 782            | 1,900         |                          |                     |                         |
| Paternoster, replace temps               | 2,848                | 116            | 1,784          | 948            | 0             | 0             | 0             | 10           | 0             | 0             | 0                                 | 0              | 2,722             | 0             | 0                   | 0             | 0              | 2,732          | 116            | 2,848         |                          |                     |                         |
| Cleeve School 1FE expansion              | 5,477                | 487            | 2,900          | 2,090          | 0             | 0             | 0             | 0            | 4,890         | 0             | 0                                 | 100            | 0                 | 0             | 0                   | 0             | 0              | 4,990          | 487            | 5,477         |                          |                     |                         |
| Beaufort School 1FE expansion            | 3,940                | 144            | 2,800          | 996            | 0             | 0             | 0             | 0            | 0             | 3,696         | 0                                 | 0              | 100               | 0             | 0                   | 0             | 0              | 3,796          | 144            | 3,940         |                          |                     |                         |
| Balcarass School 1FE expansion           | 364                  | 0              | 364            | 0              | 0             | 0             | 0             | 0            | 0             | 0             | 0                                 | 0              | 364               | 0             | 0                   | 0             | 0              | 364            | 0              | 364           |                          |                     |                         |
| Pittville School, increase capacity      | 2,258                | 1,534          | 524            | 200            | 0             | 0             | 0             | 0            | 0             | 0             | 0                                 | 0              | 724               | 0             | 0                   | 0             | 0              | 724            | 1,534          | 2,258         |                          |                     |                         |
| Severn Vale School 1FE expansion         | 5,000                | 31             | 2,500          | 2,469          | 0             | 0             | 0             | 0            | 0             | 1,769         | 0                                 | 0              | 3,200             | 0             | 0                   | 0             | 0              | 4,969          | 31             | 5,000         |                          |                     |                         |
| Cotswold School, 6th Form Accommodation  | 1,190                | 73             | 500            | 559            | 58            | 0             | 0             | 0            | 0             | 1,117         | 0                                 | 0              | 0                 | 0             | 0                   | 0             | 0              | 1,117          | 73             | 1,190         |                          |                     |                         |
| Barnwood Park School 1FE expansion       | 2,500                | 0              | 120            | 1,585          | 795           | 0             | 0             | 0            | 0             | 0             | 0                                 | 0              | 2,500             | 0             | 0                   | 0             | 0              | 2,500          | 0              | 2,500         |                          |                     |                         |
| Short Breaks Capital Grants              | 942                  | 388            | 350            | 204            | 0             | 0             | 0             | 0            | 0             | 0             | 0                                 | 0              | 554               | 0             | 0                   | 0             | 0              | 554            | 388            | 942           |                          |                     |                         |
| Woodmancote Primary, nursery provision   | 365                  | 0              | 345            | 20             | 0             | 0             | 0             | 0            | 357           | 0             | 0                                 | 8              | 0                 | 0             | 0                   | 0             | 0              | 365            | 0              | 365           |                          |                     |                         |
| Bishops Cleeve Primary, double classroom | 334                  | 0              | 322            | 12             | 0             | 0             | 0             | 50           | 274           | 0             | 0                                 | 10             | 0                 | 0             | 0                   | 0             | 0              | 334            | 0              | 334           |                          |                     |                         |
| Bledington Primary Pod Eco Classrooms    | 380                  | 0              | 380            | 0              | 0             | 0             | 0             | 42           | 0             | 0             | 0                                 | 0              | 338               | 0             | 0                   | 0             | 0              | 380            | 0              | 380           |                          |                     |                         |
| Bourton-on-the-Water Primary, s106 cont  | 778                  | 24             | 500            | 254            | 0             | 0             | 0             | 0            | 754           | 0             | 0                                 | 0              | 0                 | 0             | 0                   | 0             | 0              | 754            | 24             | 778           |                          |                     |                         |
| Leighton Primary replace temps           | 700                  | 53             | 560            | 87             | 0             | 0             | 0             | 0            | 20            | 0             | 0                                 | 0              | 627               | 0             | 0                   | 0             | 0              | 647            | 53             | 700           |                          |                     |                         |
| Chalford Hill Primary, replace temps     | 1,283                | 127            | 850            | 306            | 0             | 0             | 0             | 0            | 0             | 0             | 0                                 | 0              | 1,156             | 0             | 0                   | 0             | 0              | 1,156          | 127            | 1,283         |                          |                     |                         |
| Cirencester Primary replace classrooms   | 1,500                | 83             | 100            | 1,192          | 125           | 0             | 0             | 0            | 0             | 0             | 0                                 | 0              | 1,417             | 0             | 0                   | 0             | 0              | 1,417          | 83             | 1,500         |                          |                     |                         |
| Drybrook Primary remodel classrooms      | 790                  | 18             | 15             | 732            | 25            | 0             | 0             | 0            | 0             | 0             | 0                                 | 0              | 772               | 0             | 0                   | 0             | 0              | 772            | 18             | 790           |                          |                     |                         |
| English Bicknor Primary Pre-school       | 332                  | 17             | 281            | 34             | 0             | 0             | 0             | 3            | 0             | 20            | 0                                 | 0              | 292               | 0             | 0                   | 0             | 0              | 315            | 17             | 332           |                          |                     |                         |
| Fairford Primary 2 classrooms            | 600                  | 0              | 150            | 450            | 0             | 0             | 0             | 0            | 0             | 0             | 0                                 | 0              | 600               | 0             | 0                   | 0             | 0              | 600            | 0              | 600           |                          |                     |                         |
| Grangefield Primary, expansion           | 2,716                | 765            | 1,865          | 86             | 0             | 0             | 0             | 0            | 1,951         | 0             | 0                                 | 0              | 0                 | 0             | 0                   | 0             | 0              | 1,951          | 765            | 2,716         |                          |                     |                         |
| Rislington Primary, pre-school           | 376                  | 0              | 315            | 61             | 0             | 0             | 0             | 30           | 0             | 0             | 0                                 | 0              | 346               | 0             | 0                   | 0             | 0              | 376            | 0              | 376           |                          |                     |                         |
| Rislington Primary, classroom extension  | 250                  | 0              | 240            | 10             | 0             | 0             | 0             | 0            | 0             | 0             | 0                                 | 0              | 250               | 0             | 0                   | 0             | 0              | 250            | 0              | 250           |                          |                     |                         |
| Mickleton Primary, double classroom unit | 539                  | 0              | 115            | 424            | 0             | 0             | 0             | 0            | 0             | 524           | 0                                 | 0              | 15                | 0             | 0                   | 0             | 0              | 539            | 0              | 539           |                          |                     |                         |
| Shurdington Primary expansion            | 1,405                | 6              | 499            | 900            | 0             | 0             | 0             | 0            | 1,149         | 0             | 0                                 | 0              | 250               | 0             | 0                   | 0             | 0              | 1,399          | 6              | 1,405         |                          |                     |                         |
| Thrupp Primary, replace temps            | 811                  | 42             | 731            | 38             | 0             | 0             | 0             | 0            | 33            | 0             | 0                                 | 0              | 736               | 0             | 0                   | 0             | 0              | 769            | 42             | 811           |                          |                     |                         |

