

APPENDIX 1

Gloucestershire County Council

Medium Term Financial Strategy Approved by County Council 16th February 2022

2022/23 to 2025/26

Budget 2022/23

A Context

- 1 This Medium Term Financial Strategy (MTFS) was approved by County Council following recommendation and approval of Cabinet 26th January 2022.

B Medium Term Financial Strategy

- 2 The MTFS has been prepared using best estimates from available data following the recent Spending Review announcements and the provisional settlement which was received on 16th December 2021. The final settlement was received 7th February 2022, after the publication date for the agenda reports. County Council were therefore given a verbal update on the day of the Council meeting outlining the small change in overall funding available for 2022/23.(See Section F for further information)
- 3 The approved MTFS contains the detailed budget proposals for 2022/23 including the general fund revenue budget, the capital programme and the Dedicated Schools Grant as well as high level budget information for the period 2023/24 to 2025/26. The approved general fund revenue budget for 2022/23 totals £521.330 million and is based on an overall increase of 2.99% on Council Tax (this is made up of 1.99% Council Tax increase plus a 1% Adult Social Care Precept increase) in accordance with the announcement in the recent Spending Review. This approved increase in the Adult Social Care Precept is estimated to raise an additional £3.7 million.
- 4 The draft budget was approved for public consultation by Cabinet on 22nd December 2021. The results of this public consultation exercise and the review by Corporate Overview and Scrutiny Committee are attached to this report (Appendix 2 and 3).
- 5 Commissioning Intentions for each service area which expand on the high-level plans included in the Council Strategy are provided in Annex 1. The Commissioning Intentions highlight current achievements and future plans in relation to the different services provided by the Council.

C Building Back Better in Gloucestershire – Our Council Strategy 2022/26

- 6 The Council Strategy – ‘Building Back Better in Gloucestershire’ - is the key high-level document that, along with the MTFS, sets the Council’s strategic policy direction. The new four-year strategy has been developed following full council elections in May 2021, and sets out the Council’s vision, its ambitions for the county and its priorities for addressing the challenges and opportunities it faces. The Council Strategy has been updated following the recent public consultation and was approved by Cabinet 26th January 2022 and was approved by Council through a separate agenda item 16th February 2022.
- 7 The Council’s vision is to make the most of all that Gloucestershire has to offer, help improve the quality of life for every community, support businesses to be successful and make sure Gloucestershire is a place where people want to live, work and visit.

8 Our ambition is for Gloucestershire to be:

- **A Magnet county** - A growing working age population, with more 18-40 year olds with high level qualifications choosing to live and work in the county
- **An Innovative county** - More businesses starting up, growing and investing in research and innovation
- **A Skilled county** - More people with high-level skills and jobs in skilled occupations
- **A Prosperous county** - Rising productivity and household incomes offering higher living standards
- **An Inclusive county** - The economic and social benefits of growth to be felt by all
- **A Healthy county** - People to have a good work/life balance and improved health and wellbeing
- **A Connected county** - Improved transport and internet connections so that people and businesses can connect with each other more easily
- **A Sustainable county** - More efficient use of resources and more use of sustainable energy
- **A Resilient county** - Active, resilient local communities that keep people safe, provide them with support and help them to make a positive contribution

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

D Consultation

10 A formal budget consultation took place between 23rd December 2021 and 21st January 2022 with the following groups:

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

11 Full details of the budget consultation are included in Appendix 2.

12 The Corporate Overview and Scrutiny Committee have also undertaken their own budget scrutiny process on 6th January 2022. Their report is included as Appendix 3.

E Finance Settlement and Funding Assumptions

13 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.

14 The overall funding assumptions for the Council are based on central government's 2021 Spending Review (SR21) and the provisional settlement

received on the 16th December 2021. The final 2022/23 Finance Settlement has not been received at the time of publication of this report – no significant changes to funding levels are anticipated however a verbal update will be presented on the day of the Council meeting. A one-year finance settlement was received despite SR21 covering a three year period. The provisional settlement has given more certainty over funding streams for 2022/23, however funding for future years remains uncertain. Flexibility to amend the budget remains until the final Finance Settlement is confirmed.

15 SR21 confirmed the following:

- 3% expected increase each year in Core Spending Power (CSP).
- Flexibility to increase Council Tax – 2% general Council Tax limit plus up to 1% for the SR21 period for the Adult Social Care Precept.
- £4.74 billion of new grant funding to the Local Government Departmental Expenditure Limit (LGDEL). This includes supporting families and cyber security and ASC reform. This is expected to cover increased inflationary, pay and national insurance pressures.
- £3.6 billion of the £5.4bn funding for ASC reform announced on 7 September 2021, will be routed through local government.

SR21 Announcements LGDEL

	2022/23	2023/24	2024/25	Total
	£bn	£bn	£bn	£bn
New grant	1.50	1.50	1.50	4.50
Supporting Families	0.04	0.07	0.09	0.20
Cyber Security	0.01	0.01	0.01	0.04
Sub Total	1.55	1.58	1.60	4.74
Adult Social Care	0.20	1.40	2.00	3.60
Total	1.75	2.98	3.60	8.34

- Real Term increases in Public Health grant.
- £21 billion for roads and £46 billion for railways to connect towns.

16 Detailed figures for the Council announced as part of the provisional Finance Settlement on 16th December 2021 provided further information. The CSP for GCC will increase by 6.9%, the same as the national average increase, as detailed in the table below. It should be noted that this presentation is not directly comparable to the Budget presented. This is because our Budget is based on actual business rates received and actual Council Tax raised, whereas the CSP illustrates a theoretical view based on central government's view of need and a maximum Council Tax increase per year together with a national average increase in council taxbase. CSP also excludes Public Health funding and several other unringfenced funding streams that are included within GCC's Budget.

Gloucestershire Core Spending Power as presented by Central Government:		
	2021-22	2022-23
	£ millions	£ millions
Settlement Funding Assessment	84.0	84.3
Compensation for under-indexing the business rates multiplier	3.9	6.2
Council Tax Requirement excluding parish precepts	329.3	345.0
Improved Better Care Fund	19.4	20.0
New Homes Bonus	1.9	1.4
Social Care Grant	15.8	22.0
Market Sustainability and Fair Cost of Care Fund	0.0	1.7
2022/23 Services Grant	0.0	5.2
Core Spending Power	454.3	485.8
Change on 2021-22 (£ millions)		31.5
Change on 2021-22 (% change)		6.9%

- 17 Unfortunately funding beyond 2022/23 although covered by the SR21 was not included in the provisional settlement. This makes medium term planning more difficult and creates additional uncertainty.

Fair Funding Review

- 18 The National Fair Funding Review will review the underlying needs formula and distribution methodology used for assessing need and allocating funding to Local Government. It has not been reviewed since 2013. The Department for Levelling Up, Housing and Communities (DLUHC) are looking for a formula based model with common cost drivers such as population, sparsity and deprivation, which are relevant, objective, distinct, stable and future proof.
- 19 Originally, the review was expected to be completed in time to implement the new approach by 2019/20 however delays, postponements and the impact of the Covid pandemic have meant that it is now expected to be implemented in 2023/24 at the earliest. As consultations are received the Council will review and feedback as necessary

Business Rates Retention

- 20 The Business Rate Retention (BRR) Scheme was introduced nationally from 2013/14. The Scheme allows councils to retain some of the business rates raised locally and currently the scheme is a 50% retention scheme. This means the business rate yield is divided equally between central and local government.
- 21 GCC along with all six districts in the County have been part of a pooling arrangement since the scheme was introduced. Pooling has provided the Council with a consistent source of additional funding over this period, despite one year of losses, and given additional resources to fund countywide projects through the Strategic Economic Development Fund.
- 22 The Council, together with the district councils in Gloucestershire, have submitted an application to remain as a Business Rates Pool during 2022/23. Following modelling work the central case scenario is that gains can still be achieved, particularly as the revaluation has been delayed.

	Pool Gain 2020/21 £m	Est. Pool Gain 2021/22 £m	Est. Pool Gain 2022/23 £m
District Share	2.3	2.7	3.1
GCC Share	0.6	0.7	0.8
SEDF Share	0.7	0.8	0.9
Total	3.6	4.2	4.8

- 23 Now the provisional finance settlement has been received the pooling decision will be reviewed by each Council and confirmed in the new year.
- 24 The move to a 75% BRR scheme is still delayed and is not expected until 2023/24 at the earliest. It is expected that consultation papers on how the new funding system will operate will be circulated during 2022.
- 25 It is expected that the business rates reset will also be deferred until 2023/24, which is good news for the Pool as it enables the councils within Gloucestershire to retain more business rates from “growth” than would otherwise be expected had the baseline been reset.

Other Funding Streams

- 26 In addition to the main un-ringfenced grants received as part of the BRR system, the Council also receives a number of other grants, which central government include within the CSP of local authorities. SR21 announced that nationally £4.8 billion will be available in addition to that currently within CSP over the three years to 2024/25. The following grants will be received for 2022/23:

- **New 2022/23 Services Grant**
The Council will receive £5.223 million for this grant. The grant is expected to be a one off funding stream and is un-ringfenced funding.
- **Adult Social Care Reform Grant**
SR21 announced that £3.6 billion will be available nationally over the SR21 period to 2024/25. This money will be routed through local government and is intended for Social Care Reform. As such the money will be needed to cover pressures as identified by central government. The allocation for the Council is confirmed as £1.708 million.
- **Improved Better Care Fund**
This funding stream consists of several funding streams that were announced at different times but have now been combined into one. In total for 2021/22 the Council received £19.4 million, and this figure has increased to £20.0 million for 2022/23. The Council continues to work closely with Health partners to use this funding to facilitate more integrated working between health and social care.
- **Social Care Support Grant**
This funding includes several grants announced at different times, but now

combined into one grant, plus an allocation from 2022/23. In 2021/22 this grant totalled £15.8 million and is designed to support adults and children social care. The provisional settlement increased this grant to £21.980 million.

- **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. Over time the scheme has been amended and allocations reduced, and a recent consultation means that the scheme will be redesigned so it is expected to end with 2022/23 being the last legacy payment. Funding for 2022/23 was just expected as a legacy payment, however the provisional settlement has included a new payment for 2022/23 worth £333 million nationally. This means that GCC will receive £1.391 million.

- **Public Health Grant**

It is expected that the Council will receive around £24.9million for Public Health in 2022/23 – the actual allocation has not been announced yet. Although forming part of the Council's base budget, this funding currently remains ring fenced for Public Health.

Council Tax

- 27 Well over half of the Council's funding comes from Council Tax – in 2022/23 it is anticipated that the Council will generate £303.1 million from Council Tax and £40.1 million from the cumulative impact of the Adult Social Care (ASC) Precept. The general Council Tax referendum limit for upper tier authorities is set at 2% for 2022/23. SR21 also announced a 1% ASC precept for the three years of the SR, and it is proposed to use all of this for the 2022/23 budget, which gives an increase of £3.7 million for ASC on 2021/22 levels. The budget for 2022/23 therefore proposes to raise council tax by 2.99% - 1.99% from general council tax with an additional 1.0% from the Adult Social Care precept.
- 28 The budget assumptions usually include an estimated increase in the tax base for the county. For the draft Budget this was set at 1.02%. The Council now has confirmation of the final figures which is in line with expectations - giving a very minor increase of £2k.
- 29 Normally a council tax surplus is included within the budget figures. Due to the pandemic, there is now a residual deficit from prior years which is being spread over three years to 2023/24 – at £896k per annum. For the draft Budget it was assumed that there would be an additional surplus of £1.191 million for 2022/23. Final figures have now been received and give a better position than anticipated of £1.738 million – an increase of £547k. The net Collection Fund surplus is therefore £842k - £1.738 million less the pandemic deficit of £896k. A larger surplus has been built into future years as the expectation is that the taxbase will start to grow once again.
- 30 The Council's current 2021/22 Band D Council Tax is £1,409.22, including the Adult Social Care Precept. For 2022/23 it is approved that Council Tax will increase by 1.99% plus an additional 1.00% for the Adult Social Care Precept

thereby making Band D Council Tax £1,451.36 (an increase of £42.14 or just over £0.81 per week).

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

Band	2022/23 Budget £	Increase on 2021/22 £
A	£967.57	£28.09
B	£1,128.84	£32.78
C	£1,290.10	£37.46
D	£1,451.36	£42.14
E	£1,773.88	£51.50
F	£2,096.41	£60.87
G	£2,418.93	£70.23
H	£2,902.72	£84.28

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

F Changes between the 2022/23 revenue budget issued for consultation and the final budget

32 The following specific budget changes were approved by Cabinet 26th January 2022:

- Removal of the proposed cost increase of £359k for Vulnerable Children to fund Supporting Families following confirmation that this funding was excluded from the Provisional Settlement announced in December 2021 and will be subject to additional specific grant funding.
- Removal of proposed cost increase of £108k for Corporate Resources to fund cyber security following confirmation that this funding was excluded from the Provisional Settlement announced in December 2021 and will be subject to additional specific grant funding.
- New cost increase proposed for Community Safety, Improvement Plan for Gloucestershire Fire & Rescue Service totalling £902k. (£435k including one- off investment which it is proposed will be funded from general reserves)

33 In addition to the above changes approved by Cabinet 26th January 2022, the Council has now received more information on the council tax and NNDR collection fund figures from District Councils and this has indicated that an additional £549k is available for 2022/23. It was proposed to allocate this additional funding to the unachievable savings contingency.