| Scheme Name  | Current Total  |               |               |               |               |              |          | S106         |                 |                  |              |                        |                |                | Other            |                    |                |                |                |        |        | Total for |      |              | Prior Years | Funding of |
|--|----------------|---------------|---------------|---------------|---------------|--------------|----------|--------------|-----------------|------------------|--------------|------------------------|----------------|----------------|------------------|--------------------|----------------|----------------|----------------|--------|--------|-----------|------|--------------|-------------|------------|
|  | Scheme Budget  | Prior Years   |               | 2017/18       | 2018/19       | 2019/20      | 2020/21  | Future Years | Revenue Contrib | External Contrib | Capital Fund | Other External Contrib | External Grant | Other Reserves | Capital Receipts | Internal Borrowing | Other incl.    | Remaining Life | Funding        | £000   | £000   | £000      | £000 | budget total |             |            |
|  | £000           | £000          | £000          | £000          | £000          | £000         | £000     | £000         | £000            | £000             | £000         | £000                   | £000           | £000           | £000             | £000               | £000           | £000           | £000           | £000   | £000   | £000      | £000 |              |             |            |
| Springbank Primary garden room                       | 258            | 1             | 246           | 11            | 0             | 0            | 0        | 0            | 22              | 0                | 0            | 0                      | 235            | 0              | 0                | 0                  | 0              | 257            | 1              | 258    |        |           |      |              |             |            |
| Gardners Lane Primary 2 Class Extension              | 828            | 0             | 676           | 152           | 0             | 0            | 0        | 0            | 5               | 0                | 0            | 0                      | 823            | 0              | 0                | 0                  | 0              | 828            | 0              | 828    |        |           |      |              |             |            |
| Gloucester Road Primary, SEN/Group Room              | 350            | 4             | 312           | 34            | 0             | 0            | 0        | 0            | 0               | 291              | 3            | 0                      | 52             | 0              | 0                | 0                  | 0              | 346            | 4              | 350    |        |           |      |              |             |            |
| Hunts Grove, ICT/FFE                                 | 406            | 0             | 0             | 325           | 81            | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 406            | 0              | 0                | 0                  | 0              | 406            | 0              | 406    |        |           |      |              |             |            |
| Longford Primary, ICT/FFE                            | 271            | 0             | 0             | 271           | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 271            | 0              | 0                | 0                  | 0              | 271            | 0              | 271    |        |           |      |              |             |            |
| School kitchen upgrades 17/18                        | 450            | 0             | 163           | 287           | 0             | 0            | 0        | 0            | 158             | 0                | 286          | 0                      | 6              | 0              | 0                | 0                  | 0              | 450            | 0              | 450    |        |           |      |              |             |            |
| Calton Primary, IFE expansion                        | 4,716          | 4,464         | 150           | 102           | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 252            | 0              | 0                | 0                  | 0              | 252            | 4,464          | 4,716  |        |           |      |              |             |            |
| Coney Hill Primary, extension & hygiene              | 260            | 0             | 223           | 37            | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 260            | 0              | 0                | 0                  | 0              | 260            | 0              | 260    |        |           |      |              |             |            |
| Dinglewell Junior replace classrooms                 | 821            | 0             | 40            | 761           | 20            | 0            | 0        | 0            | 35              | 0                | 0            | 0                      | 786            | 0              | 0                | 0                  | 0              | 821            | 0              | 821    |        |           |      |              |             |            |
| Intensive Intervention Service (IRIS)                | 1,200          | 0             | 600           | 600           | 0             | 0            | 0        | 0            | 0               | 0                | 1,200        | 0                      | 0              | 0              | 0                | 0                  | 0              | 1,200          | 0              | 1,200  |        |           |      |              |             |            |
| Schemes under £250,000 17/18 onwards                 | 47,444         | 39,246        | 6,900         | 1,258         | 40            | 0            | 0        | 0            | 567             | 1,153            | 126          | 173                    | 6,179          | 0              | 0                | 0                  | 0              | 8,198          | 39,246         | 47,444 |        |           |      |              |             |            |
| <b>New Starts 2018/19 onwards</b>                    |                |               |               |               |               |              |          |              |                 |                  |              |                        |                |                |                  |                    |                |                |                |        |        |           |      |              |             |            |
| Basic Need Grant 18/19                               | 791            | 0             | 0             | 791           | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 791            | 0              | 0                | 0                  | 0              | 791            | 0              | 791    |        |           |      |              |             |            |
| Special Provision Fund 18/19 - 20/21                 | 1,950          | 0             | 0             | 650           | 650           | 650          | 0        | 0            | 0               | 0                | 0            | 0                      | 1,950          | 0              | 0                | 0                  | 0              | 1,950          | 0              | 1,950  |        |           |      |              |             |            |
| Basic Need Grant 2019/20                             | 2,565          | 0             | 0             | 0             | 2,565         | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 2,565          | 0              | 0                | 0                  | 0              | 2,565          | 0              | 2,565  |        |           |      |              |             |            |
| Cheltenham New School                                | 30,000         | 0             | 0             | 11,000        | 14,000        | 5,000        | 0        | 0            | 0               | 0                | 0            | 0                      | 15,000         | 0              | 0                | 0                  | 15,000         | 0              | 30,000         | 0      | 30,000 |           |      |              |             |            |
| Building improvements to Impact Youth Centre space & | 578            | 0             | 0             | 578           | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 0              | 578            | 0                | 0                  | 0              | 0              | 578            | 0      | 578    |           |      |              |             |            |
| Capital Maintenance Programme                        | 1,680          | 0             | 0             | 1,680         | 0             | 0            | 0        | 0            | 280             | 0                | 0            | 0                      | 1,400          | 0              | 0                | 0                  | 0              | 1,680          | 0              | 1,680  |        |           |      |              |             |            |
| Health & Safety/accessibility etc.                   | 800            | 0             | 0             | 800           | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 800            | 0              | 0                | 0                  | 0              | 800            | 0              | 800    |        |           |      |              |             |            |
| Suitability bid programme                            | 1,650          | 0             | 0             | 650           | 1,000         | 0            | 0        | 0            | 150             | 0                | 0            | 0                      | 1,500          | 0              | 0                | 0                  | 0              | 1,650          | 0              | 1,650  |        |           |      |              |             |            |
| Basic Need provision                                 | 6,500          | 0             | 0             | 4,000         | 2,500         | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 6,500          | 0              | 0                | 0                  | 0              | 6,500          | 0              | 6,500  |        |           |      |              |             |            |
| Ashchurch Primary replace temporary classrooms       | 600            | 0             | 0             | 550           | 50            | 0            | 0        | 0            | 0               | 230              | 0            | 0                      | 370            | 0              | 0                | 0                  | 0              | 600            | 0              | 600    |        |           |      |              |             |            |
| Tredington Primary additional classroom              | 265            | 0             | 0             | 265           | 0             | 0            | 0        | 0            | 0               | 265              | 0            | 0                      | 0              | 0              | 0                | 0                  | 0              | 265            | 0              | 265    |        |           |      |              |             |            |
| Cheltenham area additional primary places            | 4,000          | 0             | 0             | 750           | 3,000         | 250          | 0        | 0            | 0               | 0                | 0            | 0                      | 4,000          | 0              | 0                | 0                  | 0              | 4,000          | 0              | 4,000  |        |           |      |              |             |            |
| Fairford Primary expansion                           | 2,800          | 0             | 0             | 2,000         | 800           | 0            | 0        | 0            | 0               | 750              | 0            | 0                      | 2,050          | 0              | 0                | 0                  | 0              | 2,800          | 0              | 2,800  |        |           |      |              |             |            |
| Hunts Grove Primary temporary accommodation          | 400            | 0             | 0             | 400           | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 400            | 0              | 0                | 0                  | 0              | 400            | 0              | 400    |        |           |      |              |             |            |
| High Needs Programme Specialist Provision            | 1,000          | 0             | 0             | 500           | 500           | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 1,000          | 0              | 0                | 0                  | 0              | 1,000          | 0              | 1,000  |        |           |      |              |             |            |
| Innsworth Infant new reception classroom             | 300            | 0             | 0             | 300           | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 300            | 0              | 0                | 0                  | 0              | 300            | 0              | 300    |        |           |      |              |             |            |
| The John Moore Primary expansion                     | 1,200          | 0             | 0             | 1,000         | 200           | 0            | 0        | 0            | 0               | 1,200            | 0            | 0                      | 0              | 0              | 0                | 0                  | 0              | 1,200          | 0              | 1,200  |        |           |      |              |             |            |
| <b>Total Children &amp; Families</b>                 | <b>153,661</b> | <b>48,405</b> | <b>29,503</b> | <b>43,444</b> | <b>26,409</b> | <b>5,900</b> | <b>0</b> | <b>1,405</b> | <b>20,370</b>   | <b>1,635</b>     | <b>173</b>   | <b>66,095</b>          | <b>0</b>       | <b>578</b>     | <b>15,000</b>    | <b>0</b>           | <b>105,256</b> | <b>48,405</b>  | <b>153,661</b> |        |        |           |      |              |             |            |
| <b>Highways</b>                                      |                |               |               |               |               |              |          |              |                 |                  |              |                        |                |                |                  |                    |                |                |                |        |        |           |      |              |             |            |
| Metz Way Bus Lane (East of Eastern Ave)              | 1,856          | 385           | 116           | 1,355         | 0             | 0            | 0        | 0            | 1,274           | 0                | 0            | 197                    | 0              | 0              | 0                | 0                  | 0              | 1,471          | 385            | 1,856  |        |           |      |              |             |            |
| Coopers Hill - Slip                                  | 380            | 115           | 219           | 46            | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 265                    | 0              | 0              | 0                | 0                  | 0              | 265            | 115            | 380    |        |           |      |              |             |            |
| Pothole Action Fund                                  | 1,435          | 0             | 1,435         | 0             | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 1,435                  | 0              | 0              | 0                | 0                  | 0              | 1,435          | 0              | 1,435  |        |           |      |              |             |            |
| Cinderford Northern Quarter Spine Road               | 6,839          | 5,887         | 760           | 192           | 0             | 0            | 0        | 0            | 0               | 0                | 100          | 0                      | 852            | 0              | 0                | 0                  | 0              | 952            | 5,887          | 6,839  |        |           |      |              |             |            |
| Gloucester South West Bypass - Llanthony             | 2,635          | 180           | 455           | 2,000         | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 2,455          | 0              | 0                | 0                  | 0              | 2,455          | 180            | 2,635  |        |           |      |              |             |            |
| On street parking (Cheltenham Phase 4)               | 590            | 318           | 272           | 0             | 0             | 0            | 0        | 0            | 212             | 3                | 0            | 0                      | 57             | 0              | 0                | 0                  | 0              | 272            | 318            | 590    |        |           |      |              |             |            |
| Cheltenham to Bishops Cleeve Cycle Track             | 770            | 53            | 100           | 617           | 0             | 0            | 0        | 0            | 0               | 717              | 0            | 0                      | 0              | 0              | 0                | 0                  | 0              | 717            | 53             | 770    |        |           |      |              |             |            |
| A419 Stonehouse to MS                                | 4,505          | 145           | 310           | 4,050         | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 4,360          | 0              | 0                | 0                  | 0              | 4,360          | 145            | 4,505  |        |           |      |              |             |            |
| A40 Improvements Over Roundabout                     | 2,465          | 579           | 400           | 1,486         | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 1,886          | 0              | 0                | 0                  | 0              | 1,886          | 579            | 2,465  |        |           |      |              |             |            |
| Elmbridge Major Scheme Bid                           | 13,299         | 8,340         | 3,600         | 1,359         | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 4,959          | 0              | 0                | 0                  | 0              | 4,959          | 8,340          | 13,299 |        |           |      |              |             |            |
| A435 Bishops Cleeve to Race Course Hiway             | 451            | 6             | 75            | 370           | 0             | 0            | 0        | 0            | 445             | 0                | 0            | 0                      | 0              | 0              | 0                | 0                  | 0              | 445            | 6              | 451    |        |           |      |              |             |            |
| LED Streetlighting Major Project                     | 22,217         | 7,525         | 6,695         | 7,997         | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 4,271          | 0              | 10,421           | 0                  | 0              | 14,692         | 7,525          | 22,217 |        |           |      |              |             |            |
| Concrete Column Replacement-LED Project              | 1,988          | 1,188         | 800           | 0             | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 800            | 0              | 0                | 0                  | 0              | 800            | 1,188          | 1,988  |        |           |      |              |             |            |
| High Mast Replacement                                | 390            | 72            | 318           | 0             | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 318            | 0              | 0                | 0                  | 0              | 318            | 72             | 390    |        |           |      |              |             |            |
| Street Lighting - General                            | 3,080          | 2,757         | 323           | 0             | 0             | 0            | 0        | 0            | 22              | 0                | 0            | 0                      | 301            | 0              | 0                | 0                  | 0              | 323            | 2,757          | 3,080  |        |           |      |              |             |            |
| Berkeley New And Berkeley Old Bridges                | 3,306          | 2,174         | 1,132         | 0             | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 1,132          | 0              | 0                | 0                  | 0              | 1,132          | 2,174          | 3,306  |        |           |      |              |             |            |
| Horsley Hill Landslip Nailsworth                     | 862            | 237           | 625           | 0             | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 625            | 0              | 0                | 0                  | 0              | 625            | 237            | 862    |        |           |      |              |             |            |
| Lydney Level Crossings                               | 500            | 17            | 483           | 0             | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 483            | 0              | 0                | 0                  | 0              | 483            | 17             | 500    |        |           |      |              |             |            |
| Carriageways: A Roads Structural Maintenance         | 1,352          | 0             | 1,352         | 0             | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 1,052          | 0              | 300              | 0                  | 0              | 1,352          | 0              | 1,352  |        |           |      |              |             |            |
| Carriageways: B Roads Structural Maintenance         | 1,774          | 0             | 1,774         | 0             | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 1,524          | 0              | 250              | 0                  | 0              | 1,774          | 0              | 1,774  |        |           |      |              |             |            |
| Bowbridge Stroud - Community Offer                   | 1,137          | 667           | 470           | 0             | 0             | 0            | 0        | 0            | 10              | 0                | 0            | 178                    | 282            | 0              | 0                | 0                  | 0              | 470            | 667            | 1,137  |        |           |      |              |             |            |
| Bristol Road, Gloucester                             | 590            | 93            | 166           | 331           | 0             | 0            | 0        | 0            | 0               | 495              | 0            | 0                      | 2              | 0              | 0                | 0                  | 0              | 497            | 93             | 590    |        |           |      |              |             |            |
| St Johns Road Slimbridge                             | 378            | 53            | 325           | 0             | 0             | 0            | 0        | 0            | 125             | 0                | 0            | 150                    | 0              | 50             | 0                | 0                  | 0              | 325            | 53             | 378    |        |           |      |              |             |            |
| TS152 - Metz Way/Eastern Avenue design               | 570            | 27            | 24            | 519           | 0             | 0            | 0        | 0            | 0               | 0                | 0            | 0                      | 543            | 0              | 0                | 0                  | 0              | 543            | 27             | 570    |        |           |      |              |             |            |

Capital Programme 2018/19

| Scheme Name                                      | Total Scheme Budget         |                     |               |               |               |               |                   |              |                            |                         | Financing for Total Scheme budget |                     |                     |                       |                         |                            |                          |                     |                         |              |
|--|-----------------------------|---------------------|---------------|---------------|---------------|---------------|-------------------|--------------|----------------------------|-------------------------|-----------------------------------|---------------------|---------------------|-----------------------|-------------------------|----------------------------|--------------------------|---------------------|-------------------------|--------------|
|  | Current Total Scheme Budget | Prior Years Actuals | 2017/18 £000  | 2018/19 £000  | 2019/20 £000  | 2020/21 £000  | Future Years £000 | Revenue £000 | S106 External Contrib £000 | Other Capital Fund £000 | External Contrib £000             | External Grant £000 | Other Reserves £000 | Capital Receipts £000 | Internal Borrowing £000 | Other incl. Borrowing £000 | Total for Remaining Life | Prior Years Funding | Funding of budget total |              |
| Carriageways: C Roads Structural Maintenance     | 4,822                       | 0                   | 4,822         | 0             | 0             | 0             | 0                 | 0            | 3                          | 0                       | 0                                 | 4,619               | 0                   | 200                   | 0                       | 0                          | 4,822                    | 0                   | 4,822                   |              |
| Carriageways: Unclassified Roads Struct Maint    | 884                         | 0                   | 884           | 0             | 0             | 0             | 0                 | 0            | 0                          | 0                       | 0                                 | 884                 | 0                   | 0                     | 0                       | 0                          | 884                      | 0                   | 884                     |              |
| Footways Structural Maintenance                  | 421                         | 0                   | 421           | 0             | 0             | 0             | 0                 | 0            | 0                          | 0                       | 0                                 | 421                 | 0                   | 0                     | 0                       | 0                          | 421                      | 0                   | 421                     |              |
| Minor Works 2017-18                              | 1,519                       | 0                   | 1,519         | 0             | 0             | 0             | 0                 | 0            | 5                          | 33                      | 0                                 | 1,481               | 0                   | 0                     | 0                       | 0                          | 1,519                    | 0                   | 1,519                   |              |
| Reactive Works                                   | 3,656                       | 0                   | 3,656         | 0             | 0             | 0             | 0                 | 0            | 0                          | 0                       | 0                                 | 3,656               | 0                   | 0                     | 0                       | 0                          | 3,656                    | 0                   | 3,656                   |              |
| Safety Fencing                                   | 600                         | 336                 | 253           | 11            | 0             | 0             | 0                 | 150          | 0                          | 0                       | 0                                 | 114                 | 0                   | 0                     | 0                       | 0                          | 264                      | 336                 | 600                     |              |
| Schemes under £250,000 17/18 onwards             | 43,621                      | 34,006              | 6,619         | 2,996         | 0             | 0             | 0                 | 591          | 2,094                      | 749                     | 82                                | 6,099               | 0                   | 0                     | 0                       | 0                          | 9,615                    | 34,006              | 43,621                  |              |
| <b>New Starts 2018/19 onwards</b>                |                             |                     |               |               |               |               |                   |              |                            |                         |                                   |                     |                     |                       |                         |                            |                          |                     |                         |              |
| Structural Maintenance (estimate)                | 52,032                      | 0                   | 0             | 17,344        | 17,344        | 17,344        | 0                 | 0            | 0                          | 0                       | 0                                 | 52,032              | 0                   | 0                     | 0                       | 0                          | 52,032                   | 0                   | 52,032                  |              |
| Pothole Fund (estimate)                          | 1,435                       | 0                   | 0             | 1,435         | 0             | 0             | 0                 | 0            | 0                          | 0                       | 0                                 | 1,435               | 0                   | 0                     | 0                       | 0                          | 1,435                    | 0                   | 1,435                   |              |
| Road Maintenance                                 | 39,000                      | 0                   | 0             | 10,000        | 10,000        | 10,000        | 9,000             | 0            | 0                          | 0                       | 0                                 | 0                   | 0                   | 0                     | 39,000                  | 0                          | 39,000                   | 0                   | 39,000                  |              |
| Integrated Transport (estimated 2018/19)         | 8,583                       | 0                   | 0             | 2,861         | 2,861         | 2,861         | 0                 | 0            | 0                          | 0                       | 0                                 | 8,583               | 0                   | 0                     | 0                       | 0                          | 8,583                    | 0                   | 8,583                   |              |
| National Investment Productivity Fund 2018/19    | 2,696                       | 0                   | 0             | 2,696         | 0             | 0             | 0                 | 0            | 0                          | 0                       | 0                                 | 2,696               | 0                   | 0                     | 0                       | 0                          | 2,696                    | 0                   | 2,696                   |              |
| <b>Total Highways</b>                            | <b>232,638</b>              | <b>65,160</b>       | <b>40,403</b> | <b>57,665</b> | <b>30,205</b> | <b>30,205</b> | <b>9,000</b>      | <b>1,078</b> | <b>5,068</b>               | <b>1,032</b>            | <b>260</b>                        | <b>109,869</b>      | <b>0</b>            | <b>11,171</b>         | <b>39,000</b>           | <b>0</b>                   | <b>167,478</b>           | <b>65,160</b>       | <b>232,638</b>          |              |
| <b>Strategic Infrastructure</b>                  |                             |                     |               |               |               |               |                   |              |                            |                         |                                   |                     |                     |                       |                         |                            |                          |                     |                         |              |
| Fastershire Broadband Strategy                   | 13,700                      | 4,215               | 2,785         | 1,500         | 5,200         | 0             | 0                 | 0            | 0                          | 0                       | 0                                 | 5,131               | 4,354               | 0                     | 0                       | 0                          | 9,485                    | 4,215               | 13,700                  |              |
| Priors & Oakley FAS - FDGiA                      | 2,583                       | 239                 | 700           | 1,644         | 0             | 0             | 0                 | 0            | 0                          | 166                     | 0                                 | 2,178               | 0                   | 0                     | 0                       | 0                          | 2,344                    | 239                 | 2,583                   |              |
| Schemes under £250,000 17/18 onwards             | 2,283                       | 834                 | 130           | 1,180         | 139           | 0             | 0                 | 198          | 0                          | 1,238                   | 0                                 | 13                  | 0                   | 0                     | 0                       | 0                          | 1,449                    | 834                 | 2,283                   |              |
| <b>New Starts 2018/19 onwards</b>                |                             |                     |               |               |               |               |                   |              |                            |                         |                                   |                     |                     |                       |                         |                            |                          |                     |                         |              |
| Multi Modal Transport Model - SATURN             | 198                         | 0                   | 0             | 185           | 13            | 0             | 0                 | 0            | 0                          | 0                       | 0                                 | 0                   | 198                 | 0                     | 0                       | 0                          | 0                        | 198                 | 0                       | 198          |
| <b>Total Strategic Infrastructure</b>            | <b>18,764</b>               | <b>5,288</b>        | <b>3,615</b>  | <b>4,509</b>  | <b>5,352</b>  | <b>0</b>      | <b>0</b>          | <b>198</b>   | <b>0</b>                   | <b>1,404</b>            | <b>0</b>                          | <b>2,191</b>        | <b>5,329</b>        | <b>4,354</b>          | <b>0</b>                | <b>0</b>                   | <b>13,476</b>            | <b>5,288</b>        | <b>18,764</b>           |              |
| <b>Waste Disposal</b>                            |                             |                     |               |               |               |               |                   |              |                            |                         |                                   |                     |                     |                       |                         |                            |                          |                     |                         |              |
| Hempstead HRC                                    | 460                         | 49                  | 406           | 5             | 0             | 0             | 0                 | 0            | 0                          | 411                     | 0                                 | 0                   | 0                   | 0                     | 0                       | 0                          | 411                      | 49                  | 460                     |              |
| Mobile Compactors                                | 460                         | 0                   | 460           | 0             | 0             | 0             | 0                 | 0            | 0                          | 20                      | 0                                 | 0                   | 440                 | 0                     | 0                       | 0                          | 460                      | 0                   | 460                     |              |
| <b>New Starts 2018/19 onwards</b>                |                             |                     |               |               |               |               |                   |              |                            |                         |                                   |                     |                     |                       |                         |                            |                          |                     |                         |              |
| Mobile Compaction and site works - Phase 2       | 440                         | 0                   | 0             | 440           | 0             | 0             | 0                 | 0            | 0                          | 0                       | 0                                 | 440                 | 0                   | 0                     | 0                       | 0                          | 440                      | 0                   | 440                     |              |
| <b>Total Waste Disposal</b>                      | <b>1,360</b>                | <b>49</b>           | <b>866</b>    | <b>445</b>    | <b>0</b>      | <b>0</b>      | <b>0</b>          | <b>0</b>     | <b>0</b>                   | <b>431</b>              | <b>0</b>                          | <b>0</b>            | <b>880</b>          | <b>0</b>              | <b>0</b>                | <b>0</b>                   | <b>1,311</b>             | <b>49</b>           | <b>1,360</b>            |              |
| <b>Libraries</b>                                 |                             |                     |               |               |               |               |                   |              |                            |                         |                                   |                     |                     |                       |                         |                            |                          |                     |                         |              |
| Customer Services Programme                      | 1,519                       | 43                  | 45            | 1,431         | 0             | 0             | 0                 | 0            | 0                          | 0                       | 0                                 | 0                   | 0                   | 1,476                 | 0                       | 0                          | 0                        | 1,476               | 43                      | 1,519        |
| Schemes under £250,000 17/18 onwards             | 1,489                       | 862                 | 475           | 152           | 0             | 0             | 0                 | 0            | 0                          | 373                     | 31                                | 0                   | 220                 | 0                     | 3                       | 0                          | 0                        | 627                 | 862                     | 1,489        |
| <b>Total Libraries</b>                           | <b>3,008</b>                | <b>905</b>          | <b>520</b>    | <b>1,583</b>  | <b>0</b>      | <b>0</b>      | <b>0</b>          | <b>0</b>     | <b>0</b>                   | <b>373</b>              | <b>31</b>                         | <b>0</b>            | <b>220</b>          | <b>0</b>              | <b>1,479</b>            | <b>0</b>                   | <b>0</b>                 | <b>2,103</b>        | <b>905</b>              | <b>3,008</b> |
| <b>Community Safety</b>                          |                             |                     |               |               |               |               |                   |              |                            |                         |                                   |                     |                     |                       |                         |                            |                          |                     |                         |              |
| BA Project                                       | 700                         | 234                 | 400           | 66            | 0             | 0             | 0                 | 0            | 0                          | 0                       | 0                                 | 466                 | 0                   | 0                     | 0                       | 0                          | 466                      | 234                 | 700                     |              |
| Operational equipment                            | 270                         | 4                   | 135           | 131           | 0             | 0             | 0                 | 0            | 0                          | 266                     | 0                                 | 0                   | 0                   | 0                     | 0                       | 0                          | 266                      | 4                   | 270                     |              |
| Appliances & Equipment 17/18 (Vehicles)          | 600                         | 0                   | 400           | 200           | 0             | 0             | 0                 | 0            | 0                          | 600                     | 0                                 | 0                   | 0                   | 0                     | 0                       | 0                          | 600                      | 0                   | 600                     |              |
| Mobile Data Terminals                            | 300                         | 0                   | 50            | 100           | 150           | 0             | 0                 | 0            | 0                          | 300                     | 0                                 | 0                   | 0                   | 0                     | 0                       | 0                          | 300                      | 0                   | 300                     |              |
| Schemes under £250,000 17/18 onwards             | 3,775                       | 3,376               | 399           | 0             | 0             | 0             | 0                 | 67           | 0                          | 211                     | 0                                 | 102                 | 0                   | 19                    | 0                       | 0                          | 399                      | 3,376               | 3,775                   |              |
| <b>New Starts 2018/19 onwards</b>                |                             |                     |               |               |               |               |                   |              |                            |                         |                                   |                     |                     |                       |                         |                            |                          |                     |                         |              |
| Personal Protective Equipment                    | 600                         | 0                   | 0             | 300           | 300           | 0             | 0                 | 0            | 0                          | 0                       | 0                                 | 0                   | 600                 | 0                     | 0                       | 0                          | 600                      | 0                   | 600                     |              |
| Emergency Response Vehicles                      | 4,606                       | 0                   | 0             | 875           | 1,788         | 94            | 1,849             | 0            | 0                          | 0                       | 0                                 | 0                   | 4,606               | 0                     | 0                       | 0                          | 4,606                    | 0                   | 4,606                   |              |
| Upgrade emergency control room mobilising system | 300                         | 0                   | 0             | 0             | 150           | 150           | 0                 | 0            | 0                          | 0                       | 0                                 | 0                   | 300                 | 0                     | 0                       | 0                          | 300                      | 0                   | 300                     |              |
| <b>Total Community Safety</b>                    | <b>11,151</b>               | <b>3,614</b>        | <b>1,384</b>  | <b>1,672</b>  | <b>2,388</b>  | <b>244</b>    | <b>1,849</b>      | <b>67</b>    | <b>0</b>                   | <b>1,377</b>            | <b>0</b>                          | <b>568</b>          | <b>0</b>            | <b>5,525</b>          | <b>0</b>                | <b>0</b>                   | <b>7,537</b>             | <b>3,614</b>        | <b>11,151</b>           |              |