34 The Council also received confirmation through the Final Settlement 7th February 2022, that the allocation of the Public Health Grant had increased by £322k, and also that an additional section 31 Grant of £191k would be also be received in 2022/23. As a result the Budget funding available was increased as follows:-

Detail	£m
Budget Per Cabinet January 2022	520.268
Increase on the Council Tax Collection Fund	0.547
Increase to Council Taxbase	0.002
Increase to Public Health Grant Allocation	0.322
Additional Section 31 Grant Funding Allocations	0.191
Revised Budget	521.330

35 County Council at its meeting 16th February 2022 gave approval to the following:-

- Removal of the additional £548k increase to the Unachievable Savings Contingency
- Additional one-off Investment - Traffic Regulation Order Reserve £100k
- Additional one-off Investment – Parking Permit Inflation Freeze £33k
- Additional one-off Investment – Recycling Shop Pilot at Household Recycling Centres £120k
- Additional one-off Investment – Community Speedwatch £250k
- Additional one-off Investment – Biodiversity Management Officer £45k
- Additional Permanent Investment to the Pay & Prices Contingency, following additional funding confirmed under the Final Settlement £513K

36 The proposed allocations expected under the Dedicated Schools Grant for 2022/23 have been updated based on the Department for Education announcement on 16th December 2021. Further details of these changes can be found in Section I.

37 In addition to the above changes, the starting budget for individual services (shown in Annexes 2 and 3) has also been realigned to reflect permanent budget transfers that occurred between October 2021 and December 2021.

G Revenue Budget Proposal 2022/23

38 The approved revenue budget for 2022/23 totals £521.330 million, a net increase of £38.322 million from 2021/22– this is made up of £51.384 million of investment in services offset by £13.062 million of budget reductions, additional income, savings and efficiencies.

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

Revenue Grants, not included in Base Funding	Revised 2021/22 £'000	Forecast 2022/23 £'000
Adoption Support Fund - SGO	180	180
Adult Education Budget (ESFA)	2,457	2,457
Adult Apprenticeships (ESFA)	226	226
Arts Council Grant	806	806
Assessed and Supported (ASYE) Grant	85	85
Better Care Fund (joint funding with CCG)	44,210	46,642
Covid 19 Schools-Led Tutoring	57	41
Covid 19 Recovery Premium (Schools)	73	52
Covid 19 Mass Testing (Schools)	30	-
Covid 19 Other (Schools)	13	-
Dedicated Schools Grant (DSG)	288,159	298,544
Domestic Abuse Duty	1,105	1,109
Education Funding Agency Grant	1,375	1,375
Extended Rights to Free Travel	503	503
Fire Link Grant	254	221
Fire Pensions Grant	1,093	1,093
Independent Living Fund	887	887
Inpatient Detoxification Grant	-	95
Lead Local Flood	52	52
Local Council Tax Support Grant	4,735	-
Local Reform and Community Voices	524	524
Music service	802	802
National Assessment and Accreditation	190	190
New Dimension Service and Maintenance	80	81
Primary School PE and Sport Funding	3,304	3,304
Pupil Premium Grant	11,364	11,364
Rapid Rehousing Pathway	711	711
Responding to New Risks (Fire MTFA)	29	29
School Improvement Grant	784	784
Sixth Form Funding	1,444	1,468
SEN Reform Grant	758	758
Sports Grant	3,524	3,524
Staying Put	360	360
Supplemental funding for substance misuse treatment and recovery	-	610
Supporting troubled families - new 2022/23	-	1,497
Tackling Troubled Families & PbR (merges into Supporting Families from 2022/23)	1,114	-
The Private Finance Initiative (PFI)	4,875	4,875
Transport Tendered Contracts	594	594
Unaccompanied Asylum Seekers	1,000	1,000
unaccompanied Asylum Seekers Leaving	450	450
Universal Infant Free School Meals Grant	4,662	4,662
Virtual School Head s31	78	77
War pension disregard grant	169	169
Youth Justice Board Grant	494	485
Youth Offending Agency	45	48
Total Ringfenced Grant	383,654	392,733

- 40 In addition to the above, specific grant funding is also anticipated for Cyber Resilience - the announcement of the amount awarded for Gloucestershire is currently awaited.

41 A summary of the approved budget (excluding specific grants) is provided below.

Medium Term Financial Strategy – 2022/23 Budget – Overall Summary

Budget Area	Approved 2021/22 Budget	Removal of 2021/22 One Off Budget Adjustments	Agreed Budget Transfers between Service Areas	MTFS 2021/22 Base Budget	Pay Inflation Costs	Cost Increases	Cost Reductions	Proposed 2022/23 Budget	Cash Increase / Decrease	Percentage Increase / Decrease
	£'000	£000	£000	£'000	£000	£000	£000	£'000	£000	%
Programme Budget Areas										
Adults	156,533	-	-924	155,609	1,006	12,378	-3,986	165,007	8,474	5.41%
Vulnerable Children	105,693	-282	-857	104,554	1,091	10,358	-3	116,000	10,307	9.75%
Other Children Services	20,878	-200	249	20,927	360	2,618	-202	23,703	2,825	13.53%
Economy, Environment and Infrastructure	75,888	-1,060	308	75,136	497	11,334	-4,172	82,795	6,907	9.10%
Community Safety	20,009	-	-12	19,997	479	1,629	-14	22,091	2,082	10.41%
Prevention & Wellbeing	35,566	-470	453	34,643	67	1,014	-73	35,651	85	0.24%
Corporate Resources	34,591	-50	2,335	36,876	780	3,170	-1,337	39,489	4,898	14.16%
Technical & Countywide	33,850	-13	-646	33,191	43	4,560	-1,200	36,594	2,744	8.11%
Total Budget	483,008	-2,075	-	480,933	4,323	47,061	-10,987	521,330	38,322	7.93%

42 The 2022/23 approved budget is funded as follows:

	£ 000
Original 2021/22 Budget	<u>483,008</u>
Removal of 2021/22 One off Investments	-2,075
Revised 2021/22 Base Budget	<u>480,933</u>
2022/23 Approved Pay Inflation	4,323
2022/23 Approved Cost and Spending Pressures	47,061
2022/23 Approved Cost Reductions	-10,987
Total 2022/23 Budget	<u>521,330</u>
Less:	
Top Up Grant	54,236
Business Rates Income	21,949
Revenue Support Grant	8,482
Public Health Grant	25,263
Improved Better Care Fund	20,024
New Homes Bonus	1,391
Social Care Grant Funding	23,688
Other Ring-Fenced Grants	16,424
Collection Fund Surplus	841
Strategic Waste Reserve	1,663
Invest to Save Reserve	1,100
Capital Fund Reserve	1,000
EE&I Reserve (Permits)	972
General Fund Reserve	1,046
Budget to be met from Council Taxpayer	<u>343,251</u>

Council Tax at Band D = £1,451.36

43 The approved budget for 2022/23 contains provision to fund key budget pressures including estimates for unavoidable contractual inflation, pay (including the impact of the National Living Wage), demographic increases in demand led services and corporate priorities such as additional funding for Children & Families to fund the continuing improvement following the OFSTED inspection. There is uncertainty around the impact of future decisions on pay for parts of public sector. The current budget includes 2% increase for 2022/23. The 2021/22 national pay award remains outstanding, although a 2% provision was incorporated within the approved 2021/22 budget.

H Financial Performance in 2021/22

- 44 The current forecast of the year end revenue position for 2021/22, based on actual expenditure at the end of November 2021 and forecasts made in December 2021, is a £1.937 million overspend, all of which relates to non-COVID expenditure and income. A balanced position is currently forecast in relation to COVID expenditure and income.
- 45 Details of the forecast year end position, analysed by service area, is provided in the table below.

Service Area	Revised 2021/22 Budget	Forecast Outturn Position	Forecast Outturn Variance	Variance %	Covid-19 Forecast	Forecast excluding Covid-19
	£000	£000	£000	%	£000	£000
Adults	155,968	158,346	2,378	1.52%	2,378	0
Prevention & Wellbeing	35,566	35,294	-272	-0.76%	12	-284
Children & Families	126,176	145,243	19,067	15.11%	10,459	8,608
Economy, Environment & Infrastructure	76,274	78,929	2,655	3.48%	2,655	0
Community Safety	20,002	20,106	104	0.52%	106	-2
Corporate Resources	35,922	42,883	6,961	19.38%	6,813	148
Total for Services	449,908	480,801	30,893	6.87%	22,423	8,470
Technical & Countywide	33,100	26,616	-6,484	-19.59%	49	-6,533
Total	483,008	507,417	24,409	5.05%	22,472	1,937
Additional Funding Covid-19 including carry forward to be allocated	22,472	0	-22,472		-22,472	
Revised Total	505,480	507,417	1,937	0.40%	0	1,937

- 46 Details of the forecast year end position can be found in the Financial Monitoring Report 2021/22 presented to Cabinet in January 2022. The assumption built into the MTFs is that in year pressures will be managed and the budget will be balanced at the end of 2021/22. Any remaining overspend at the year end will need to be funded from reserves.

I Dedicated Schools Grant (DSG)

- 47 The DSG for 2022/23 was announced on the 16th December 2021. A Supplementary Grant for 2022/23 was also announced at the same time to provide extra funding for schools and high needs.
- 48 The Supplementary Grant is in addition to the schools and high needs block DSG funding calculated under the National Funding Formula (NFF) and is to recognise the additional costs that local authorities and schools will face in the coming year, which were not foreseen when the original high needs block allocations were calculated, including the Health and Social Care Levy, that will be applied initially through increased national insurance contributions from employers.
- 49 The additional funding also takes into account that colleges and other providers offering extra hours of study to students with high needs may require extra high needs top-up funding to support those students.
- 50 The 2022/23 position for Gloucestershire is as follows:

	Central School				Total DSG
	Schools	Services	High Needs	Early Years	
2021/22 Current DSG	£411.371 M	£2.784 M	£74.352 M	£35.337 M	£523.844 M
Change in DSG from 2021/22	£16.670 M	£0.180 M	£6.968 M	-£0.440 M	£23.378 M
Additional Supplementary Grant for 2022/23	£12.295 M		£2.989 M		£15.284 M
2022/23 DSG and Supplementary Grant	£440.336 M	£2.964 M	£84.310 M	£34.897 M	£562.506 M
Overall change from 2021/22	£28.965 M	£0.180 M	£9.957 M	-£0.440 M	£38.662 M
Percentage change from 2021/22	7.0%	6.5%	13.4%	-1.2%	7.4%

- 51 These figures include changes for census date movements in pupil numbers.
- 52 This represents an overall increase in funding of £38.662m (7.4%) from the 2021/22 DSG

Schools Block and Schools National Funding Formula (NFF).

- 53 There is currently no fixed target date by which all schools will receive their allocations via a 'hard' NFF, however the Department for Education (DfE) are consulting on the approach to completing their reforms of the National Funding Formula (NFF) and how they most effectively transition away from local formulae to all schools' funding allocations eventually being determined directly by the NFF.
- 54 Currently the DfE uses the national funding formula to set notional allocations for each school, which are then aggregated, and used to calculate the total schools block received by each local authority (LA). LAs are then responsible for setting a local schools formula, in consultation with their schools and Schools Forum.

- 55 The Gloucestershire Schools Forum have agreed that the national factors and rates used for mainstream schools in the NFF should be used in the calculation of Gloucestershire school budgets where possible.

The key National Funding Formula (NFF) changes for 2022/23 (excluding the additional Supplementary Grant) are:

- 3% increases to the factors for basic entitlement; deprivation allocations based on free school meals at any time in the last 6 years (FSM6) and on income deprivation affecting children index (IDACI); lower prior attainment (LPA), English as an additional language (EAL) and the lump sum.
 - 2% increase to free school meals (FSM).
 - The Minimum per pupil funding (MPPF) increases by 2% to £5,525 per secondary pupil and £4,265 per primary pupil.
 - £10,000 increase in primary sector and £5,000 increase in secondary sector to the maximum amount a school can receive for the sparsity factor. Primaries are now eligible for up to a maximum of £55,000 and Secondaries up to £80,000.
 - Schools sparsity distances are now based on road distances, instead of straight-line 'as the crow flies' distances and schools marginally below the main sparsity distance thresholds (2 miles Primary, 3 miles secondary) will now also attract some sparsity funding, but at a lower amount. This will apply to schools with sparsity distances of 1.6 to 2.0 miles primary and 2.4 to 3.0 miles secondary.
 - The DfE are centralising the business rates payment system for schools, so that the ESFA will pay billing authorities directly on behalf of state funded schools from 2022/23. This will simplify the process and decrease administrative burdens for schools.
 - The funding floor in the NFF remains at 2% to ensure every school is allocated at least 2% more funding per pupil.
- 56 After implementing the NFF at its 100% level, this leaves a balance of £0.307m in the 2022/23 schools block. A recommendation has been included in the 13th January 2022 Schools Forum paper that this balance is used as a one off contribution to support the continued funding of the 1 in 40 High Needs model, as per the same agreement as 2021/22.