Capital Programme 2018/19

| Scheme Name  | Total Scheme Budget              |                          |               |               |              |              |                   |                      |                            |                   | Financing for Total Scheme budget |                     |                     |                       |                         |                            |                          |                     |                         |  |  |
|--|----------------------------------|--------------------------|---------------|---------------|--------------|--------------|-------------------|----------------------|----------------------------|-------------------|-----------------------------------|---------------------|---------------------|-----------------------|-------------------------|----------------------------|--------------------------|---------------------|-------------------------|--|--|
|  | Current Total Scheme Budget £000 | Prior Years Actuals £000 | 2017/18 £000  | 2018/19 £000  | 2019/20 £000 | 2020/21 £000 | Future Years £000 | Revenue Contrib £000 | S106 External Contrib £000 | Capital Fund £000 | Other External Contrib £000       | External Grant £000 | Other Reserves £000 | Capital Receipts £000 | Internal Borrowing £000 | Other incl. Borrowing £000 | Total for Remaining Life | Prior Years Funding | Funding of budget total |  |  |
| <b>AMPS</b>  |                                  |                          |               |               |              |              |                   |                      |                            |                   |                                   |                     |                     |                       |                         |                            |                          |                     |                         |  |  |
| SH MTFS SH Maintenance                               | 1,096                            | 453                      | 300           | 343           | 0            | 0            | 0                 | 0                    | 0                          | 9                 | 0                                 | 1                   | 0                   | 633                   | 0                       | 0                          | 643                      | 453                 | 1,096                   |  |  |
| MTFS SH Reorganisation                               | 1,380                            | 1,051                    | 329           | 0             | 0            | 0            | 0                 | 0                    | 0                          | 0                 | 0                                 | 0                   | 0                   | 329                   | 0                       | 0                          | 329                      | 1,051               | 1,380                   |  |  |
| Locality Hubs  | 330                              | 9                        | 50            | 221           | 50           | 0            | 0                 | 0                    | 0                          | 0                 | 0                                 | 321                 | 0                   | 0                     | 0                       | 0                          | 321                      | 9                   | 330                     |  |  |
| MTFS SH Refurbishment                                | 7,186                            | 1,141                    | 5,645         | 400           | 0            | 0            | 0                 | 0                    | 0                          | 35                | 0                                 | 0                   | 0                   | 6,010                 | 0                       | 0                          | 6,045                    | 1,141               | 7,186                   |  |  |
| Worksmart - Photovoltaic Panels                      | 1,140                            | 0                        | 540           | 600           | 0            | 0            | 0                 | 0                    | 0                          | 240               | 0                                 | 0                   | 900                 | 0                     | 0                       | 0                          | 1,140                    | 0                   | 1,140                   |  |  |
| Area Based Review                                    | 7,800                            | 0                        | 2,463         | 5,337         | 0            | 0            | 0                 | 0                    | 0                          | 0                 | 0                                 | 0                   | 0                   | 7,800                 | 0                       | 0                          | 7,800                    | 0                   | 7,800                   |  |  |
| Blackfriars & Quays Redevelopment                    | 4,130                            | 487                      | 2,243         | 1,400         | 0            | 0            | 0                 | 0                    | 0                          | 0                 | 0                                 | 3,643               | 0                   | 0                     | 0                       | 0                          | 3,643                    | 487                 | 4,130                   |  |  |
| Shire Hall Maintenance - 16-17 MTFS                  | 1,500                            | 0                        | 1,500         | 0             | 0            | 0            | 0                 | 0                    | 0                          | 0                 | 0                                 | 0                   | 0                   | 1,500                 | 0                       | 0                          | 1,500                    | 0                   | 1,500                   |  |  |
| Health & Safety Works 2016/17 - 2018/19              | 900                              | 0                        | 600           | 300           | 0            | 0            | 0                 | 0                    | 0                          | 0                 | 0                                 | 0                   | 0                   | 900                   | 0                       | 0                          | 900                      | 0                   | 900                     |  |  |
| Disabled Access Corp 2016/17 - 2018/19               | 450                              | 0                        | 0             | 450           | 0            | 0            | 0                 | 0                    | 0                          | 0                 | 0                                 | 0                   | 0                   | 450                   | 0                       | 0                          | 450                      | 0                   | 450                     |  |  |
| Shire Hall - Social Care Hub - MTFS17/18             | 2,900                            | 0                        | 2,500         | 400           | 0            | 0            | 0                 | 0                    | 0                          | 2,900             | 0                                 | 0                   | 0                   | 0                     | 0                       | 0                          | 2,900                    | 0                   | 2,900                   |  |  |
| Shire Hall Office Moves - MTFS 17/18                 | 1,772                            | 0                        | 1,000         | 772           | 0            | 0            | 0                 | 0                    | 0                          | 1,772             | 0                                 | 0                   | 0                   | 0                     | 0                       | 0                          | 1,772                    | 0                   | 1,772                   |  |  |
| Locality Solutions (Stroud)                          | 375                              | 0                        | 0             | 375           | 0            | 0            | 0                 | 0                    | 0                          | 375               | 0                                 | 0                   | 0                   | 0                     | 0                       | 0                          | 375                      | 0                   | 375                     |  |  |
| Rural Estates - Farm Investment                      | 1,570                            | 0                        | 0             | 1,000         | 570          | 0            | 0                 | 0                    | 0                          | 75                | 0                                 | 0                   | 0                   | 1,495                 | 0                       | 0                          | 1,570                    | 0                   | 1,570                   |  |  |
| Schemes under £250,000 17/18 onwards                 | 5,087                            | 3,800                    | 870           | 349           | 68           | 0            | 0                 | 0                    | 10                         | 279               | 0                                 | 221                 | 0                   | 777                   | 0                       | 0                          | 1,287                    | 3,800               | 5,087                   |  |  |
| <b>New Starts 2018/19 onwards</b>                    |                                  |                          |               |               |              |              |                   |                      |                            |                   |                                   |                     |                     |                       |                         |                            |                          |                     |                         |  |  |
| Shire Hall - Conferencing Facility                   | 400                              | 0                        | 0             | 400           | 0            | 0            | 0                 | 0                    | 0                          | 0                 | 0                                 | 0                   | 0                   | 400                   | 0                       | 0                          | 400                      | 0                   | 400                     |  |  |
| Health & Safety Programme                            | 750                              | 0                        | 0             | 250           | 250          | 250          | 0                 | 0                    | 0                          | 0                 | 0                                 | 0                   | 0                   | 750                   | 0                       | 0                          | 750                      | 0                   | 750                     |  |  |
| Shire Hall - Must Haves                              | 2,810                            | 0                        | 0             | 2,310         | 500          | 0            | 0                 | 0                    | 0                          | 0                 | 0                                 | 0                   | 0                   | 2,810                 | 0                       | 0                          | 2,810                    | 0                   | 2,810                   |  |  |
| Service Properties Refurbishment                     | 900                              | 0                        | 0             | 400           | 300          | 200          | 0                 | 0                    | 0                          | 0                 | 0                                 | 0                   | 0                   | 900                   | 0                       | 0                          | 900                      | 0                   | 900                     |  |  |
| <b>Total AMPS</b>                                    | <b>42,476</b>                    | <b>6,941</b>             | <b>18,040</b> | <b>15,307</b> | <b>1,738</b> | <b>450</b>   | <b>0</b>          | <b>0</b>             | <b>10</b>                  | <b>5,685</b>      | <b>0</b>                          | <b>4,186</b>        | <b>900</b>          | <b>24,754</b>         | <b>0</b>                | <b>0</b>                   | <b>35,535</b>            | <b>6,941</b>        | <b>42,476</b>           |  |  |
| <b>ICT Projects</b>                                  |                                  |                          |               |               |              |              |                   |                      |                            |                   |                                   |                     |                     |                       |                         |                            |                          |                     |                         |  |  |
| ICT Strategy - Telephony                             | 1,809                            | 878                      | 625           | 306           | 0            | 0            | 0                 | 0                    | 0                          | 300               | 0                                 | 0                   | 0                   | 631                   | 0                       | 0                          | 931                      | 878                 | 1,809                   |  |  |
| ICT Strat - Secure Wi-Fi                             | 744                              | 405                      | 241           | 98            | 0            | 0            | 0                 | 100                  | 0                          | 129               | 0                                 | 0                   | 0                   | 110                   | 0                       | 0                          | 339                      | 405                 | 744                     |  |  |
| ICT Strat - Network Strategy Upgrade                 | 1,296                            | 46                       | 464           | 786           | 0            | 0            | 0                 | 0                    | 0                          | 1,070             | 0                                 | 0                   | 0                   | 180                   | 0                       | 0                          | 1,250                    | 46                  | 1,296                   |  |  |
| ICT Strat - End User Device O/S                      | 2,100                            | 0                        | 120           | 230           | 1,750        | 0            | 0                 | 0                    | 0                          | 2,100             | 0                                 | 0                   | 0                   | 0                     | 0                       | 0                          | 2,100                    | 0                   | 2,100                   |  |  |
| ICT Strat - VM Refresh - V6 environmt                | 353                              | 0                        | 117           | 236           | 0            | 0            | 0                 | 0                    | 0                          | 353               | 0                                 | 0                   | 0                   | 0                     | 0                       | 0                          | 353                      | 0                   | 353                     |  |  |
| ICT Strat - Replace NGD recycled devices             | 762                              | 0                        | 259           | 503           | 0            | 0            | 0                 | 0                    | 0                          | 762               | 0                                 | 0                   | 0                   | 0                     | 0                       | 0                          | 762                      | 0                   | 762                     |  |  |
| ICT Strat - Document Storage                         | 273                              | 0                        | 0             | 273           | 0            | 0            | 0                 | 0                    | 0                          | 273               | 0                                 | 0                   | 0                   | 0                     | 0                       | 0                          | 273                      | 0                   | 273                     |  |  |
| Social Work, Not Paperwork                           | 327                              | 0                        | 327           | 0             | 0            | 0            | 0                 | 0                    | 0                          | 327               | 0                                 | 0                   | 0                   | 0                     | 0                       | 0                          | 327                      | 0                   | 327                     |  |  |
| C&F ICT Systems Rationalisation                      | 500                              | 0                        | 0             | 500           | 0            | 0            | 0                 | 0                    | 0                          | 500               | 0                                 | 0                   | 0                   | 0                     | 0                       | 0                          | 500                      | 0                   | 500                     |  |  |
| Schemes under £250,000 17/18 onwards                 | 2,974                            | 1,586                    | 776           | 612           | 0            | 0            | 0                 | 0                    | 0                          | 547               | 0                                 | 0                   | 0                   | 841                   | 0                       | 0                          | 1,388                    | 1,586               | 2,974                   |  |  |
| <b>New Starts 2018/19 onwards</b>                    |                                  |                          |               |               |              |              |                   |                      |                            |                   |                                   |                     |                     |                       |                         |                            |                          |                     |                         |  |  |
| Audio Visual Conferencing Equipt                     | 280                              | 0                        | 0             | 280           | 0            | 0            | 0                 | 0                    | 0                          | 0                 | 0                                 | 0                   | 0                   | 280                   | 0                       | 0                          | 280                      | 0                   | 280                     |  |  |
| <b>Total ICT Projects</b>                            | <b>11,418</b>                    | <b>2,915</b>             | <b>2,929</b>  | <b>3,824</b>  | <b>1,750</b> | <b>0</b>     | <b>0</b>          | <b>100</b>           | <b>0</b>                   | <b>6,361</b>      | <b>0</b>                          | <b>0</b>            | <b>0</b>            | <b>2,042</b>          | <b>0</b>                | <b>0</b>                   | <b>8,503</b>             | <b>2,915</b>        | <b>11,418</b>           |  |  |
| <b>Archives &amp; Information Management</b>         |                                  |                          |               |               |              |              |                   |                      |                            |                   |                                   |                     |                     |                       |                         |                            |                          |                     |                         |  |  |
| Alvin Street Extension - For the Record              | 3,142                            | 341                      | 2,312         | 489           | 0            | 0            | 0                 | 63                   | 0                          | 473               | 101                               | 1,064               | 0                   | 1,100                 | 0                       | 0                          | 2,801                    | 341                 | 3,142                   |  |  |
| Schemes under £250,000 17/18 onwards                 | 27                               | 12                       | 15            | 0             | 0            | 0            | 0                 | 4                    | 0                          | 11                | 0                                 | 0                   | 0                   | 0                     | 0                       | 0                          | 15                       | 12                  | 27                      |  |  |
| <b>New Starts 2018/19 onwards</b>                    |                                  |                          |               |               |              |              |                   |                      |                            |                   |                                   |                     |                     |                       |                         |                            |                          |                     |                         |  |  |
| For the Record': additional storage and transforming | 192                              | 0                        | 0             | 192           | 0            | 0            | 0                 | 0                    | 0                          | 0                 | 0                                 | 0                   | 0                   | 192                   | 0                       | 0                          | 192                      | 0                   | 192                     |  |  |
| <b>Total Archives &amp; Information Management</b>   | <b>3,361</b>                     | <b>353</b>               | <b>2,327</b>  | <b>681</b>    | <b>0</b>     | <b>0</b>     | <b>0</b>          | <b>67</b>            | <b>0</b>                   | <b>484</b>        | <b>101</b>                        | <b>1,064</b>        | <b>0</b>            | <b>1,292</b>          | <b>0</b>                | <b>0</b>                   | <b>3,008</b>             | <b>353</b>          | <b>3,361</b>            |  |  |
| <b>Customer</b>                                      |                                  |                          |               |               |              |              |                   |                      |                            |                   |                                   |                     |                     |                       |                         |                            |                          |                     |                         |  |  |
| Schemes under £250,000 17/18 onwards                 | 558                              | 342                      | 46            | 170           | 0            | 0            | 0                 | 0                    | 0                          | 78                | 0                                 | 0                   | 0                   | 138                   | 0                       | 0                          | 216                      | 342                 | 558                     |  |  |
| <b>Total Customer</b>                                | <b>558</b>                       | <b>342</b>               | <b>46</b>     | <b>170</b>    | <b>0</b>     | <b>0</b>     | <b>0</b>          | <b>0</b>             | <b>0</b>                   | <b>78</b>         | <b>0</b>                          | <b>0</b>            | <b>0</b>            | <b>138</b>            | <b>0</b>                | <b>0</b>                   | <b>216</b>               | <b>342</b>          | <b>558</b>              |  |  |
| <b>Business Support Misc</b>                         |                                  |                          |               |               |              |              |                   |                      |                            |                   |                                   |                     |                     |                       |                         |                            |                          |                     |                         |  |  |
| <b>New Starts 2018/19 onwards</b>                    |                                  |                          |               |               |              |              |                   |                      |                            |                   |                                   |                     |                     |                       |                         |                            |                          |                     |                         |  |  |
| Procure to Pay Digital Project                       | 900                              | 0                        | 0             | 540           | 360          | 0            | 0                 | 0                    | 0                          | 0                 | 0                                 | 0                   | 0                   | 900                   | 0                       | 0                          | 900                      | 0                   | 900                     |  |  |
| SAP Environment - additional data storage            | 82                               | 0                        | 0             | 82            | 0            | 0            | 0                 | 0                    | 0                          | 0                 | 0                                 | 0                   | 0                   | 82                    | 0                       | 0                          | 82                       | 0                   | 82                      |  |  |
| HR Scanning system                                   | 149                              | 0                        | 0             | 149           | 0            | 0            | 0                 | 0                    | 0                          | 0                 | 0                                 | 0                   | 0                   | 149                   | 0                       | 0                          | 149                      | 0                   | 149                     |  |  |
| <b>Total Business Support Misc</b>                   | <b>1,131</b>                     | <b>0</b>                 | <b>0</b>      | <b>771</b>    | <b>360</b>   | <b>0</b>     | <b>0</b>          | <b>0</b>             | <b>0</b>                   | <b>0</b>          | <b>0</b>                          | <b>0</b>            | <b>0</b>            | <b>1,131</b>          | <b>0</b>                | <b>0</b>                   | <b>1,131</b>             | <b>0</b>            | <b>1,131</b>            |  |  |

## Annex 8b

| <b>Capital Programme New Schemes 2018/19 onwards funded from Capital Receipts, Internal Borrowing, Reserves &amp; Revenue Contributions</b> |                            |                      |                      |                       |   |  |
|---|----------------------------|----------------------|----------------------|-----------------------|---|--|
| <b>Scheme Name</b>  | <b>Scheme Budget £'000</b> | <b>2018/19 £'000</b> | <b>2019/20 £'000</b> | <b>2020/21+ £'000</b> | <b>Scheme Description</b>   |  |
| <b>Community &amp; Infrastructure</b>   |                            |                      |                      |                       |   |  |
| Multi Modal Transport Model   | 198                        | 185                  | 13                   |                       | To construct a multi modal Transport model to aid with the identification of infrastructure requirements for the County.                    |  |
| Road Maintenance  | 39,000                     | 10,000               | 10,000               | 19,000                | To improve the condition of the Gloucestershire road network  |  |
| Mobile Compaction and site works - Phase 2  | 440                        | 440                  |                      |                       | Replacement of static waste compaction equipment at the end of its life   |  |
| <b>Community &amp; Infrastructure total</b>   | <b>39,638</b>              | <b>10,625</b>        | <b>10,013</b>        | <b>19,000</b>         |   |  |
| <b>Children &amp; Families</b>  |                            |                      |                      |                       |   |  |
| Building improvements to Impact Youth Centre space & Lodge building - Lewis Lane  | 578                        | 578                  |                      |                       | Property rationalisation - Refurbishment of GCC Youth Centre space  |  |
| Cheltenham School   | 15,000                     | 6,000                | 9,000                |                       | A new school build to accommodate growing numbers in the County. Total scheme cost is £30m with £15m to be funded from the Basic Need Grant |  |
| <b>Children &amp; Families Total</b>  | <b>15,578</b>              | <b>6,578</b>         | <b>9,000</b>         | <b>0</b>              |   |  |
| <b>Asset Management &amp; Property Services</b>   |                            |                      |                      |                       |   |  |
| Health & Safety Programme   | 750                        | 250                  | 250                  | 250                   | Surveys and capital works on safety aspects for GCC property portfolio  |  |
| Shire Hall - essentials   | 2,810                      | 2,310                | 500                  |                       | Capital works to enable property rationalisation  |  |
| Refurbishment of Service Properties   | 900                        | 400                  | 300                  | 200                   | To enable effective service operations  |  |
| Shire Hall conferencing facility  | 400                        | 400                  |                      |                       | To provide an in house conference function  |  |
| <b>Asset Management &amp; Property Services Total</b>   | <b>4,860</b>               | <b>3,360</b>         | <b>1,050</b>         | <b>450</b>            |   |  |
| <b>ICT Projects</b>   |                            |                      |                      |                       |   |  |
| Audio visual conferencing equipment   | 280                        | 280                  |                      |                       | IT solutions enabling collaborative partnership working   |  |
| <b>ICT Projects Total</b>   | <b>280</b>                 | <b>280</b>           | <b>0</b>             | <b>0</b>              |   |  |

|  |               |               |               |               |   |
|--|---------------|---------------|---------------|---------------|---|
| <b><u>Business Services Centre</u></b>                               |               |               |               |               |   |
| Procure to Pay Digital Project                                       | <b>900</b>    | 540           | 360           |               | Digitising manual procurement through to payment processing   |
| SAP Environment - additional data storage                            | <b>82</b>     | 82            |               |               | System critical data storage  |
| <b>Business Services Centre Total</b>                                | <b>982</b>    | <b>622</b>    | <b>360</b>    | <b>0</b>      |   |
| <b><u>Archives</u></b>   |               |               |               |               |   |
| For the Record': additional storage and transforming archive service | <b>192</b>    | 192           |               |               | To ensure the future archiving requirements are made in line with legislation   |
| <b>Archives Total</b>  | <b>192</b>    | <b>192</b>    | <b>0</b>      | <b>0</b>      |   |
| <b><u>Human Resources</u></b>  |               |               |               |               |   |
| HR Scanning system   | <b>149</b>    | 149           |               |               | To ensure the Council meets its GDPR requirements in relation to employment records   |
| <b>Human Resources Total</b>   | <b>149</b>    | <b>149</b>    | <b>0</b>      | <b>0</b>      |   |
| <b><u>Community Safety - Fire &amp; Rescue</u></b>                   |               |               |               |               |   |
| Emergency response vehicles  | <b>4,606</b>  | 875           | 1,788         | 1,943         | GFRS has a well established fire engine replacement programme to ensure that its fleet remains sustainable and reliable for responding to emergencies. Replacement fire engines and light fleet vehicles are included for the period 2018/19 - 2022/23. One aerial ladder platform is also required in 2018/19. |
| Upgrade emergency control room mobilising system                     | <b>300</b>    |               | 150           | 150           | Updating the mobilising system to accommodate the Countrywide changes to the Emergency Services Network   |
| Personal Protection Equipment  | <b>600</b>    | 300           | 300           |               | Replacement of Fire Fighting Equipment to ensure firefighters have the equipment needed to operate effectively  |
| <b>Community Safety - Fire &amp; Rescue Total</b>                    | <b>5,506</b>  | <b>1,175</b>  | <b>2,238</b>  | <b>2,093</b>  |   |
| <b>Total New Schemes 2018/19 onwards</b>                             | <b>67,185</b> | <b>22,981</b> | <b>22,661</b> | <b>21,543</b> |   |

## Annex 9

Summary of the 2018/19 Authority Proforma Tool (APT) recommended for submission to the ESFA on 19th January 2018

|   | Units  | Rate      | Primary            | Secondary          | Total              | % of delegated budget |
|---|--|-----------|--------------------|--------------------|--------------------|-----------------------|
|   |  | £         | £                  | £                  | £                  |                       |
| <b>Pupilled Factors:</b>  |  |           |                    |                    |                    |                       |
| Basic Entitlement Primary (Age Weighted Pupil Unit)   | 47,514   | £2,746.99 | 130,520,483        |                    | 130,520,483        | 37.6%                 |
| Basic Entitlement KS3 (Age Weighted Pupil Unit)   | 19,501   | £3,862.65 |                    | 75,325,538         | 75,325,538         | 21.7%                 |
| Basic Entitlement KS4 (Age Weighted Pupil Unit)   | 12,427   | £4,385.81 |                    | 54,502,461         | 54,502,461         | 15.7%                 |
| <b>Total AWPU (October 2017 pupils)</b>   | <b>79,442</b>  |           | <b>130,520,483</b> | <b>129,827,999</b> | <b>260,348,481</b> | <b>74.9%</b>          |
| Deprivation Primary (FSM ever 6)  | 9,049  | £540.00   | 4,886,462          |                    |                    |                       |
| Deprivation Secondary (FSM ever 6)  | 6,010  | £785.00   |                    | 4,717,712          | 9,604,173          | 2.8%                  |
| Deprivation Primary (FSM)   | 4,695  | £440.00   | 2,065,586          |                    |                    |                       |
| Deprivation Secondary (FSM)   | 2,574  | £440.00   |                    | 1,132,599          | 3,198,185          | 0.9%                  |
| IDACI F Primary   | 4,230  | £200.00   | 845,913            |                    |                    |                       |
| IDACI F Secondary   | 2,544  | £290.00   |                    | 737,824            | 1,583,737          | 0.5%                  |
| IDACI E Primary   | 3,865  | £240.00   | 927,698            |                    |                    |                       |
| IDACI E Secondary   | 2,178  | £380.00   |                    | 849,455            | 1,777,153          | 0.5%                  |
| IDACI D Primary   | 1,886  | £360.00   | 679,105            |                    |                    |                       |
| IDACI D Secondary   | 999  | £515.00   |                    | 514,275            | 1,193,381          | 0.3%                  |
| IDACI C Primary   | 1,899  | £390.00   | 740,793            |                    |                    |                       |
| IDACI C Secondary   | 1,030  | £560.00   |                    | 577,031            | 1,317,824          | 0.4%                  |
| IDACI B Primary   | 2,189  | £560.00   | 919,188            |                    |                    |                       |
| IDACI B Secondary   | 1,188  | £600.00   |                    | 713,039            | 1,632,228          | 0.5%                  |
| IDACI A Primary   | 324  | £575.00   | 186,570            |                    |                    |                       |
| IDACI A Secondary   | 203  | £810.00   |                    | 164,466            | 351,036            | 0.1%                  |
| Prior Attainment (Y1-5 Early Years Foundation Stage Profile + Y6 Low Attainment <78)                      | 16,311   | £1,050.00 | 17,126,783         |                    |                    |                       |
| Prior Attainment (Y7-8 LPA + Y9-11 SATs <L4 Eng or Maths)   | 5,828  | £1,550.00 |                    | 9,034,116          | 26,160,898         | 7.5%                  |
| English as Additional Language (3 year EAL)   | 2,406  | £515.00   | 1,238,958          |                    |                    |                       |
| English as Additional Language (3 year EAL)   | 392  | £1,385.00 |                    | 543,551            | 543,551            | 0.2%                  |
| <b>Total Pupil Led delegations</b>  |  |           | <b>160,137,539</b> | <b>148,812,067</b> | <b>308,949,606</b> | <b>88.9%</b>          |
| <b>School Leds Factors:</b>   |  |           |                    |                    |                    |                       |
| Lump Sum  | 247  | £110,000  | 27,170,000         |                    | 27,170,000         | 7.8%                  |
| Lump Sum  | 40   | £110,000  |                    | 4,400,000          | 4,400,000          | 1.3%                  |
| Sparsity  | 29   | £25,000   | 573,231            |                    | 573,231            | 0.2%                  |
| Sparsity  | 5  | £65,000   |                    | 160,117            | 160,117            | 0.0%                  |
| <b>Total Other Formula factors</b>  |  |           | <b>27,743,231</b>  | <b>4,560,117</b>   | <b>32,303,348</b>  | <b>9.3%</b>           |
| <b>Premises:</b>  |  |           |                    |                    |                    |                       |
| Split Sites   | 3 schools (@ £43,687 + £58/pupil)                      |           | 159,887            |                    | 159,887            | 0.0%                  |
| Rates   | Currently based on 18/19 estimates + 17/18 adjustments |           | 2,089,310          | 1,063,664          | 3,152,974          | 0.9%                  |
| Exceptional Premises Factor - Rents   | Currently based on 18/19 estimates                     |           | 129,451            | 0                  | 129,451            | 0.0%                  |
| <b>Total Premises</b>   |  |           | <b>2,378,648</b>   | <b>1,063,664</b>   | <b>3,442,312</b>   | <b>1.0%</b>           |
| <b>Total budget allocations before ACA, MF G, CAP, Minimum Per Pupil Funding Uplift and De-delegation</b> |  |           | <b>190,259,418</b> | <b>154,435,848</b> | <b>344,695,265</b> | <b>99.2%</b>          |