Schools Supplementary Grant

- 57 £1.2 billion of additional funding is to be allocated to schools through this separate grant which is in addition to the schools block DSG funding.
- 58 The schools supplementary grant funding for early years and post-16 provision in schools is provided in respect of the Health and Social Care Levy and will be allocated on a simple per-pupil basis
- 59 The additional funding for mainstream school provision for pupils aged 5 to 16 is provided in respect of both the Health and Social Care Levy and wider cost pressures.
- 60 Funding for 5 to 16 mainstream schools makes up the bulk of the additional £1.2 billion to be allocated through the schools supplementary grant. The 5 to

16 funding rates consist of the following three elements, which are based on factors already in the schools national funding formula:

- a basic per-pupil rate (with different rates for primary, key stage 3 and key stage 4)
- a lump sum paid to all schools, regardless of pupil numbers
- a per-pupil rate for pupils who are recorded as having been eligible for free school meals at any point in the last six years (FSM6), with different rates for primary and secondary pupils.

61 The base per-pupil funding rates are:

62 For early years provision in schools £24 per pupil

63 For 5-16 schools:

- basic per-pupil rate of £97 for primary pupils
- basic per-pupil rate of £137 for key stage 3 pupils
- basic per-pupil rate of £155 for key stage 4 pupils
- lump sum of £3,680
- FSM6 per-pupil rate of £85 per eligible primary pupil
- FSM6 per-pupil rate of £124 per eligible secondary pupil

64 For 16-19 provision in schools and academies £35 per student.

65 School-level allocations will be published in Spring 2022.

High Needs Block

66 The High Needs Block of the DSG has been allocated an additional £6.968m. On top of this a further £2.989m has been allocated through the Supplementary Grant, bringing the total high needs funding for 2022/23 up to £84.310m, an increase of 13.4%.

67 Gloucestershire's high needs block, like most LAs nationally is currently in deficit. The increase in the allocated funding for 2022/23 will be required to meet forecast demand pressures for additional special school places and support to mainstream schools. The LA and Schools Forum are looking at proposals on how to resolve this deficit, and initiatives to tackle need more effectively and reduce costs in the long run. A financial recovery plan is being developed alongside this review.

Central School Services Block (CSSB)

68 The CSSB includes funding for on-going responsibilities of Local Authorities for the statutory duties that they hold for both maintained schools and academies. It includes funding for Admissions, School Forum coordination, copyright licences and centrally retained duties. The allocation is based on a formula using pupil numbers (90%), free school meals (Ever 6, 10%) with an area cost adjustment applied. The rate per pupil for 2022/23 has increased by £1.90 to £36.09 and there has been an increase of 713 pupils resulting in a 6.5% increase of £0.180m.

Early Years Block

- 69 The funding announcements on 16th December included an increase in the hourly funding rates by 17 pence for three and four year olds and 21 pence for two year olds (see table below). In addition to this increase there was an increase of £27,205 to the disability access fund and an increase of £60,544 for pupil premium, giving an overall decrease to the early years block of £440,268 for 2022/23. There will be further updates in the summer 2022 and summer 2023 for the January pupil counts which will reflect more accurately the picture than the January 2021 census which these figures are based on.

Early Years block 2022/23	Hourly Price increase £	Activity change PTE	Price increase £	Activity Impact £	Total £
2 yr olds	0.21	-39.39	120,781	-126,856	-6,075
3 & 4 yr olds universal	0.17	-532.60	872,018	-1,399,513	-527,495
3 & 4 yr olds working parents	0.17	-130.63	348,810	-343,257	5,553
Pupil premium					60,544
Disability Access Fund					27,205
			<u>-702.62</u>	<u>1,341,609</u>	<u>-1,869,626</u>
Activity based on January 2021 census					

- 70 A recommendation has been included in the Schools Forum 13th January 2022 paper for the Forum to agree to apply the 0.17p increase to the hourly rate for 3 and 4 years olds and to consult with the early years forum on the formula distribution and to apply the 0.21p to the base rate for 2 year olds.

The Robustness of the Budget Proposals

- 71 The MTFS and approved detailed budget for 2022/23 have been formulated in accordance with the medium-term financial planning framework and budget principles as detailed in Annex 4.
- 72 The starting point for producing the MTFS for the next four years and the detailed budget proposals for 2022/23 is the 2021/22 MTFS.
- 73 The approved 2022/23 budget and future years' budgets takes into account forecast funding changes, new unavoidable commitments, strategic risks, the level of reserves, changes in legislation, estimate pay / price increases and Administration / Council Strategy priorities.

J Flexible Use of Capital Receipts

- 74 As part of the local government settlement for 2016/17 Government announced greater flexibility for councils in how they make use of capital receipts. Councils were previously only allowed to use capital receipts for repaying debt or funding further capital spend. The rules now allow new capital receipts to be used to fund the revenue costs of transformation projects designed to generate ongoing

revenue savings in the delivery of public services or to transform service delivery in a way that reduces costs or demand for services in the future.

- 75 The approved budget 2022/23 does not anticipate the use of capital receipts in this way. However, given the on-going transformation programme and the financial challenges faced by the Council as a result of the COVID-19 pandemic it may become necessary to consider using capital receipts in this flexible manner in future. Using capital receipts in this way will require the approval of the County Council.
- 76 When developing and adopting a Flexible Use of Capital Receipts Strategy the impact on the Council's Prudential Indicators will be carefully considered.

K Council's Financial Standing and Risks

- 77 Under the Local Government Act 2003 the Council has a responsibility to ensure that reserves are adequate. During 2021/22 all reserves have been examined in detail.
- 78 A summary of the Council's forecast reserves as at 31st March 2022, and movements since 31st March 2021 are as follows:

	31st March	31st March
	2021	2022
	£000	£000
Earmarked Revenue Reserves -Non Schools	147,881	113,262
Earmarked Reserves – School Related	20,148	20,148
General Fund Reserves	21,999	21,999

- 79 The current level of General Reserves is considered to be a satisfactory level by the Council's s151 officer following a risk-based review – see Annex 5b.
- 80 Non School Revenue Earmarked Reserves are forecast to fall from £147.881 million as at 31st March 2021, to £113.262 million as at 31st March 2022, a reduction of £34.619 million. This is largely as a result of drawdowns from the Capital Fund (£8.164 million), Adults Reserve (£4.449 million), Transformation Reserve (£7.884 million), Revenue Grants Unapplied Reserve (£4.845 million), Communities & Infrastructure Reserve (£4.367 million), Economic Stimulus Reserve (£1.000 million), Strategic Waste Reserve (£1.800 million), and Insurance Reserves (£0.822 million).
- 81 It has been assumed that School Related Reserves will remain at similar levels to that held at 31st March 2021.
- 82 It is anticipated that Capital Reserves will remain at similar levels as those held at 31st March 2021.
- 83 Annex 5a provides further detail on the Earmarked Reserves, including all of the proposed and forecast reserve movements during the year.

L Section 151 Officer Review of the Budget

- 84 In October 2019 a new requirement to have regard to the CIPFA Financial Management Code (FM Code) was introduced. The Council has reviewed the FM Code and has concluded that processes are in place to ensure compliance.
- 85 The level of General Reserves needs to reflect the risks the Council is facing. These risks will depend upon the robustness of the budgets, the ability to generate planned savings / efficiencies, the adequacy of budgetary control and external factors such as inflation and interest rates. Other specific risks include the ability to find a solution to the high needs block overspend within DSG, increased demand for Adult and Children's social care, pay awards exceeding the level assumed in the budget and funding both the OFSTED and HMICFRS improvement plans. Further details of general reserve risk analysis can be found in Annex 5b.
- 86 In preparing the budget, and in the context that non schools earmarked reserves will fall during 2021/22, the following risks have been taken into account in the budget:
- Current spending trends and, where known, additional unavoidable cost pressures have been built into the approved 2022/23 budget. Current spending trends, especially the volatility of expenditure in Children and Families and the emergence of new cost pressures will continue to be monitored as the budget is developed. This may result in the need to reprioritise resources prior to the final budget being approved by Council in February 2022.
 - Service related financial pressures and risks have been explicitly considered by all Directorates when preparing the budget.
 - The level of reserves has been examined and will continue to be closely monitored during the period of this MTFs, in the context of protecting the Council from existing and future liabilities.
 - Balancing the Council's budget over the MTFs period requires financial savings and efficiencies to be achieved. Whilst robust programme management plans have been put into place to deliver savings, as evidenced by performance over the last three years, there is inevitably some residual risk.
 - The highest risk areas continue to be demand led services, especially care for older and vulnerable people including Children in Care where demand is continuing to increase. Additional resources are being invested in these areas under the approved 2022/23 budget options.
 - Provision has been made for pay awards, pension and national insurance increases, contractual inflationary pressures and the forecast impact of the National Living Wage.
 - The reserves held are invested and the interest received supports the Council's budget.

- Consideration to the pressures within the DSG High Needs Block Funding have been made as part of the budget setting process and the Council has developed a High Needs Strategy designed to ensure the budget is balanced in future years. The DSG spend will need to be closely monitored during 2022/23 and beyond.
- The COVID-19 pandemic has resulted in significant financial pressures for the Council during the current financial year however central government have provided additional funding and the latest forecast for 2021/22 is that the additional funding will be sufficient to cover the costs of responding to the pandemic. The on-going financial impact of COVID in 2022/23 and beyond is uncertain so a number of contingencies have been included in the 2022/23 draft budget to fund COVID related pressures.

87 On the basis of the above, the Section 151 Officer's advice is that the level of reserves, following the movements indicated earlier, are adequate and the financial standing of the Council is sound in the context of the key risks. Therefore the approved budget is robust and achievable.

M Public Sector Equality Duty

88 Cabinet Members are reminded that we have a legal duty to give due regard to the implications for people with protected characteristics. An Equality Impact Assessment is attached at Appendix 4.

N Risk Management Policy Statement and Strategy

89 It has always been important for organisations to identify and manage their risks. Identifying risks enables the Council to effectively manage strategic decision making, service planning and delivery to safeguard the wellbeing of its stakeholders and increases the likelihood of achieving its outcomes.

90 Annex 11 provides the Risk Management Policy Statement and Strategy for 2022-25, which aligns with the MTFS. The aims of this Strategy are to support the challenges that the Council may face, allowing it to react dynamically to changing external circumstances by enabling the Council to handle risk effectively and deliver successful outcomes.

O Forward Draft Plans for the Revenue Budget

91 The Council's plans are set for the four years covering 2022/23 to 2025/26. The approved detailed budget for 2022/23 is set out within the MTFS, whilst the current draft forecast budgets for 2023/24, 2024/25 and 2025/26 are:

	2023/24	2024/25	2025/26
	£m	£m	£m
Budget	530.37	553.64	565.31

92 Annex 6 gives outline financial proposals for 2023/24, 2024/25 and 2025/26, and will be updated as further information about funding and pressures becomes available.

P Capital Strategy and the Prudential Code

- 93 The prudential framework for local authority capital investment was introduced through the Local Government Act 2003. CIPFA developed the Prudential Code for Capital Finance in Local Authorities (the Code) as a professional code of practice to support local authorities in taking decisions on capital investments.
- 94 The Capital Strategy, Annex 7, has been developed in line with the CIPFA guidance. It gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. The capital programme has been developed in accordance with the Capital Strategy.
- 95 The objectives of the Code are:
- To ensure that capital expenditure and investment plans are affordable.
 - For the Council to be accountable by providing a clear and transparent framework.
 - All external borrowing and other long-term liabilities are within prudent and sustainable levels.
 - Treasury management and other investment decisions are taken in accordance with professional good practice.
- 96 The Council's Capital Strategy sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and the impact on the achievement of priority outcomes. The capital strategy forms part of the Council's integrated revenue, capital and balance sheet planning.
- 97 The Council complies with the Prudential Code by:
- Having a Capital Strategy,
 - Having medium term plans (Corporate Strategy, Revenue and Capital budgets),
 - Complying with the Treasury Management Code of Practice, and
 - Producing indicators for affordability and prudence.

Q Capital Expenditure

- 98 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.
- 99 The capital programme provides investment in the county totalling £996.08

million. The main investment relates to Economy, Environment and Infrastructure (£657.93 million), Schools and facilities for children (£145.60 million), Community Safety (£8.42 million), Corporate Resources (£132.93 million) and Adults (£51.19 million).

New Capital Investment

100 The capital programme contains an estimate of £142.04 million of new investment on capital schemes, spread over a number of financial years, financed from grants, revenue contributions and capital financing budgets, as set out in the table below.