Summary of the 2018/19 Authority Proforma Tool (APT) recommended for submission to the ESFA on 19th January 2018

|   | <u>% / Multiplier</u>        | <u>Rate</u> | Primary<br>£       | Secondary<br>£     | Total<br>£         | <u>% of<br/>delegated<br/>budget</u> |
|---|------------------------------|-------------|--------------------|--------------------|--------------------|--------------------------------------|
| <b>Area Cost Adjustment</b>   |                              |             |                    |                    |                    |                                      |
| Pupil Led & School Led (exc premises)   | 1.00618                      |             | 1,161,164          | 947,083            | 2,108,247          | 0.6%                                 |
| <b>Total Area Cost Adjustment (exc premises)</b>  |                              |             | <b>1,161,164</b>   | <b>947,083</b>     | <b>2,108,247</b>   | 0.6%                                 |
| <b>Total budget allocations before MFG, CAP, Minimum Per Pupil Funding Uplift and De-delegation</b>                     |                              |             | <b>191,420,581</b> | <b>155,382,931</b> | <b>346,803,513</b> | 99.8%                                |
| <b>Minimum Per Pupil Funding Uplift</b>   |                              |             |                    |                    |                    |                                      |
| Additional funding due to minimum per pupil funding (primary pupils)  |                              | £3,300      | 47,725             |                    | 47,725             | 0.0%                                 |
| Additional funding due to minimum per pupil funding (secondary pupils)  |                              | £4,600      |                    | 1,361,138          | 1,361,138          | 0.4%                                 |
| <b>Total minimum pupil funding uplift</b>   |                              |             | <b>47,725</b>      | <b>1,361,138</b>   | <b>1,408,862</b>   | 0.4%                                 |
| <b>Minimum Funding Guarantees &amp; Capping</b>   |                              |             |                    |                    |                    |                                      |
| MFG protections (based on min extra of 0.5% per pupil)  | 0.50%                        |             | 1,069,380          | 431,573            | 1,500,954          | 0.4%                                 |
| Capping reductions based on no gains per pupil above  | 5.40%                        |             | -2,001,724         | -252,511           | -2,254,235         | -0.6%                                |
| <b>Difference</b>   |                              |             | <b>-932,343</b>    | <b>179,062</b>     | <b>-753,281</b>    | -0.2%                                |
| <b>Total budget allocations after ACA, MFG, CAP, Minimum Per Pupil Funding Uplift applied but before De-delegations</b> |                              |             | <b>190,535,963</b> | <b>156,923,131</b> | <b>347,459,094</b> | 100.0%                               |
| <b>Proposed de-delegation for maintained schools only (takes into account anticipated conversions by 9/1/18)</b>        |                              |             |                    |                    |                    |                                      |
|   | <u>Maintained<br/>Pupils</u> | <u>Rate</u> | Primary<br>£       | Secondary<br>£     | Total<br>£         |                                      |
| Targeted Intervention & Support Primary   | 36,735                       | £9.27       | 340,533            |                    |                    |                                      |
| Targeted Intervention & Support Secondary   | 3,745                        | £0.00       |                    | 0                  | 340,533            | 0.1%                                 |
| Union Facilities Primary  | 36,735                       | £3.05       | 112,042            |                    |                    | 0.0%                                 |
| October Pupil Increases (above threshold)   | 36,735                       | £10.53      | 386,820            |                    |                    | 0.1%                                 |
| Education Functions Primary (statutory duties previously covered by ESG general duties)                                 | 36,735                       | £5.00       | 183,675            |                    | 183,675            | 0.1%                                 |
| Education Functions Secondary (statutory duties previously covered by ESG general duties)                               | 3,745                        | £5.00       |                    | 18,725             | 18,725             | 0.0%                                 |
| <b>Total de-delegation funds available to maintained schools</b>  | <b>40,480</b>                |             | <b>1,023,070</b>   | <b>18,725</b>      | <b>1,041,795</b>   | 0.3%                                 |
| <b>Total budget allocations after MFG,CAP and de-delegation</b>   |                              |             | <b>189,512,893</b> | <b>156,904,406</b> | <b>346,417,299</b> | 99.7%                                |

**Treasury Management Strategy Statement  
and Investment Strategy 2018/19 to 2019/20**

**Gloucestershire County Council**

**Contents**

1. Background
2. External Context
3. Interest Rate Forecast
4. Local Context
5. Borrowing Strategy
6. Sources of Borrowing and Portfolio Implications
7. Debt Rescheduling
8. Annual Investment Strategy
9. Risk Assessment and Credit Ratings
10. Security of Investments
11. Policy on the use of Financial Derivatives
12. 2018/19 Minimum Revenue Provision Statement (MRP)
13. Monitoring and Reporting on the Treasury Outturn and Prudential Indicators
14. Other Items

**Appendices**

- A. Economic and Interest Rate Forecast
- B. Existing Portfolio Projected Forward
- C. Prudential Indicators

## 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 2018/19
  - Annual Investment Strategy for 2018/19
  - Prudential Indicators for 2018/19, 2019/20 and 2020/21
  - MRP Statement
- 1.4 The Council has borrowed and continues to invest 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 Authority's treasury management strategy for 2018/19 will be the UK's progress in negotiating its exit from the European Union and agreeing future trading arrangements. The domestic economy has remains relatively robust since the 2016 referendum, but there are indications that uncertainty over the future is now weighing on growth. Transitional arrangements may prevent a cliff-edge, but will also extend the period of uncertainty for several years. Economic growth is therefore forecast to remain sluggish throughout 2018/19.
- 2.2 Consumer price inflation reached 3.0% in September 2017 as the post-referendum devaluation of sterling continued to feed through to imports. However, this effect is expected to fall out of year-on-year inflation measures during 2018, removing pressure on the Bank of England to raise interest rates.
- 2.3 In contrast, the US economy is performing well and the Federal Reserve is raising interest rates in regular steps to remove some of the emergency monetary stimulus it has provided for the past decade. The European Central Bank is yet to raise rates, but has started to taper its quantitative easing programme, signalling some confidence in the Eurozone economy.

### Credit Outlook

- 2.4 High profile bank failures in Italy and Portugal have reinforced concerns over the health of the European banking sector. Sluggish economies and fines for pre-crisis behaviour continue to weigh on bank profits, and any future economic slowdown will exacerbate concerns in this regard.
- 2.5 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. In addition, the largest UK banks will ringfence their retail banking functions into separate legal entities during 2018. There remains some uncertainty over how these changes will impact upon the credit strength of the residual legal entities.
- 2.6 The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however remain very low.

### **3. Interest Rate Forecast**

- 3.1 The Authority's treasury adviser Arlingclose's central case is for UK Bank Rate to remain at 0.25% during 2018/19. Two of the nine-member Monetary Policy Committee voted for an increase to 0.50% in September, and the decision was said to be finely balanced for others, although all agreed that any increases would be limited and gradual. But stilted progress in the EU exit negotiations, softening consumer spending and a tightening of consumer credit are expected to stay the Committee's hands. The risk of a cut to zero or negative rates has diminished and there is now a chance that rates will rise despite the economic fundamentals.
- 3.2 Longer-term interest rates have risen in the past year, reflecting the possibility of increasing short-term rates. Arlingclose forecasts these to remain broadly constant during 2018/19, but with some volatility as interest rate expectations wax and wane with press reports on the progress of EU exit negotiations.
- 3.3 A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.

### **4. Local Context**

- 4.1 At 31<sup>st</sup> March 2017 the Council's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) is £308.8m, while usable reserves and working capital which are the underlying resources available for investment were £272.1m.
- 4.2 The Council currently has £285.5 million of external borrowing, a £19.8m PFI lease liability and £336.066 million (as at 16<sup>th</sup> November 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 2020/21. 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

|  | 2017/18          | 2018/19          | 2019/20          | 2020/21          |
|--|------------------|------------------|------------------|------------------|
|  | Estimate         | Estimate         | Estimate         | Estimate         |
|  | £m               | £m               | £m               | £m               |
| Closing CFR                            | 302.076          | 311.188          | 322.509          | 321.918          |
| Less:                                  |                  |                  |                  |                  |
| Existing Profile of External Borrowing | 285.513          | 277.650          | 269.786          | 261.823          |
| Other Long Term Liabilities (PFI)      | 19.825           | 19.138           | 18.465           | 17.688           |
| <b>Internal (over) Borrowing</b>       | <b>-3.262</b>    | <b>14.401</b>    | <b>34.258</b>    | <b>42.408</b>    |
| Less:                                  |                  |                  |                  |                  |
| Balances & Reserves                    | 217.590          | 211.590          | 205.590          | 199.590          |
| Working Capital                        | 36.700           | 36.700           | 36.700           | 36.700           |
| <b>Investments</b>                     | <b>(257.552)</b> | <b>(233.889)</b> | <b>(208.032)</b> | <b>(193.882)</b> |

## 5. Borrowing Strategy

5.1 The total borrowing requirement at the end of 2017/18 is forecast to be £302.0 million (equivalent to the CFR). This is financed by historic external borrowing of £285.5 million, and a PFI lease liability of £19.8 million. The Council's aim is to both repay maturing debt, and where possible some of the existing debt when opportunities to do this arise. The Council also considers new borrowing where it can be shown to be prudent and financial beneficial to do so. In 2017/18 £6.7 million maturing external debt will be repaid. £6.9 million is forecast to be repaid in 2018/19 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 Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

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

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 Lender's Option Borrower's Option (LOBO) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBO's have options during 2018/19, however lenders are unlikely to exercise their options in the current low interest rate environment. The situation with these LOBOs will be kept under regular review and the Council will take the option to repay LOBO loans at no cost if it has the opportunity to do so. Previously a further £8 million of loans with Barclays were classified as LOBOs, however Barclays have

now fixed the interest rates on these loans until maturity. These are now classified as fixed rate market loans.