New Capital Funding Available 2022/23 onwards	£000
Internal Borrowing	
New MTFS Bids	74,712
Total Internal Borrowing	74,712
Grants	
Adults – Disabled Facilities Grant 2022/23 - 2025/26 (estimate)	27,368
Children's Services – Schools Basic Need Grant 2022/23	6,774
Children's Services – Schools Condition Allocation 2022/23 (estimate)	4,600
Infrastructure – Highways Block Maintenance Grant 2022/23 (estimate)	9,896
Infrastructure – Highways Block Maintenance Grant - Incentive Element 2022/23 (estimate)	2,474
Infrastructure – Integrated Transport Block Grant 2022/23 (estimate)	2,884
Infrastructure – Pothole Action Fund 2022/23 (estimate)	9,896
Infrastructure – Highways Grant 2022/23 (estimate)	2,937
Total Grants	66,829
Revenue contributions	
Highways Drainage (estimate)	500
Total Revenue Contributions	500
Total New Capital Funding 2022/23 onwards	142,041

101 Priority schemes not supported by grants or contributions have been included within the new programme on the basis that they can be funded from internal borrowing, thereby avoiding the immediate need for new external borrowing. These new schemes approved amount to £74.71 million and are detailed in Annex 8b.

102 An estimate of £67.33 million new capital funding from Government grant allocations and revenue contributions has been included and is detailed in Annex 8c.

Changes between the 2022/23 capital budget issued for consultation and the final budget

103 New investments within the capital programme have increased by £20.53 million since the consultation budget was approved by Cabinet on 22nd December 2021 following the confirmation of Disabled Facilities Grant allocations until 2025.

Funding for New Capital Investment	£m
Budget per Cabinet December 2021	121,515
Adults – Disabled Facilities Grant 2022/23 - 2025/26 (estimate)	20,526
Revised Budget	142,041

104 In addition to the above, Cabinet on 26th January 2022, approved an increase to the overall capital programme by a further £450k as detailed below:-

- **Highways**
 - £118k developer contribution towards the Innsworth Area footway improvements project.
 - £93k developer contribution towards the Hatherley Road safety project.
 - £8k developer contribution towards the Innsworth House Farm Eastbound bus shelter project.
 - £45k Natural England grant towards the Wotton Hill – Cotswold Way project.
 - £50k RCCO from the 20mph funds towards the Hatherley Road safety project.
 - £26k developer contribution towards the footways works at Mount Farm Lane
- **Libraries**
 - an increase of £6k in the Libraries capital budget funded by a developer contribution towards the Cheltenham Library project.
- **ICT**
 - an increase of £96K in the ICT Capital Programme budget via an RCCO from ICT revenue towards the Capital costs of Veritas backup device
- **Digital Innovation (Customer)**
 - an increase of £8K in the Digital Innovation Capital Programme budget via an RCCO from Digital Innovation revenue towards the COVID19 TEW Intelligence Power App.

105 There were no further changes approved to the Capital Programme apart from those approved by Cabinet 26th January 2022.

Adults

- 106 An indicative figure for the Disabled Facilities Grant of £6.84 million per annum has been included from 2022/23 to 2025/26 based on the allocation received for 2021/22. The Government has announced that the funding will remain at the current level until 2025/26.

Children's Services

- 107 The Council has received a Schools Basic Need Grant allocation from the Department for Education for 2022/23 totalling £6.77 million.
- 108 An indicative figure for the Schools Condition Allocation of £4.60 million has been included for 2022/23 based on the allocation received for 2021/22.

Economy, Environment and Infrastructure

- 109 The Council receives capital grants from the Department of Transport for Highways Maintenance Block and Integrated Transport Block.
- 110 Indicative figures for the Maintenance Block Grant allocations have been included based on the allocations received for 2021/22. £9.90 million for the main Maintenance Block Grant allocation and £2.47 million for the Incentive Element of the Maintenance Block Grant allocation.
- 111 An indicative figure for the Integrated Transport Block Grant of £2.88 million has been included for 2022/23 based on the allocation received for 2021/22.
- 112 An estimate of £9.90 million is included for the Pothole Action Fund.

R Borrowing

- 113 Total borrowing requirement at the end of 2021/22 (including the new Waste financing and deferred liability) is forecast to be £471.5 million, an increase of £17.1 million compared with the £454.4 million outstanding at the end of 2020/21. It is intended to use internal borrowing to meet this additional borrowing requirement.
- 114 If external borrowing were required it would previously have been obtained from the Public Works Loans Board (PWLB), usually at fixed rates of interest, over a set number of years.
- 115 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 essentially involves lending investment balances to ourselves to reduce overall interest costs. Although PWLB rates have recently reduced they still remain well above that which the Council can achieve by investing the surplus funds. Should debt need to be externalised the Council will consider all funding sources, including PWLB, banks, pensions and local authorities, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.

- 116 Capital receipts can also be used to fund capital expenditure and repay debt. A Disposal Schedule will be considered by Cabinet in March 2022 in line with the Disposal Strategy. All forecast capital receipts are currently being used to fund the existing capital programme so it is not anticipated that this will be a source of funding for new schemes approved in this MTFS.
- 117 The Council will remain open to the potential for capital investment opportunities arising from commercial activities linked to regeneration. Any such opportunities will be subject to a robust business case with the assumption that the scheme is self funding with no impact on the revenue budget. A sum of £50 million was agreed from 2021/22 and included within the capital programme for such schemes. Such investments identified will be reviewed on a case-by-case basis and will be subject to Cabinet approval.

S Treasury Management and Investment Strategy

- 118 The approved Treasury Management Strategy Statement 2022/23 is shown in Annex 10.
- 119 It was considered by the Audit and Governance Committee on 21st January 2022 alongside the Capital Strategy and Non-Treasury Investment Strategy - and approved by Cabinet on 26th January 2022, prior to final approval of the County Council 16th February 2022.
- 120 Annex 10 provides details of:
- Treasury Management Strategy for 2022/23.
 - Non-Treasury Management Investment Strategy 2022/23.
 - Policy on the use of Financial Derivatives.
 - Minimum Revenue Provision (MRP) Statement.

T Annexes

Annex 1	Commissioning Intentions
Annex 2	Budget Movements by Service Area
Annex 3	Budget Summaries by Service Area
Annex 4	Medium Term Financial Planning Framework
Annex 5a	Reserves and Balances Analysis
Annex 5b	General Fund Risk Analysis
Annex 6	Revenue Budget Forward Projections
Annex 7	Capital Strategy
Annex 8a	Capital Programme 2022/23
Annex 8b	Capital Programme - New Schemes 2022/23 Funded from Internal Borrowing

Annex 8c	Capital Programme - New Funding Available 2022/23 Onwards (Excluding MTFS Bids)
Annex 9	Dedicated Schools Grant – Schools Block
Annex 10	Treasury Management Strategy and Investment Strategy
Annex 11	Risk Management Policy Statement and Strategy

Annex 1 – Commissioning Intentions 2022-23

Directorate	Children and Families
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Context and Strategic Direction

Children’s commissioning continues to make significant strides on the road to improvement. Whilst there are strong signs of progress, the challenge remains to both increase pace and ensure consistent practice and performance. The service is clear as to the main areas that require focus in readiness for a full Ofsted inspection, and intensive work is well underway to ensure implementation of key strategies aimed at improving service outcomes for Children, Young People and Families.

As well as our ongoing work programmes with Health, Youth, Placements and Families, Children’s has now taken on responsibility for the commissioning of Short Breaks and addressing the challenge of a lack of in-house non-disability related residential provision which has resulted in placements far away from home as well as considerable costs on an already pressured budget.

During the pandemic the commissioning hub has taken on responsibility for a number of government grants and initiatives, supporting vulnerable children young people and families. These include the COVID – Winter Grant, Local Support grant and Household support grant, as well as delivering the Holiday Activity Fund delivering a summer programme for children with the county. As part of the National Spending Review this programme will be funded for a further 3 years.

Our strategic direction continues to follow the Children and Families Plan, and is further informed by our Sufficiency Strategy - Right Placement First Time, the Gloucestershire Joint Health and Wellbeing Strategy 2019-2030, the NHS Long Term Plan, 2019–2024 and the national strategy for autistic children, young people and adults 2021-2026. The NHS England CYP Transformation Programme also provides national direction on priorities for children and young people, and Our local Preparation for Adulthood Strategy brings together the key priorities for young people, where seamless transition to adulthood is particularly important. This will continue to be implemented over 2022-2023. Our Placements work has been particularly impacted by new legislation/statutory guidance barring the placement of Under 16s in unregistered accommodation, and there is a move away from over reliance on frameworks and towards increased control of placement availability in-county that is flexible and of good quality.

In Education, we are working within the context of the School Places Strategy to commission and deliver sufficient high quality school places, where they are needed at the appropriate time and despite the pandemic, we are achieving delivery targets for the majority of schemes. We continue to ensure that CYP are able to access schools through the coordinated and in year (fair access) admissions processes and where eligible are provided with transport assistance to school.

There is an increasing challenge of securing appropriate levels of developer contributions towards essential school infrastructure arising from new housing development. Working with Strategic Planning colleagues we continue to make the

case at appeal. A new survey of pupil yields from new development is being commissioned to inform education planning policy in 2022.

In addition to mainstream school place planning we are also carefully monitoring the need to commission and deliver more special school places. A constant rise in the number of children and young people with an Education Health and Care plan has put significant pressure on our existing special school infrastructure. A new school is already planned to open in the Autumn of 2023, but it is likely that further special schools will need to be commissioned for future years.

SEND services are a local area high priority, we are revising our Local Area SEND and Inclusion strategy. In order for education services to identify needs, develop and deliver effective SEND and Inclusion service recent changes have been to Education and Inclusion Leadership arrangements to drive these developments forward.

Our progress on current priorities has inevitably been disrupted by the Covid pandemic and there has been a need to realign priorities in response to constantly changing local and national needs resulting from the pandemic, to ensure we continue to meet our statutory responsibilities to children and families. By way of example, Cabinet permission was obtained to delay the reconfiguration and retendering of Youth Support Services by an additional year in order for the service to respond to the immediate needs brought on by the pandemic. We have also reconfigured the composition and function of a wide range of departmental panels to achieve better consistency of proactive and decision making across Children's and Families commissioning.

Needs Analysis

There are a number of current needs driving service development in Children's. Some needs are evidenced by steeply rising referral rates into services, with an increase of children in care, doubling of caseload in Housing advice, substance misuse, Mental Health referrals (Jun-Aug 2021, 806 referrals to Core CAMHS +33% change from previous year), young people needing support and treatment for eating disorders (referrals to the eating disorder clinic averaged 8 per month in 2019/20. In 2020/21 this has risen to an average of 31 per month) and Speech and Language Therapy, coupled with an upturn in the previously declining teenage pregnancy rate. Engaging care leavers who are furthest from the jobs market is also a particular challenge in a shrinking economy.

With regards to Placements, national paucity of provision is being chased by multiple authorities (often on the same framework), which has inevitably led to scarcity of provision and created a 'Provider led' environment, alongside a predictable increase of costs with no associated increase in quality of outcome or availability. Our data further informs us that 85.5% of GCC young people in care placed in residential provision (including those funded by Health) were placed outside of our borders, resulting in young people being far from home and substantial pressure on budgets.

The same applies to specialist education places and a detailed review of projected future need is underway in response to the continuing growth in EHC Plans to inform

the next bidding round for new Specialist Free School proposals expected in spring 2022 (from around 3,000 in 2017 to almost 4,500 in 2021 and represents 3.6% of the school pupil cohort). This in turn is influencing demand for home to school transport (HTST), at a time when contractors are struggling to meet demand and the paucity of competition is driving up prices. An external review of HTST has been commissioned to consider how best to manage the increasing demand, which is due to report in January 2022.

Children under 5 are now our biggest cohort of children coming into care, this has change as in 2017 the biggest cohort was 10-15yrs. Some of this change could be due to the pandemic, where families have lost their resilience during this time without the support services usually in place, contributing to this change in demographic could also be the reconfiguration of Children Centres in 2017 reducing the universal and support offers to families.

The Short breaks team continues to analyse need and have consequently begun to achieve increased clarity and a better understand of the number of children and young people eligible for short breaks alongside the needs of their families. The combination of both factors coupled with a clearer appreciation of the effect of the pandemic on existing Providers and new entrants will enable a comprehensive Sufficiency Strategy to be co-produced and shared with prospective providers. Moving forward, this in turn will lead to more effective commissioning of services and better outcomes for Children Young people and their Families.

Resources

The total base budget (excluding the Dedicated School Grant and other grants) for Vulnerable Children (£104.6m) and Other Children's Services including Education services (£20.9m) is £125.5m for 2021/22. The significant operational pressures in the Service are reflected in pressure nationally as well as locally, and the current year's forecast over-spend of £8.6m (excluding COVID related costs) coupled with the MTFS proposals seek to address this underlying position. The investment approved for 2022/23 is £11.4m in Vulnerable Children and £3m in Other Children's Services, a total of £14.4m. Due to the financial pressure in the Service, limited savings of £0.2m are approved with a large element of these relating to the declining cost of education deferred pensions. The net increase in the total budget will be £14.2m although some of the funding will only be allocated for 2022/23.

The approved investment within Vulnerable Children includes funding for external placements (£5m with £1m one-off) to fund the current activity and costs, additional social care staff (£2.2m) to reduce caseloads and fund the cost of agency social workers and fostering staff and allowances including special guardianships orders (£1.4m). Other Children's Services includes proposals to cover the cost pressure in Home to school transport (£2m) for SEN routes and the cost of procuring new routes and additional staff to support SEND and systems (£0.7m). Other investments cover pay inflation estimates, contract inflation and administration support.

There are no identified resources for youth support in the MTFS beyond current contract budgets. Providers (such as GYC, CCP, Barnardos, Prospects) have used their workforce and volunteers flexibly during Covid, and successfully leveraged in external monies.

Revenue funding of Short Break provision will be achieved within existing budget allocations. Families who are in receipt of Direct Payments will be approached to ask whether they wish to continue with their current arrangements or whether they wish the Council to commission on their behalf. It is hoped that by 'flexing' allocations between directly commissioned services and those bought by Direct Payments greater financial efficiencies will be achieved. We do not anticipate significant savings as part of the Tender; rather it provides an opportunity to manage costs more effectively for up to 50% of our jointly funded residential placements. We also anticipate that the Local Authority should see reductions in travel time and associated claims by social workers if the tender is successful in ensuring more young people live within Gloucestershire or close by. We are also in a strong position to bid for DfE monies being made available as part of a new £19.5M Children's home capital building programme. If we are successful with a bid, it will accelerate our programme to develop residential provision in county for our children and young people.

The main budget pressures in CCG budgets are packages of care for those children and young people who meet Continuing Care criteria and require health support and short breaks. Many agencies are not able to source staff, and for agencies who can provide staff, costs are higher. This links into wider workforce and short breaks developments. Where GCC funds services provided by the NHS, an MTFS bid proposes an inflationary increase for these services.

S17 cost pressure – Commissioning will become custodians of the budgets, developments from April 2022 will include processing spend in real time, and the implementation of new DPS framework for professional services to meet procurement requirements, improving efficiencies and quality of services.

Babies born in lockdown grant obtained from COMF funding – Joint HV and C&FC programme overseen by commissioning.

MTFS bids submitted as the Placements budget is constantly under pressure and the overspend continues to increase month on month despite best efforts to curb expenditure. The projection is a continuation of this upward trend for the foreseeable future until an astute commissioning model is able to begin addressing some of these needs and help the County Council to achieve better economies of scale in Placements.

Moving away from unregistered Placements for u16 YP creates a problem in the current market/environment, as demand does not necessarily decline with the unavailability of unregistered placements this puts further pressure on the placements budget.

The table below illustrates actual Placements spend to 31 August 2021.

Residential	£12,074,906
Fostering	£4,729,331
Supported Accommodation	£2,870,759
SEN	£2,455,365
Support	£291,174
Education	£0
Therapy	£0
Unregulated	£101,842
Total	£22,523,375

Outcomes and Priorities for the year – headline bullets which will become our action plan

Children's and Families Commissioning is working on delivering the following:

- Recommission integrated youth support contract by October 2022
- Maintain and monitoring youth support performance in all areas
- Commissioning of a new Day Centre service within the Trevone House provision
- Supporting delivery of the second year of the EUSS with voluntary partners
- Lead, develop and implementation of a model of good practice across the SW to enable UASC young people to successfully settle within Gloucestershire and the SW region
- Retain and resource support for young adult carers via GYC for April 2022
- Recommission children's social care advocacy services (alongside adult advocacy procurement) by October 2022
- Review resource for Appropriate Adults Service for the remaining two years of the contract.
- Deliver new direct provision Saturday Club and Holiday playscheme short break provision accessible to all areas of the County from April 2022
- Develop a specialist Saturday Club and Holiday play scheme short break provision for children and young people with multiple and complex needs from April 2022
- Develop a 2 bedded residential respite facility for children and young people with multiple and complex needs during 2022/23
- Develop two 6 bedded homes to be run on a therapeutic model, both of which will have supported accommodation as part of the contract
- Develop a placement portfolio of GCC through the capital programmes for the design development and delivery of, Southfield, Townsend and Barnwood
- Deliver GCC new Sufficiency Strategy for the new 3 years
- Develop a pseudo framework to deliver a multi year opportunity to develop residential provision for young people aged 12 – 17 years
- Development of a range of priorities in the NHS Long Term Plan

- Delivery of priorities as outlined in the NHS England CYP Transformation Programme
- Recommissioning of the C&FC's into a Family Hub model
- Extend Vulnerable Women's Project for a further year
- Explore the retendering of the Welfare Fund and FSM support
- Deliver efficiencies on the S17 Access to Resources Panel
- Develop and roll out the school improvement project model to increase pace and impact of school intervention activity
- Implement the new Virtual School Improvement plan to improve the impact of the service on educational outcomes for CIC, including the roll out of the E-PEP record to the schools' system
- To rollout the digitalisation programme for EHCP casework alongside longer term practice changes around EHCP assessment processes
- To re-shape the Educational Psychology Service to meet statutory, traded and WER demand within budget
- To review the SEND Local offer, including the coproduction work with the Future Me YP Ambassadors
- To progress the transformation of the Alternative Provision service to a unified service in appropriate accommodation for primary and secondary provision
- To provide HTST and SENTE provision in line with demand in a challenging tendering environment
- To restructure Traded services to ensure a MAT offer and services operating within revenue
- To maintain Early Years' sufficiency against national factors such as the ending of furlough and changes to national minimum wage on patterns of demand and provider capacity/sustainability.
- To manage EY sector needs arising from commissioning activity either underway or about to commence linked to family hubs, Children and Families Centres

Context and Strategic Direction

Despite the additional pressure and restrictive nature of the Pandemic, the strategic ambition for Adult Social Care continues to be to support people to live independently. The legislative basis for our work is largely provided by the Care Act 2014 and the Government has indicated that it intends to progress the funding reforms set out in Phase 2 of the Act.

Alongside this as part of the policy document “Build Back Better. Our Plan for Health and Social Care” the Government has also set out that it is committed to creating a sustainable adult social care system that is fit for the future, alongside its programme of wider healthcare reform. It identifies that the Government will work with leaders in local Government, the NHS and service users and carers, to develop and publish a White Paper for reforming adult social care, which will commence a once in a generation transformation to adult social care. It will: offer choice, control and independence to care users; provide an outstanding quality of care; and be fair and accessible to all who need it, when they need it.

To begin this transformation in adult social care, the Government will in addition to funding reforms:

- Deliver wider support for the social care system - including investing in the workforce, in carers, in housing in improving information for service users and a new assurance framework to ensure Local Authorities are delivering on their obligations; and
- Improve the integration of health and social care system – aligning to the development of Integrated Care Systems through the Integrated Care Partnership.

Needs Analysis

A fuller needs analysis is available on request, but the key issues so far as they impact on demand for Adult Social Care are summarised below.

Studies by the Local Government Association on the impact of COVID-19 highlight 7 key pressure points on social care services including: reduction in service capacity; impact on carers; detrimental impact of long-term social isolation on mental health and wellbeing; and the digital exclusion of vulnerable residents/service users.

Two trends in ageing are likely to drive future demand for social services: firstly, the demographic ‘bulge’ of people born in the 20 years after the second world war who are now reaching retirement; and secondly the increased longevity of that population. The number of adults aged 18-64 years in Gloucestershire is projected to increase by 6.6%, from 370,400 to 394,900 between 2018 and 2043, whilst the 65 and over age group is projected to increase by 52.5% from 135,000 to 205,900 during the same period. These increases are higher than the projected increases for these age groups in England over the same period.

In Gloucestershire in 2021, an estimated 28,600 people aged 65 years and over

have a long-term illness or disability that limits their day-to-day activities a lot. The number is predicted to increase by 26% to 36,000 people in 2030 with rates of increase highest in the 85 and over age group (up by 33%).

It is estimated that in 2021 there will be 3,450 people in Gloucestershire aged 18-64 who have a serious personal care need and 15,800 who have a moderate care need, as a result of a physical disability. Both numbers are expected to increase slightly between 2020 and 2025 and then to fall slightly between 2025 and 2030. Most of the increase is expected to be in the 55-64 age group.

Modelled data estimates that 12,100 adults in Gloucestershire have a learning disability in 2021, with those aged between 18 and 64 accounting for three-quarters of the total. The rate of increase in the next 10 years is predicted to be most steep in the older age groups.

There were 62,644 unpaid carers (10.5% of the population) in Gloucestershire in 2011, the majority of whom were aged 50 or over (64%). National studies show that 40% of unpaid carers look after a parent, 18% look after a spouse, partner, or cohabitee, and 17% look after a son or daughter.

Covid-19 has highlighted the essential role played by unpaid carers and placed an enormous pressure on them, causing emotional and psychological stress with many people feeling they are at breaking point. An estimated 4.5 million additional people have become carers because of the pandemic (LGA). Data from ONS shows that unpaid carers are more likely than non-carers to say that life events, work, access to healthcare and treatment, and their health has been impacted by COVID-19.

Resources

Reflecting the needs analysis above and the additional demand this will create for ASC the approved MTFs increase for Adults of £13.384m includes £5.223m for demographic growth. There is also £6.453m to meet contract and pay inflation (including the impact of national living wage and national insurance changes). With the balance of £1.708m reflecting the anticipated funding from central government next year to address their estimate of the costs to be incurred by the Council in the delivery of social care reform.

The increases are then offset by £3.986m of savings to give an overall position of a net increase of £9.398m. The savings are expected to be delivered by projects to reduce demand, increase income and deliver cost efficiencies, as despite slippage due to the impact of Covid19 on the sector our change projects continue to deliver such benefits. That said, there is concern regarding increasing instability in the sector as both changes in service demands and available workforce are reflecting the negative impact of the Pandemic and other national issues.

Outcomes and Priorities for the year – headline bullets which will become our action plan

Prepare for the implementation of Care Act Reforms.

Develop stability in the Social Care sector including through initiatives to develop skills and capacity in the workforce.

Work with housing partners to continue to develop wider options to enable people to live independently.

Deliver transformation through:

- Embedding early intervention and prevention, together with strength-based working, into all aspects of our work across Adult Social Care.
- Developing our ‘Enhanced Independence Offer’ to improve the impact of short term care to ensure people regain their independence whenever possible.
- Exploring the potential for technological solutions to support carers, reduce demand and improve the quality of care that people receive.

Directorate

Adults (Prevention, Wellbeing & Communities Commissioning)

Context and Strategic Direction

Throughout the pandemic, we have led the local public health response, as well as maintained and implemented crucial services to support those most vulnerable in our communities, who have experienced the significant mental and physical impacts more acutely than the rest of the population. To us, tackling these inequalities has always been our priority, but the pandemic has reemphasised the need to act urgently to support our communities to be more resilient and achieve better outcomes.

Next year we will work with system partners to strengthen our approach, as part of the Government’s “Build Back Better. Our Plan for Health and Social Care” and through the development of an Integrated Care System, as set out in the White Paper “*Integration and innovation*”. The forthcoming White Paper on “Levelling Up” will also be important to guide how we will collectively renew efforts to support those with the greatest need. This will mean working with other departments in the County Council, our six districts, and with partners who understand the needs of the local community, capitalising on the assets and strengths that our communities have showcased throughout the last 18 months.

Alongside this, the national and regional public health system is re-establishing itself after Public Health England was dissolved in September 2021. We are working with the newly formed Office of Health Improvement (under the Department of Health and Social Care) and the UK Health Security Agency at a regional level to understand how our local functions will fit with the new structures and NHS England in delivering ongoing commitments such as our mandated local functions and the response to health protection incidents.

Needs Analysis

Our understanding of need in the local community is set out in our Joint Strategic Needs Assessment (JSNA) which is a strategic planning tool that brings together the latest information on the health and wellbeing of people who live in Gloucestershire. It tells us that overall, 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, there are areas of the county where residents' outcomes fall well below national averages and where, as a result, local people are more likely to depend on the services we provide. 19,415 people (3.1% of the county's population) live in areas amongst the most deprived 10% in England. We also have an aging population, with the proportion of people over 65 set to increase by over 50% from the 2018 baseline by 2043, highlighting the ongoing need for effective preventative interventions that will help people age well.

The health of people living in Gloucestershire has not been improving over time as seen in other parts of the country. Life expectancy at 65 years of age is better in Gloucestershire compared to England overall, but it is not improving in line with the national trends, especially for females. There is also a gap in life expectancy between our most and least deprived areas. In Gloucestershire, life expectancy is 8.7 years lower for men and 6.5 years lower for women in the most deprived areas than in the least deprived areas.