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, the Mid Year Report and any other treasury management reports presented to Audit & Governance Committee.

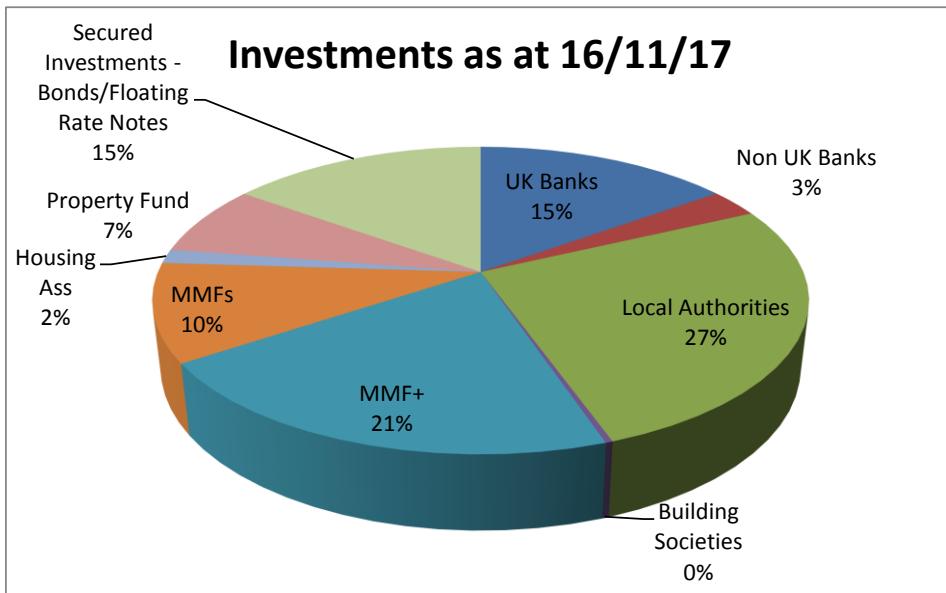
## 8. **Investment Strategy**

8.1 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2017/18 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 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 2018/19, 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 very low returns from short-term unsecured bank investments, the Council aims to continue its strategy of diversifying into more secure and / or higher yielding asset classes during 2018/19. This is especially the case for funds available for longer-term investment. The pie chart below shows how Councils surplus cash is currently invested - 18% is exposed to "bail-in" risk, down significantly on last year's 40% (ie the risk that should the counterparty fail the Council will lose a proportion 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. The minimum credit rating has been raised from BBB+ to A- in accordance with recommendations from our treasury advisors.

**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 | n/a        | n/a                  |
|               |                 |               | 50 years    |            |                      |
| AAA           | £15m            | £30m          | £30m        | £15m       | £15m                 |
|               | 5 years         | 20 years      | 50 years    | 20 years   | 20 years             |
| AA+           | £15m            | £30m          | £30m        | £15m       | £15m                 |
|               | 5 years         | 10 years      | 25 years    | 10 years   | 10 years             |
| AA            | £15m            | £30m          | £30m        | £15m       | £15m                 |
|               | 4 years         | 5 years       | 15 years    | 5 years    | 10 years             |
| AA-           | £15m            | £30m          | £30m        | £15m       | £15m                 |
|               | 3 years         | 4 years       | 10 years    | 4 years    | 10 years             |
| A+            | £15m            | £30m          | £15m        | £15m       | £15m                 |
|               | 2 years         | 3 years       | 5 years     | 3 years    | 5 years              |
| A             | £15m            | £30m          | £15m        | £15m       | £15m                 |
|               | 13 months       | 2 years       | 5 years     | 2 years    | 5 years              |
| A-            | £15m            | £30m          | £15m        | £15m       | £15m                 |
|               | 6 months        | 13 months     | 5 years     | 13 months  | 5 years              |
| None          | £1m             | n/a           | £30m        | £1m        | £15m                 |
|               | 6 months        |               | 25 years    | 5 years    | 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 either following an external credit assessment or to a maximum of £1 million per company as part of a diversified pool in order to spread the risk widely.

- **Registered Providers:**

Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, 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 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 Council's 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**

|                  |     |
|------------------|-----|
| <b>Fitch</b>     | A-  |
| <b>Moody's</b>   | A3  |
| <b>S&amp;P</b>   | A-  |
| <b>Sovereign</b> | 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, and
- 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 Council's 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 Council's 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. The Council has removed the limit for investment in unrated UK Government and local authorities. This is because they are deemed to be secure investments.

**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- (except UK Government and local authorities) | 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. Following a change in how the programme is run, these funds now form part of the Council's investment portfolio.

**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**

|   | <b>Cash limit</b> |
|---|-------------------|
| 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    |

**10.6 Non-Treasury Investments:** Although not classed as treasury management activities and therefore not covered by the CIPFA Code or the CLG Guidance, the Council may also purchase property for investment purposes and may also make loans and investments for service purposes. Such loans and investments will be subject to the Council's normal approval processes for revenue and capital expenditure and need not comply with this treasury management strategy. The Council has £1 million invested in Lloyds Bank as part of the Local Authority Mortgage Scheme (LAMs), which sits outside of the treasury management investment limits.

## 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 2018/19 Minimum Revenue Provision Statement**

12.1 The Minimum Revenue Provision (MRP) was introduced when the Local Government Capital Finance System was changed on 1 April 1990. CLG's Guidance on MRP places a duty on local authorities to make a prudent provision for debt redemption. Guidance has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003. The MRP Statement must be submitted to Council before the start of the financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement would be put to Council at that time.

12.2 In line with Council policy on the repayment of debt, and with the continuation of capital grants by government, the Council has not borrowed externally to fund the capital programme over the last 7 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.

12.3 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. The method used is similar to other local authorities and sets aside a fixed sum of MRP each year. For Gloucestershire the fixed sum was set at £8.2m.

12.4 Following further review of the Capital Financing Requirement and the Prudential Indicators, and discussions with the Council's treasury advisors (Arlingclose) and external auditor (Grant Thornton) County Council approved to further reduce the MRP charge for existing debt to £6.2 million, releasing £2 million per annum from 2017/18. This change still allows for a prudent provision for the repayment of existing debt, and ensures that Prudential Indicators are not breached.

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

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**

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. The current contract was recently retendered and effective from 1<sup>st</sup> December 2017.

Arlingclose's Economic and Interest Rate Forecast

|                                 | Dec-17      | Mar-18      | Jun-18      | Sep-18      | Dec-18      | Mar-19      | Jun-19      | Sep-19      | Dec-19      | Mar-20      | Jun-20      | Sep-20      | Dec-20      | Average     |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Official Bank Rate</b>       |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Upside risk                     | 0.25        | 0.25        | 0.25        | 0.50        | 0.50        | 0.50        | 0.50        | 0.50        | 0.50        | 0.50        | 0.50        | 0.50        | 0.50        | 0.44        |
| <b>Arlingclose Central Case</b> | <b>0.25</b> |
| Downside risk                   | 0.00        | 0.00        | 0.00        | 0.00        | 0.00        | -0.25       | -0.25       | -0.25       | -0.25       | -0.25       | -0.25       | -0.25       | -0.25       | -0.15       |
| <b>3-month LIBID rate</b>       |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Upside risk                     | 0.30        | 0.30        | 0.30        | 0.60        | 0.60        | 0.60        | 0.60        | 0.60        | 0.60        | 0.60        | 0.60        | 0.60        | 0.60        | 0.53        |
| <b>Arlingclose Central Case</b> | <b>0.25</b> | <b>0.25</b> | <b>0.30</b> | <b>0.29</b> |
| Downside risk                   | -0.10       | -0.10       | -0.15       | -0.10       | -0.10       | -0.20       | -0.20       | -0.20       | -0.20       | -0.20       | -0.20       | -0.20       | -0.20       | -0.17       |
| <b>1-yr LIBID rate</b>          |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Upside risk                     | 0.15        | 0.15        | 0.20        | 0.30        | 0.30        | 0.30        | 0.30        | 0.30        | 0.30        | 0.30        | 0.30        | 0.30        | 0.30        | 0.32        |
| <b>Arlingclose Central Case</b> | <b>0.50</b> | <b>0.50</b> | <b>0.50</b> | <b>0.50</b> | <b>0.60</b> | <b>0.70</b> | <b>0.70</b> | <b>0.70</b> | <b>0.70</b> | <b>0.70</b> | <b>0.70</b> | <b>0.60</b> | <b>0.60</b> | <b>0.62</b> |
| Downside risk                   | -0.15       | -0.20       | -0.30       | -0.30       | -0.30       | -0.30       | -0.30       | -0.30       | -0.30       | -0.30       | -0.30       | -0.10       | -0.10       | -0.25       |
| <b>5-yr gilt yield</b>          |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Upside risk                     | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        |
| <b>Arlingclose Central Case</b> | <b>0.55</b> | <b>0.55</b> | <b>0.60</b> | <b>0.60</b> | <b>0.60</b> | <b>0.65</b> | <b>0.70</b> | <b>0.75</b> | <b>0.80</b> | <b>0.85</b> | <b>0.90</b> | <b>0.95</b> | <b>0.95</b> | <b>0.73</b> |
| Downside risk                   | -0.20       | -0.20       | -0.25       | -0.25       | -0.25       | -0.35       | -0.40       | -0.40       | -0.40       | -0.40       | -0.40       | -0.40       | -0.40       | -0.33       |
| <b>10-yr gilt yield</b>         |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Upside risk                     | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        |
| <b>Arlingclose Central Case</b> | <b>1.05</b> | <b>1.05</b> | <b>1.05</b> | <b>1.05</b> | <b>1.05</b> | <b>1.10</b> | <b>1.15</b> | <b>1.20</b> | <b>1.25</b> | <b>1.30</b> | <b>1.35</b> | <b>1.40</b> | <b>1.40</b> | <b>1.18</b> |
| Downside risk                   | -0.20       | -0.35       | -0.25       | -0.25       | -0.25       | -0.25       | -0.25       | -0.25       | -0.25       | -0.25       | -0.25       | -0.15       | -0.15       | -0.24       |
| <b>20-yr gilt yield</b>         |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Upside risk                     | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.70        | 0.70        | 0.57        |
| <b>Arlingclose Central Case</b> | <b>1.60</b> | <b>1.60</b> | <b>1.60</b> | <b>1.60</b> | <b>1.60</b> | <b>1.65</b> | <b>1.70</b> | <b>1.75</b> | <b>1.80</b> | <b>1.85</b> | <b>1.90</b> | <b>1.95</b> | <b>1.95</b> | <b>1.73</b> |
| Downside risk                   | -0.30       | -0.30       | -0.35       | -0.35       | -0.35       | -0.35       | -0.35       | -0.35       | -0.35       | -0.35       | -0.35       | -0.35       | -0.35       | -0.34       |
| <b>50-yr gilt yield</b>         |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Upside risk                     | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.55        | 0.85        | 0.85        | 0.60        |
| <b>Arlingclose Central Case</b> | <b>1.50</b> | <b>1.50</b> | <b>1.50</b> | <b>1.50</b> | <b>1.50</b> | <b>1.55</b> | <b>1.60</b> | <b>1.65</b> | <b>1.70</b> | <b>1.75</b> | <b>1.80</b> | <b>1.85</b> | <b>1.85</b> | <b>1.63</b> |
| Downside risk                   | -0.30       | -0.30       | -0.35       | -0.35       | -0.35       | -0.35       | -0.35       | -0.35       | -0.35       | -0.35       | -0.35       | -0.50       | -0.50       | -0.37       |

Underlying Assumptions:

- The Monetary Policy Committee once again voted 7-2 in favour of maintaining bank rate at 0.25% in September. However, the Committee meeting minutes suggested that the upside risks to Bank Rate had increased, noting that the majority of MPC members judged that the withdrawal of monetary stimulus was likely to be appropriate to return inflation to target.
- This potential rise in Bank Rate is dependent on policymakers seeing continued erosion of economic capacity and a gradual rise in underlying inflationary pressure.
- All members agreed that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.
- The UK economy faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. UK Q2 2017 GDP growth was 0.3%, after a 0.2% expansion in Q1. The initial expenditure breakdown showed weakness in consumption, business investment and net trade. Both consumer and business confidence remain subdued.
- Household consumption growth, the driver of UK GDP growth, has softened following a contraction in real wages. Savings rates are at an all-time low, with little scope for further

reduction to smooth consumption. When inflation eventually eases, savings are likely to be replenished, further diverting money away from consumption.