When we compare Gloucestershire to other similar areas (local authorities with a similar demographic), there are some key areas that stand out as needing additional focus¹. For example, levels of child obesity are worse than in other similar areas, as is uptake of the NHS Health Check offer. Health Checks have also been impacted by the pandemic so this will be an area of focus.

It is still too early to understand long-term impact of the pandemic on health and wellbeing, but we anticipate a greater need for health care due to missed appointments, changes in lifestyle behaviours, economic impacts and mental health needs. We will monitor this closely with our system partners and devise strategies to address emerging need.

Resources

In 2021/22 the total prevention budget was £35 million which included a £24.5 million public health grant. Through this funding GCC commissions a range of services to support health and wellbeing. In addition, in 2021/22, the Government gave every local authority additional resource through a Contain Outbreak Management Fund to tackle Covid, address immediate risk to public health, and to create resilient communities. Locally, we are therefore using some of our £17 million allocation to drive our work to tackle inequalities. We also received additional funding in 2021/22 of approximately £1.1million to commission services in line with the duties of the new Domestic Abuse Act, have worked collaboratively with districts to commission services as part of the Rough Sleeper Initiative

¹ Public Health England, Public Health Dashboard: Gloucestershire (2020). [Healthier Lives - Area Details \(phe.org.uk\)](https://www.phe.org.uk/healthier-lives-area-details)

programme, and have received additional NHS England funding for drug services and Tier 2 weight management.

Cost increases in the budget for 22/23 total £1,081,000. This includes contribution towards the extension of a Children and Young Peoples Community Weight Management Service with a further commitment of £290k required in 2023/24. It also includes contributions to contract uplifts based on additional burdens including staffing costs in the NHS contracts, and Pre-Exposure Prophylaxis (PrEP) for HIV, and is offset by savings of £73,000.

The team have continued to respond over and above our expectations, and the response to COVID-19 remains intense, whilst continuing to ensure development of our commissioning and strategic area; we need to continue work to retain this valuable resource.

Outcomes and Priorities for the year – *headline bullets which will become our action plan*

A number of activities were paused during COVID-19, but we are continuing to increase our focus on wider public health workstreams alongside addressing the ongoing impact of COVID-19 on our communities. The actions we are delivering against these areas broadly cover:

- Continue to implement the Local Outbreak Management Plan (LOMP) by providing system leadership, oversight and assurance of the County's response to Covid 19. This also includes ongoing delivery of a dedicated health protection team supporting the regional UK Health Security Agency and local partners in keeping our communities safe, contact tracing and responding to outbreaks as detailed in our LOMP.
- Step up activity to tackle health inequalities including developing a county wide anchor institutions approach.
- Delivering mandated public health functions including: health protection assurance, sexual health services, oral health promotion, National Child Weighing & Measuring Programme, NHS Health Checks, Public Health Nursing Services and providing a public health "core offer" to the ICS.
- Build on the collaborative working during the pandemic connecting with local initiatives and partners and working together to share knowledge and resources for the benefit of the local community, voluntary organisations and community groups in particular to address digital inclusion, social isolation and loneliness and mental wellbeing and through the *Health Communities Together* programme

- Deliver against the 7 priorities of the Health and Wellbeing Strategy (Physical activity; Adverse Childhood Experiences (ACEs); Mental wellbeing; Social isolation and loneliness; Healthy lifestyles; Best Start in Life; and Housing)
- Work with system partners to support the health and wellbeing needs of individuals with complex needs and continue to manage commissioning through the Community and Accommodation Based Support Framework
- Work with partners to improve population mental health and wellbeing in line with the countywide Mental Health and Wellbeing Strategy
- Lead the Domestic Abuse Local Partnership Board, supporting wider partners to deliver our shared priorities.
- Work with our provider and system partners to ensure a high-quality adult community drug and alcohol service is delivered.

Work with system partners to encourage and enable individuals and communities to adopt healthier lifestyles, particularly those who face the greatest challenges

Context and Strategic Direction

Context

The Economy, Environment & Infrastructure (EEI) Directorate supports the long-term delivery of sustainable economic growth across the county. We ensure communities can connect with, access and use local services; enable the delivery of new housing and employment sites; create opportunities for business innovation; support individuals to retrain and learn; protecting and enhancing the green, built and historic environment of the county and push for a carbon free future.

In addition to the delivery of place changing services which enable the county to grow and prepare for the future, the Directorate has a strong regulatory roll which is particularly important in terms of place making and ensuring that areas are pleasant to live and normal life can exist, services such as parking services, registration and planning enforcement have a large impact on peoples lives and have been heavily involved in the response to Covid-19.

The total budget for 2022/23 is £208.905 million (Revenue £82.542m and capital £126.363m).

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

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

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

Work at regional level is also of increasing importance as we build resilience into our economy and we will continue to work with colleagues across the Western Gateway economic and transport Bodies to support this.

Strategic Direction

It is essential we continue to plan for a sustainable future. This means we need look beyond the immediate challenges posed by Covid-19 in order to influence the delivery of sustainable growth.

Having successfully secured funding for the upgrade of M5 Junction 10 we will now manage the delivery of the scheme. This will support growth plans and help to solve long standing traffic and travel issues, helping to keep our county moving. This project complements West of Cheltenham Transport Infrastructure Scheme and the development of a new Transport Hub at Arle Court Park and Ride facility.

We will also manage the delivery of improvements to the Gloucester Southwest Bypass at Llanthony Road and helping to deliver the Gloucestershire Sustainable Travel Corridor having successfully attracted funding from the governments first round of Levelling Up funding.

We will continue to seek funding where opportunities arise to invest in our transport network through ongoing partnership working with government, regional partners and transport operators. This includes making the case for investment for improvements to M5 Junction 9 and the A46, priorities outlined in our Bus Service Improvement Plan and work towards developing an ambitious mass transit scheme linking our primary urban areas.

Maintaining and attracting new employment opportunities is key to Gloucestershire's offer and we will continue to work with partners to promote the county. Examples of this include the delivery of Cyber Central as part of the Golden Valley Development in the West of Cheltenham and ambitious plans to host UK's first Nuclear Fusion Power Plant. The STEP fusion project forms part of joint bid with South Gloucestershire Council which builds on the county's nuclear heritage and the regions expertise in advanced engineering, construction, aerospace, digital and cyber.

As a Directorate we will steer the Council's response to supporting the local economy and maintaining employment opportunities. We will manage this process by delivering the Covid-19 Economic Recovery Plan which focuses on targeted sectoral support; accelerated broadband roll out to improve connectivity and ease of trading; and the reorienting of skills.

A key theme of the plan is minimise unemployment as the impact of the pandemic and the end of the furlough scheme take effect. We aim to manage increasing employment equalities and reducing health inequalities associated with long term unemployment by ensuring all residents have access to information, advice, guidance and support to help them access employment.

The new Employment and Skills Hub will provide the 'front door' to the employment and skills 'landscape' for individuals. The Hub will link into and work with external providers to coordinate different support services and training providers that best suit the individual. This could include; training, employment, apprenticeships and traineeships for residents and advice and training for employers. We will also work

with those sectors who are struggling to recruit staff and local providers to identify skills gaps and create training and employment programmes assuring sustainable outcomes for employers and individuals.

We will progress the production of an Inclusive Employment strategy to ensure people of all ages and from all backgrounds that are inactive in the labour market or at risk of long-term unemployment have equality of access to employment and training opportunities. In addition, we will implement new programmes which will support young people at risk of long-term unemployment to develop the skills and experience they need to establish long term career goals.

The Covid-19 Economic Recovery Plan will be further supported by our Ask Us service which provides specialist business resources and expertise; our network of library growth hubs which give high visibility and local accessibility to business support in every corner of Gloucestershire and our expansion of library innovation labs which connect businesses, schools, entrepreneurs and the local community with digital technology of the future, building confidence and skills.

In addition, we will continue to meet the needs of our adult learners by delivering outstanding learning, inspiring individuals and transforming the lives of communities and employers. This will enable adults within Gloucestershire to improve their lives through life-changing education, providing a range of high-quality programmes, leading to progressive learning and enhanced employment skills.

We will also continue to use and enhance libraries as expanded centers of learning supporting our Adult Education service to provide localised training and research support facilities for businesses to better help rural isolation issues and address economic recovery due to Covid-19.

The pace of progress on our ambitious major infrastructure projects portfolio has continued and this will ensure that the county will benefit from significant inward investment during 2022/23 intended to remove barriers to the delivery of new homes and the creation of new employment opportunities. Our major projects team will focus on projects across the strategic and local network which support Gloucestershire's aspirations.

It is essential that we apply a renewed focus on maintaining the county's network through targeted asset management of our highway asset which focuses on providing future resilience to the effects of climate change and the way in which residents want to live and travel in their communities.

The way people connect and use their local communities is likely to change during the recovery phase of Covid-19. It is important that we are able to be responsive to this change, while continuing to deliver the Council's priorities. As a Directorate we will need to be brave to innovate and take risks where there is a strong case for influencing behaviours where they do not support sustainable behaviours.

This is especially relevant as we manage our transport network to recover from the impacts of Covid-19 while balancing the need to reduce transport derived carbon emissions as part of commitment to be carbon 'Net Zero' by 2030.

We will lead development of the Climate Change Strategy and delivery of the rolling action plan in partnership with Gloucestershire's District Councils, NHS and Police that reduces Council emissions to net zero by 2030 and helps reduce Gloucestershire's emissions to net zero by 2045.

This includes supporting the implementation of the Woodland Trust and Forestry Commission funded schemes to increase tree coverage, biodiversity and carbon sequestration within the county; and consolidate our vehicle management and maintenance across the Council and assist services with replacing diesel/petrol cars and vans with electric and ultra-low emission vehicles. Support will also be provided to support the implementation of the agile workforce plan and expand carbon literacy skills training for members and senior officers.

Our Road Safety policies need to support delivery of the challenging targets around climate change and carbon reduction. Significant modal shift is required to meet these challenges, and the increase in numbers of pedestrians and cyclists means there will be a higher proportion of vulnerable users on the highway. We will work with stakeholders to develop a new long-term Road Safety Policy with appropriate short and medium objectives. These will include ensuring that the necessary local infrastructure is in place and used to the best effect. This will include 20mph limits, traffic calming, and other speed limiting/enforcing measures.

The planning of places is critical to successful developments and sustainable living and we will continue to work with our partners to influence and support the production of long-term growth plans. It is not just how a development looks and feels, but how it connects and functions with its neighbouring areas when accessing education, culture, training and employment opportunities.

If this is considered early on it can have a long-term positive impact on an individual's health and wellbeing, creating vibrant and resilient communities which are less dependent upon stretched public services.

Our commissioning strategy is to:

- Build positive relationships with partners, contractors and communities to enable us deliver a sustainable future;
- Use our network of library growth hubs, Innovation Labs and Adult Education Service to support Gloucestershire residents and businesses to continue to recover from the economic effects of Covid-19; and
- Provide leadership to tackle the challenges of climate change, demographics, community safety, housing, education and transport.

Needs Analysis

Gloucestershire has a prosperous and resilient economy set within a highly attractive natural environment, which offers a high standard of living for local residents. The population of Gloucestershire was estimated to be around 640,650 in 2020². Assuming current population trends continue, ONS projections suggest that the population in Gloucestershire will reach 683,849 by 2028 and 738,482 by 2043³. As the population continues to grow it brings with it an increased demand for services, jobs, houses and more, and opportunities for increased productivity and investment.

The dominating feature of population projections for 2018 to 2043 is the sharp increase in population in the age group 65 or over, which is projected to increase from 134,973 in 2018 to 205,865 in 2043 (an increase of 52.5%). The working age population (aged 20-64) is projected to rise by only 6.5% over the same period. This growth is slower than the national trend for this group and means that by 2043 the working population in Gloucestershire will have fallen from 56.2% of the population to 51.4% of the population⁴.

Although Gloucestershire generally benefits from a high standard of living, this is not evenly distributed across the county, and pockets of deprivation do exist particularly in the main urban areas and in some of the market towns⁵.

A strong economy is essential if we are to realise the potential that employment has to improve the health of the local population. Gross Value Added (GVA) is a measure of the value of goods and services produced in an economy and are the main indicator used to monitor the overall economic wellbeing of an area. The total GVA of the Gloucestershire economy was approximately £18.3 billion in 2019, representing 13% of the value of output in the South West and 1% of the UK economy. According to latest figures, GVA per head in Gloucestershire was £28,642, which was above the South West (£25,629) and below the UK average (£30,239)⁶.

There are around 29,885⁷ businesses in the county supporting a workforce of approximately 310,000 people⁸. The majority of the businesses in the county are small, with 89% employing less than 9 people⁹; this reflects the picture at national level. Both manufacturing and health are significant sectors in terms of employment accounting for 11.6% and 12.9% of employment respectively¹⁰. Other major sectors include education, construction and retail. There is a positive entrepreneurial culture in Gloucestershire, businesses starting up have very high survival rates with 90.0% of businesses born in 2018 surviving 1 year and 47.5% of business born in 2014 surviving 5 years, this compares to a national average of 89.3% and 42.5% respectively¹¹.

²Mid 2020 Population Estimates, ONS

³ 2018 based Sub National Population Projections, ONS

⁴ Ibid

⁵ Indices of Multiple Deprivation 2019, MHCLG

⁶ Regional gross value added (balanced) per head and income components, ONS

⁷ UK Business Counts 2020, ONS

⁸ Business Register and Employment Survey, ONS

⁹ UK Business Counts 2020, ONS

¹⁰ Business Register and Employment Survey, ONS

¹¹ Business Demography, ONS

Essential services are those necessary to ensure the full social inclusion of people in society. Gloucestershire has around 3,300 miles of roads¹² and over a quarter of a million households. Over 40,000 households are without a car or van to enable them to access essential services¹³.

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

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

There is evidence that noise pollution can lead to a range of health problems including increased stress, strokes, high blood pressure and heart attacks. The county has low levels of population exposed to road, rail and air transport noise pollution both during the day (3.4% of the population) and at night (5.9% of the population). This is broadly in line with the regional average and below the national average¹⁴.

Climate change predictions suggest incidences of flooding will become more frequent and pressure to provide more housing means new housing developments are being built on land vulnerable to flooding. In addition to increasing the frequency of flood events, predictions also suggest climate change will mean the UK will experience hotter, drier summers and warmer, wetter winters alongside more extreme weather events with floods, storms and heat waves of greater severity and frequency. These changes will have an impact on the resilience of our transport network and how we manage the maintenance of the highway. Our operations are likely to need to become more able to deal with extreme events and emergency response.

In 2019 Gloucestershire's carbon dioxide emissions stood at 5.1 tonnes per capita, this was slightly higher than the regional and national totals of 4.6 and 4.9 tonnes per capita¹⁵. Considerable work has been undertaken in recent years to reduce carbon dioxide emissions to mitigate the impact of climate change; this action has seen emissions in Gloucestershire fall from 8.1 tonnes per capita in 2005 to 5.1 tonnes in 2019.

¹² Draft LTP

¹³ 2011 Census, ONS

¹⁴ Public Health Outcomes Framework, PHE

¹⁵ UK local authority and regional carbon dioxide emissions national statistics: 2005-2019, BEIS

The disposal of waste is an important environmental issue due to the pressures created by the use of transport and landfill sites, which includes the emission of methane, carbon dioxide and other greenhouse gases. Around 284,854 tonnes of household waste is produced in Gloucestershire each year. The projected increase in population and continued economic development means this figure is likely to increase over the coming years. The Gloucestershire Energy from Waste facility at Javelin Park has significantly reduced the county's dependence on landfilling (with some 97% of household residual waste now diverted from landfill), whilst recovering value from waste in the form of electricity, recyclable metals, and aggregate. Despite excellent progress on waste recovery, waste reduction, reuse and recycling remain the best waste management outcomes for the environment. Our countywide recycling rate of 50.6% remains above the national average of 43.8%¹⁶, but has plateaued in recent years. Further work is needed with District Council partners and with local communities to reduce waste and associated carbon dioxide emissions.

Resources

EE&I 22/23 net revenue budget is £82.795 million per year which is a net increase of £7.659 million as summarised in the table below. There are £11.831 million of cost pressures made up of £3.413 million for contractual and pay inflation, £6.514 million relates to the Network and Highways and £1.904 million of other operational related costs. Savings of £4.172 million has been identified which consist of £1.764 million of additional income on the sale of electricity, £2 million of full cost recovery of fee generating work and £0.408 million of income from increasing fees by 3%. The net costs and savings come to a movement of £7.659 million for 22/23.

Revenue Budget Area	22/23 Gross Budget	22/23 Income Budget	22/23 MTFS Budget
	£000	£000	£'000
Community Infrastructure	13,323	-1,024	12,299
Libraries & Registration			
Services	6,694	-2,927	3,767
Highways	27,654	-3,147	24,507
Parking	2,299	-5,473	-3,174
Waste	40,514	-5,840	34,674
Strategic Infrastructure	6,356	-81	6,275
Flood Alleviation	1,383	-184	1,199
EE&I Central Costs	3,252	-408	2,844
Employment & Skills Hub	404	0	404
Total	101,897	-19,084	82,795

Note: Adult Education is grant funded service therefore is not shown in the GCC base budget above but consists of £2.752m grant

¹⁶ Local Authority Collected Waste Statistics, DEFRA

The capital budget for 22/23 is £126.840 million which is an increase of £57.099 million from 21/22 predominantly due to the M5 Junction 10 Improvement Scheme with a budget of £33.697 million and £10.000 million for capital structure maintenance delivery.

The total capital budget is split between £121.518 million against Highways, £3.362 million against Strategic Infrastructure, £0.362 million for Waste Disposal and £1.121 million against Libraries.

The capital budget will fluctuate depending on the number of Major schemes being delivered around the county and currently GCC have a lot of investment across Gloucestershire which is why we have one of the highest capital budgets in any single year against the Highways programme.

As a Council we are facing increasing difficulty in recruiting and retaining employees in professional roles within the Economy, Environment & Infrastructure Directorate at a time when there is an emphasis on the role of its functions in building the economy. Construction and infrastructure have been the areas of the economy that have continued to see investment as part of the recovery from the economic difficulties stemming from the Covid-19 pandemic. In addition, employment within the industry has not declined in the same way as travel and leisure, so the difficulty in attracting and retaining skilled staff remains high. Planning, (particularly Transport Planning), Highways Development Management, Highways Major Programme and Project management roles are particularly affected, although there is also an impact on most other professional posts. Recently, we have also begun to see employees in front line jobs e.g. Library staff leaving and reporting that they can find employment in roles in retail that pay as much or more. This is putting pressure on the service as it seeks to replace those staff and to maintain library opening hours.

Candidates often reference more generous packages that can be obtained from e.g. National Highways or from large private sector organisations. These organisations are able to offer salaries in excess of those within the GCC job evaluated pay ranges. In addition, they are able to offer incentives, such as a choice of work-related cars, salary bonuses, private health insurance, etc which it is not possible for us to replicate. While we have a Market Rate Supplement for specific posts, this is enabling us simply to maintain the status quo at present although a recent recruitment exercise indicates the market is tightening further. As would be expected, we have put a focus on flexible working arrangements and professional development, but the feedback has been that most large private sector firms with whom we are in competition offer work from home, flexible working patterns, better ICT and a range of other benefits. The Local Government Pension Scheme is no longer the draw that it may once have been as many large firms offer contributions to money purchase pension schemes and employees are, in general, looking to maximise income.

Effort is being put into expanding apprenticeships to “grow” the experienced and senior staff of the future (not least through the Skills Academy set up as part of the Term Maintenance Contract), however this doesn’t address the increasing demand on the directorate now or the drain of knowledgeable and experienced staff. The

inability to fill posts with directly employed staff means that the Council has to seek to engage consultants from professional firms at fee rates that exceed the cost of directly employing staff and so the costs of projects are increased.

Recent articles in the HR press have confirmed these pressures e.g. the latest "Report on Jobs" survey by the Recruitment and Employment Confederation (REC) and KPMG found the rate of growth of permanent starting salaries increased in September. More than half (57 per cent) of the 400 UK recruiters and consultancies polled noted higher pay for new permanent joiners, compared to less than 1 per cent who recorded a fall. Those involved with the survey suggest the increase in starting salaries was mostly because of the increased competition for workers and efforts by firms to attract applicants. The report cited a recent REC survey of recruiters which found that three in five (58 per cent) have over 30 per cent more vacancies than before the pandemic, and nearly all (97 per cent) said it is taking longer to fill them. In addition, another article quoted the Open University's annual Business Barometer in conjunction with the Institute of Directors finding that 45% of organisations are having trouble recruiting for non-senior roles. Around a quarter (24%) of leaders who responded thought that finding staff with the right skills would be their biggest challenge over the next five years.

Outcomes and Priorities for the year – *headline bullets which will become our action plan*

Highways

- Continue to maintain and operate the highway and Public Rights of Way networks effectively and efficiently
- Continue the delivery of the £40m highway improvements pledge with a focus on improving road condition, network resilience and customer satisfaction.
- Continue to deal proactively with ash die back across the network
- Deliver major transport projects to enable economic growth including M5 J10 and the wide-ranging capital portfolio including bridge and geotechnical schemes as well as projects to support District Councils across Gloucestershire
- Deliver major active travel schemes to facilitate the use of cycling when accessing key services and employment opportunities
- Continue to support apprentices and the growth of construction skills through the Highways Skills Academy
- Work on embedding a focus on climate change, carbon reduction and biodiversity across the highways programme.
- Strengthen governance arrangements between Council and contractors to optimise collaborative working practices, improve delivery performance and increase customer satisfaction.

Strategic Infrastructure –

- Deliver the Multi Modal Model which is a key tool in planning for sustainable development and challenging car dominated development proposals
- Develop Mass Rapid Transit system linking primary urban areas
- Influence Strategic Road Network & Rail Investment decisions
- Produce and submit the Strategic Outline Case for M5 Junction 9 required by the Department for Transport to seek the necessary £300m required for delivery of the scheme and progress to public consultation in Summer 2022

- Continue to support National Highways in the delivery of the A417 'Missing Link' scheme
- Ensure Cyber Park transport schemes are delivered to time and to budget
- Work with regional partners to promote the Severn Edge STEP proposal to host the world's first Nuclear fusion power station
- Support the review of Local Plans including the Joint Core Strategy – taking a lead on the county's future growth agenda
- Deliver Broadband to remaining isolated properties through Fastershire project
- Implement the recently adopted Local Transport Plan and Minerals Local Plan & embark on a review of the Waste Local Plan
- Determine all planning applications in a legally compliant and timely manner and use enforcement powers as appropriate
- Ensure that development is sustainable by protecting the county's unique natural and historic environment
- Continue to invest in flood alleviation schemes and measures throughout the county
- Take a leading role in the challenge and review of Community Infrastructure Levy policies with the districts to ensure that income from developments for the provision of strategic infrastructure and transport to mitigate against the negative impacts of development is maintained at an adequate level

Community Infrastructure

- Lead development of the Climate Change Strategy and delivery of the rolling action plan in partnership with Gloucestershire's District Councils, NHS and Police.
- Oversee the first phase of on street electric vehicle charge points with the new operator as part of our plans to install 1000 over the next four years
- Increase levels of walking and cycling through investment in infrastructure including School Streets, the Cheltenham Spa/A40 cycle rail link and High Street regeneration.
- Oversee-scooter trials in Cheltenham and Gloucester to further increase use and coverage; manage the transition to a new regulatory framework later in the year.
- Provide the client lead on the Arle Court Transport Hub, exploring potential for more use by long distance coach services, more multi-modal journeys and renewable energy generation.
- Deliver the Gloucestershire Bus Service Improvement Plan in partnership with bus operators, investing in infrastructure and wider measures to increase bus use and support levelling up across the county.
- Oversee the timely review and procurement of all public transport contracts and provide safe Home to School transport for 5,800 children
- Launch demand responsive transport services for rural communities in the Forest of Dean and north Cotswolds funded from the £1.3m DfT Rural Mobility Fund.
- Upgrade traffic signals to improve pedestrian safety and signal condition
- Continue to implement parking management schemes
- Provide highways and transport advice on planning applications to secure sustainable development and mitigation to support growth and development
- Support the delivery of developer's highways and transport infrastructure in a timely fashion to support growth and development
- Proactively manage applications for Definitive Map Modification Orders to support

access to the countryside and use of the public footpath network

- Refresh and agree Gloucestershire's Road Safety Policy with new targets for reducing death and injury on our roads, enabling more people to benefit from lower speed limits.

Library and Registration Service

- Develop new 5-year library strategy to replace the 2012 strategy
- Assist with the growth of businesses and individuals in order to support economic recovery through the delivery of an Intellectual Property service, promotion and marketing of The Growth Hub @ The Library and the creation of a further 4 new Innovation Labs.
- Expand digital and virtual services and activities available through Libraries and the Innovation Lab.
- Introduce increased customer self-service options to libraries and registration.
- Expand the strong network between education/businesses and communities to enable increased digital growth through the extended network of new library innovation labs
- Support the County Council's Climate Change Strategy through provision of information and activities in local communities.
- Enhance customer facilities in Gloucester and Stroud libraries, exploring opportunities for re-location.
- Contribute to Gloucestershire's diverse population by delivering the county's Citizenship Ceremonies.
- Support the county's residents to access local registration services by reviewing office locations ensuring they are easily accessible.