- Some data has held up better than expected, with unemployment falling to an all-time low and house prices remaining relatively resilient.
- The depreciation in sterling may assist the economy to rebalance away from spending. Export volumes will increase, helped by a stronger Eurozone economic expansion.
- Near-term global growth prospects have continued to improve and broaden, and expectations of inflation are subdued. Central banks are moving to reduce the level of monetary stimulus.
- Geo-political risks remain elevated and help to anchor safe-haven flows into the UK government bond (gilt) market.

#### **Forecast:**

- The MPC have changed their rhetoric, implying a rise in Bank Rate in "the coming months". We are not convinced the UK's economic outlook justifies such a move at this stage, but the Bank's interpretation of the data seems to have shifted.
- This decision is still very data dependent and we are for now maintaining our central case for Bank Rate at 0.25% whilst introducing near-term upside risks to our forecasts.
- The Arlingclose central case is for gilt yields and therefore long-term interest rates to remain broadly stable in the across the medium term, but there may be near term volatility due to shifts in interest rate expectations.

## EXISTING PORTFOLIO PROJECTED FORWARD

|   | Portfolio<br>16 Nov<br>2017 | Average<br>Rate | 31-Mar-18      | 31-Mar-19      | 31-Mar-20       | 31-Mar-21       |
|---|-----------------------------|-----------------|----------------|----------------|-----------------|-----------------|
|   | Actual                      |                 | Estimate       | Estimate       | Estimate        | Estimate        |
|   | £m                          | %               | £m             | £m             | £m              | £m              |
| <b>External Borrowing</b>                                       |                             |                 |                |                |                 |                 |
| Fixed Rate – PWLB   | 244.463                     | 5.29            | 244.463        | 236.599        | 228.736         | 220.773         |
| Fixed Rate – Market   | 33.050                      | 4.23            | 33.050         | 33.050         | 33.050          | 33.050          |
| Variable Rate – PWLB  | 0.000                       | 0.00            | 0.000          | 0.000          | 0.000           | 0.000           |
| Variable Rate – Market  | 8.000                       | 5.00            | 8.000          | 8.000          | 8.000           | 8.000           |
| <b>Total External Borrowings</b>                                | <b>285.513</b>              | <b>5.18</b>     | <b>285.513</b> | <b>277.649</b> | <b>269.786</b>  | <b>261.823</b>  |
| Other long-term liabilities (PFI)                               | 19.825                      |                 | 19.825         | 19.138         | 18.465          | 17.688          |
| <b>Total External Debt</b>                                      | <b>305.338</b>              |                 | <b>305.338</b> | <b>296.787</b> | <b>288.251</b>  | <b>279.511</b>  |
| <b>Investments:</b>   |                             |                 |                |                |                 |                 |
| <i>Managed in house</i>   |                             |                 |                |                |                 |                 |
| - Short term deposits and monies on call and Money Market Funds | 175.480                     | 0.50            | 155.480        | 135.480        | 115.480         | 95.480          |
| - Long Term investments (over 12 months)                        | 90.586                      | 1.40            | 90.586         | 90.586         | 90.586          | 90.586          |
| <i>Managed externally</i>                                       | 70.000                      | 1.54            | 70.000         | 70.000         | 70.000          | 70.000          |
| <b>Total Investments</b>  | <b>336.066</b>              | <b>1.07</b>     | <b>316.066</b> | <b>296.066</b> | <b>276.066</b>  | <b>256.066</b>  |
| <b>Net Borrowing / Investment Position</b>                      | <b>30.728</b>               |                 | <b>10.728</b>  | <b>(0.721)</b> | <b>(12.185)</b> | <b>(23.445)</b> |

## Prudential Indicators 2018/19

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.

|                            | 2017/18  | 2018/19  | 2019/20  | 2020/21  |
|----------------------------|----------|----------|----------|----------|
|                            | Estimate | Estimate | Estimate | Estimate |
|                            | £m       | £m       | £m       | £m       |
| <b>Capital Expenditure</b> | 107.505  | 140.594  | 68.202   | 36.799   |

2.2 Capital expenditure is expected to be financed as follows:

| Capital Financing                            | 2017/18<br>Estimate<br>£m | 2018/19<br>Estimate<br>£m | 2019/20<br>Estimate<br>£m | 2020/21<br>Estimate<br>£m |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| Revenue Contributions                        | 2.310                     | 0.666                     | 0.000                     | 0.000                     |
| Capital Fund and other Reserves              | 13.449                    | 9.954                     | 2.885                     | 0.000                     |
| Government Grants and External Contributions | 75.753                    | 88.670                    | 37.677                    | 26.105                    |
| Capital receipts                             | 15.993                    | 25.304                    | 8.640                     | 0.694                     |
| <b>Total Financing</b>                       | <b>107.505</b>            | <b>124.594</b>            | <b>49.202</b>             | <b>26.799</b>             |
| Internal Borrowing                           | 0.000                     | 16.000                    | 19.000                    | 10.000                    |
| External Borrowing                           | 0.000                     | 0.000                     | 0.000                     | 0.000                     |
| <b>Total Funding</b>                         | <b>0.000</b>              | <b>16.000</b>             | <b>19.000</b>             | <b>10.000</b>             |
| <b>Total Financing &amp; Funding</b>         | <b>107.505</b>            | <b>140.594</b>            | <b>68.202</b>             | <b>36.799</b>             |

### **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 voluntary revenue contributions are made.

|                                      | 2017/18  | 2018/19  | 2019/20  | 2020/21  |
|--------------------------------------|----------|----------|----------|----------|
|                                      | Estimate | Estimate | Estimate | Estimate |
|                                      | £m       | £m       | £m       | £m       |
| <b>Capital Financing Requirement</b> | 302.076  | 311.188  | 322.509  | 321.918  |

### **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 | 2017/18  | 2018/19  | 2019/20  | 2020/21  |
|------------------------------------|----------|----------|----------|----------|
|                                    | Estimate | Estimate | Estimate | Estimate |
|                                    | £m       | £m       | £m       | £m       |
| <b>Total</b>                       | 363.000  | 380.000  | 385.000  | 390.000  |

- 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 | 2017/18  | 2018/19  | 2019/20  | 2020/21  |
|--|----------|----------|----------|----------|
|  | Estimate | Estimate | Estimate | Estimate |
|  | £m       | £m       | £m       | £m       |
| <b>Total</b>                           | 343.000  | 360.000  | 365.000  | 370.000  |

## 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.

| Debt              | 31.03.17       | 31.03.18       | 31.03.19       | 31.03.19       | 31.03.19       |
|-------------------|----------------|----------------|----------------|----------------|----------------|
|                   | Actual         | Estimate       | Estimate       | Estimate       | Estimate       |
|                   | £m             | £m             | £m             | £m             | £m             |
| Borrowing         | 285.513        | 277.650        | 269.786        | 261.823        | 251.878        |
| PFI liabilities   | 19.825         | 19.138         | 18.465         | 17.688         | 17.096         |
| <b>Total Debt</b> | <b>305.338</b> | <b>296.788</b> | <b>288.251</b> | <b>279.511</b> | <b>268.974</b> |

## 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 approved 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 2017/18 is £15.3 million and for interest receipts is £1.6 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 approved 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.

|   | 2017/18<br>Estimate | 2018/19<br>Estimate | 2019/20<br>Estimate | 2020/21<br>Estimate |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>Ratio of Financing Costs to Net Revenue Stream</b> | 4.86%               | 4.76%               | 4.65%               | 5.16%               |

## 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 approved capital programme.

| <b>Incremental Impact of Capital Investment Decisions</b> | 2017/18<br>Estimate | 2018/19<br>Estimate | 2019/20<br>Estimate | 2020/21<br>Estimate |
|---|---------------------|---------------------|---------------------|---------------------|
|   | £                   | £                   | £                   | £                   |
| Increase in Band D Council Tax                            | 0.00                | 1.61                | 7.03                | 9.84                |

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:

|  | 2017/18        | 2018/19        | 2019/20        | 2020/21        |
|--|----------------|----------------|----------------|----------------|
|  | Estimate<br>£m | Estimate<br>£m | Estimate<br>£m | Estimate<br>£m |
| <b>Upper limit for Fixed Interest Rate exposure</b>    | 320.000        | 320.000        | 340.000        | 350.000        |
| <b>Upper limit for Variable Interest Rate exposure</b> | 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 31/03/18 | Actual Fixed Rate £m Borrowing as at 31/03/18 | % Fixed Rate Borrowing as at 31/03/18 | Compliance with Set Limits? |
|--|---------------|---------------|---|---|---------------------------------------|-----------------------------|
|  |               |               | LOBO  | PWLB/Other                                    |                                       |                             |
| under 12 months                            | 25            | 0             | 33.050  | 7.863   | 14.7                                  | Yes                         |
| 12 months and within 24 months             | 25            | 0             | 0.000   | 30.009  | 10.8                                  | Yes                         |
| 24 months and within 5 years               | 50            | 0             | 0.000   | 29.500  | 10.6                                  | Yes                         |
| 5 years and within 10 years                | 75            | 0             | 0.000   | 29.000  | 10.4                                  | Yes                         |
| 10 years and within 20 years               | 100           | 0             | 0.000   | 58.671  | 21.1                                  | Yes                         |
| 20 years and within 30 years               | 100           | 0             | 0.000   | 81.557  | 29.4                                  | Yes                         |
| 30 years and within 40 years               | 100           | 0             | 0.000   | 0.000   | 0.0                                   | Yes                         |
| 40 years plus                              | 100           | 0             | 0.000   | 8.000   | 2.9                                   | Yes                         |

## 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.

|   | 2017/18 | 2018/19  | 2019/20  | 2020/21  |
|---|---------|----------|----------|----------|
|   | Actual  | Estimate | Estimate | Estimate |
|   | £m      | £m       | £m       | £m       |
| Upper Limit for total principal sums invested over 364 days | 200.000 | 200.000  | 200.000  | 200.000  |

# Gloucestershire County Council Risk Management Policy Statement & Strategy



2018-2021

# Risk Management Policy Statement

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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.

# Contents

|  |   |
|--|---|
| Risk Management Strategy .....   | 3 |
| What are the real benefits of managing risk? .....                               | 3 |
| Our Strategic Risk Management Objectives .....                                   | 4 |
| What is the Council's Risk Appetite? .....                                       | 5 |
| How are our objectives going to be met? .....                                    | 5 |
| Monitoring and Review of Risk Management Activities (minimum requirements) ..... | 6 |
| Accountabilities, Roles and Responsibilities .....                               | 7 |
| Risk Management Governance Structure .....                                       | 7 |

# Risk Management Strategy

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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?

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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

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

# What is the Council's Risk Appetite?

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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?

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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)**

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- 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

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

## Cabinet / Portfolio Holders

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

## Scrutiny

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

## Audit and Governance Committee

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

## Corporate Management Team (CoMT)

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

## Directors

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

## Lead Commissioners/Service Heads

- Ensure that risk management, within their areas of responsibility, is implemented in line with the council's Risk Management Strategy;
- Own their risk register and identify cross-cutting risks as well as risks arising from their areas of responsibility; prioritising and initiating mitigating actions;
- Ensure regular review of the service risk register as part of wider council performance;

- Report to Directors on any perceived new and emerging risks or, failures of existing control measures;
- Promote and share good practice across service areas;
- Liaise with their service Risk Champion; and
- Challenge risk owners and actions to ensure that controls are operating as intended.

## Managers

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

## Staff/Other Stakeholders

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

# Corporate Risk Management Team

## Strategic and Operational Risk

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

## Risk Financing and Insurance

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

## Corporate Risk Management Group

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

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

The key aims of the group are to:

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

## **Internal Audit**

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

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

# Risk Management Governance Structure