Waste Management

- Manage and deliver waste treatment contracts to ensure that waste is managed in line with the waste hierarchy – reduced, reused, recycled or recovered. Key contracts include:
 - Green waste composting;
 - Anaerobic Digestion of food waste; and
 - Energy from Waste
- Renew the materials off-take contracts (materials reuse, recycling and recovery) for the Household Recycling Centres
- Develop and support the Gloucestershire Resources and Waste Partnership with District Councils, working in partnership to deliver:
 - A new Resources and Waste Strategy for Gloucestershire; and
 - A shared communications plan for the promotion of waste prevention and recycling messages across the county
- To retender the contract for the sale of energy generated by the Gloucestershire Energy from Waste facility
- Help reduce the transmission of Covid-19 and continue to protect public health by providing waste treatment infrastructure and a network of HRCs that have proportionate Covid-19 plans and control measures in place

Adult Education & Skills

- Widen our participation in learning by helping adults to overcome the barriers that prevent them from successfully taking part in learning – whether the learning is

for personal development, family support or in connection with employment

- Provide high quality training and support for employers in the county that helps meet their business objectives
- Ensure that learning opportunities are flexible and responsive to people's needs so that they may participate, achieve their goals, and progress to further participation and achievement if they so wish
- Ensure that learning opportunities and the accompanying support for learners fit with local, regional and national priorities and are of high quality
- Deliver an efficient and effective service which maximises the resources available to pay for adult learning in the county
- Implement operational plans supporting the priorities of the Gloucestershire Employment and Skills Board
- Work with local employers to create new apprenticeships
- Devise and provide a digital skills strategy, building on the strengths of the Gloucestershire economy in terms of cyber and digital.

Employment

- Provide support for more people whose disability or health condition affects their ability to gain or sustain employment through the development of Work Clubs and new work programmes
- Widen the participation group for employment support to ensure all residents can access employability information, support and guidance
- Work with VCSE partners to develop a programme funded by UKSPF to support those furthest from the labour market into employment, education or training
- Work with employers to create more inclusive workplaces and open up opportunities for those with barriers to employment
- Improve accessibility for young people to take part in work experience opportunities with local employers of all sizes and across all sectors
- In partnership with Education colleagues create sustainable pathways for young people who are disadvantaged in the labour market including those who are care experienced and/or NEET

Context and Strategic Direction

Fire and Rescue Service

The last year has continued to be dominated by the covid-19 pandemic and throughout this period GFRS has provided the emergency service our community expects. Non-emergency services which were suspended have been re-instated including Business Fire Safety inspections, Safe and Well visits, school visits to SkillZONE and Service exercises.

There has been an increased focus on prevention and protection initiatives to ensure our work supports those most vulnerable in the community, these works include:

- Delivery of Grenfell Phase 1 recommendations including improving processes between the control staff and operational crews during incidents and the provision of safety equipment.
- Completing a building risk review on all high-rise premises across Gloucestershire which feeds into tactical plans supporting the safety of firefighters and the public.
- Reviewing fire investigation processes against the new standard and enhancing knowledge across all levels of operational staff.

Our cultural improvement journey continues to make progress with the publication of a new promotions process providing a clearer, more transparent procedure. When consulted, 92% of staff said that the new process would have a positive impact on the Service.

A Portfolio Management Office has been established to oversee and manage change across the Service, ensuring that projects are adequately resourced, delivering on time and to scope.

Currently the Service is compiling the Fire and Rescue Community Risk Management Plan (CRMP). This is a statutory document outlining how we will match our resources to risks within the county through key objectives. Our public are being consulted on these objectives and the final draft will be published in April 2022. The eight objectives are to:

Objective 1 - Prevention

Deliver intelligence informed person-centred and impactful prevention activities that effectively and efficiently improve the safety, health and wellbeing of the diverse people who live, work in or visit Gloucestershire.

Objective 2 - Protection

Deliver intelligence informed and impactful protection activities, to include inspections, audits, education and enforcement, which continue to reduce the likelihood and impact of fire in commercial buildings across Gloucestershire and reduce the risk to both the public and firefighters.

Objective 3 - Response Standards

Implement National Operational Guidance and approved National Fire

Standards to assure and support operational competence, learning and preparedness.

Objective 4 - Response Arrangements

Review our existing arrangements to ensure that we have the required number of resources, with the right people and equipment, at the right time, in the right location.

Objective 5 - People and Social Responsibility

Further improve our inclusive culture to ensure that we attract, retain, support and develop a diverse workforce, which is truly representative of our communities.

Objective 6 - Collaboration

Collaboration is important in every organisation. We will collaborate by communicating with partners and building on ideas to innovate or do something differently in the public's interest.

Objective 7 - Digital, Data and Technology

Increase the use of data and business intelligence tools to ensure that we understand our risks and maximise the use of technology to respond appropriately to those risks.

Objective 8 - Asset Management

Continue to provide the best facilities, vehicles, equipment and personal protective equipment (PPE) we can afford, enabling us to deliver a professional service to our communities.

The CRMP will align to the Council Strategy and will set the direction of the Service for 2022-2025.

The Fire and Rescue Service will build on the recommendations from Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) following the outcome of the Services second formal inspection conducted in the Autumn of 2021.

Trading Standards Service

Trading Standards were given responsibility for enforcing emergency Covid legislation. The focus was ensuring businesses complied with changing business closure requirements through both advice and enforcement. 11.2% of enquiries or reports made to the Service in 20/21 were Covid related. This was possible, because of the skills and adaptability of the Trading Standards team.

In November 2020, Trading Standards were called upon to respond to a confirmed outbreak of Avian Influenza in the south of the County. The extent of infection was contained; the prompt action of Trading Standards and APHA colleagues preventing disease spread and mandatory culling on infected commercial premises.

Despite suspension of normal duties, except for incidents presenting a threat to personal safety or animal welfare, Trading Standards interventions still resulted in

measurable benefit to both individuals and the community – see Needs Analysis below.

Moving through 2021/22 the Service has set priorities based on analysis of demand

- keeping people safe,
- supporting business and economic growth and
- disease control measures in livestock

and is on track to recover from time lost due to Covid. This includes target inspection figures set by Food Standards Agency and APHA

The wide-ranging role of Trading Standards looks set to continue with new legislation expected in relation to

- Construction Products regulation,
- Food Standards Agency review of premise risk rating,
- Out of Home calorie labelling on food
- Offensive Weapons Act (sale of knives and crossbows)
- Ability to issue penalty notices for some animal welfare breaches (most likely at market and in transit).
- Increasing responsibilities for legislation promoting climate change legislation in a consumer setting.

All of which presents additional burdens which are not provided for in existing funding.

Civil Protection Team

As a Category 1 responder under the Civil Contingencies Act 2004, Gloucestershire County Council has a statutory responsibility to comply with the assigned duties of the Act.

During the response to C-19 the Civil Protection Team (CPT) have worked on a number of work streams including:

- Supporting Public Health partners to establish command and control structure
- Supporting writing the Local Outbreak Management Plan
- Revising rest centre procedures to ensure that any evacuation facility adhered to covid regulations
- Providing a 24/7 duty officer to co-ordinate / support the response to any concurrent incidents in the county (including flooding, evacuations, water supply issues)
- Updating 80% of County Council plans (i.e. where GCC have specific legal obligations)

We will continue to support the Council to be compliant with its duties under the act and be an active member of the Local Resilience Forum ensuring that our relationships / links with partner responding agencies remain strong.

Coroner's Service

The response to Covid 19 has dominated the core work of the Coroner team over the last 18 months. Team members have been involved in numerous activities beyond their day-to-day duties whilst ensuring the Coroner Court remains open for business as usual.

The principle objective for the Coroner Team this year is to assist the Senior Coroner in addressing the backlog of cases that has resulted in court restrictions due to Covid. The Court has remained open during the summer months to ensure inquests can continue to be heard and the backlog reduced although the majority of these inquests have had no or little public involvement.

The Coronavirus Act is set to be repealed in March 2022 although there is an ability to extend it for a further 6 months. The Act brought several easements that have benefitted the Coroner's service and many in the industry believe an end to these easements will lead to an increase in work. It is currently unclear what the extent of this may be in Gloucestershire.

Needs Analysis

Fire and Rescue Service

The National Fire Chiefs Council has developed a Community Risk Profile (CRP) methodology that is a comprehensive and forward-looking assessment of the risks in our community that will assist to shape the delivery of our Service over the coming years. The CRP informs our Community Risk Management Plan (CRMP) and ensures we review our data sources to inform our professional judgment when we decide on the most suitable protection, prevention and emergency response arrangements to put in place to maintain risk at an acceptable level.

What are the risks?

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

Gloucestershire is a diverse county covering 2,653 square km and hosting a population of approximately 640,650.

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

live.

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

Population growth remains steady and is predicted to rise by another 16.6% between 2018 and 2043. Gloucestershire is also predicted to have a higher than average number of over 65 year olds, rising by 32,315 to reach 167,288 by 2028 and rising by 70,892 to reach 205,865 by 2043. This increase in a higher risk group, coupled with the Government's desire to deliver 'personalised' services to older people will have a direct impact on the county's ability to support and deliver services such as Safe and Well checks. Investing in Community Safety Advisors with specialist knowledge, will allow targeting of those who are most vulnerable.

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

Over the last 10 years, population growth has been concentrated in the urban areas although there is now a growing tendency towards residential development in more rural locations. It is for this reason that Objective 4 Response Arrangements, of our proposed CRMP will see the service review our existing arrangements to ensure that we have the required number of resources, with the right people and equipment, at the right time, in the right location.

The Fire Sector has seen dramatic change in the function and services it provides over the last 40 years. The incident types that Firefighters attend in 2021 are very different to those in the 1980's and much more broad ranging. The specialist functions our On-call Firefighters support, both locally and nationally, have increased with a need for further training in areas such as co- responding, terrorism, rope rescue, water rescue and hazardous materials to name a few. Changes in roles can be linked to our governance through the Fire Services Act 2004 and the Civil Contingencies Act 2004, which set our statutory duties. A number of changes have also been made through the ongoing Government drive for the Fire Service reform agenda. Our On-call Firefighters regularly support other partners and healthcare professionals in the delivery of their functions. Due to the successful business case for in year funding in May 2021, the time allocated to train our On-call staff in Gloucestershire has been lifted to three hours per Firefighter, per week and needs to remain at this level for the safety of all involved.

There is a need to update the methods used to recruit On-call firefighters and more resources and time is required to ensure the retention of On-call firefighters by reviewing working patterns, individual availability, payment methods, alerting methods and management systems.

Going forward there is also a requirement to undertake a full review and set a clear strategy for the continued support of a Firefighters role in medical response.

Trading Standards Service

The work of the Service is, in essence, to work with businesses to resolve non-compliance resulting in a market place which is transparent to the consumer and encourages fair competition between businesses. In the majority of cases, intervention is successful without the need to escalate. 88% of premises engaged with were either compliant or bought into compliance within a short period; this is a difficult figure to ascribe a monetary value to.

In addition to this, in 2020/21:

- 9539 enquiries received of which only 1557 were tasked to officers. This absorbed the capacity of the Service to respond and investigate.
- 13 Individuals convicted of criminal offences Resulting in 3 months imprisonment, 180 hours unpaid work £3,333 fines, £7,457 investigating costs ordered to be repaid
- 3 individuals issued simple cautions
- £114,003 criminal benefit confiscated under proceeds of crime legislation
- Scam intervention work against mail scams saved Gloucestershire residents £115,000
- The use of call blocking devices intercepted 1,114 scam calls; saved the individuals concerned £30,431 with knock on savings to society of £18,033.
- 6193 unsafe items were removed from the supply chain with an estimated saving to consumers of £206,000
- 37000 illegal cigarettes and 10,000g of loose tobacco worth £10,349 removed from sale

Civil Protection Team

The Civil Protection Team comprises of 6 officers who have a wide remit: from supporting the County Council, being an active member of the Local Resilience Forum, responding to incidents, writing plans to composing and delivering training and exercises.

Historical data shows that when and where incidents happen cannot be predicted but we do know that in the county we usually have a number of flooding incidents over the winter months and water outages throughout the year.

GCC has a statutory responsibility to have up to date and fit for purpose business continuity plans for each service area. These plans should ensure that, as far as is reasonably possible, Council services can continue to be delivered if affected by a disruption. The CPT assist departments with completion of Business Impact Assessments and Business Continuity Plans.

Coroner's Service

History shows that death profiling in Gloucestershire remains reasonably consistent year-on-year and the service has no intelligence that suggests this is going to change in the short to medium term.

Resources

Revenue Funding

The Community Safety Directorate net revenue budget requirement for 2022/23 totals £22.091m and is split as follows:

- Fire and Rescue Service £19.776m
- Coroner's Service £1.203m
- Trading Standards £0.892m
- Civil Protection Team £0.220m

The Civil Protection Team gross expenditure budget totals £315k with £95k income funding for Officers coming from Service Level Agreements with District Councils and the Gloucestershire Prevent Partnership Board.

This budget requirement is a growth of £1.693m on the previous year. £479k relates to pay inflation and increased National Insurance contributions across all four services. £14k of income is anticipated from fees and charges.

£1.629m of budget growth is within the Fire and Rescue Service.

Gloucestershire Fire and Rescue Service has a very new operational workforce with 51% of staff being in the development phase of their firefighting role creating an increased training burden. £393k of additional funding for training will ensure that staff are competent in their operational role. There have also been changes to training standards and national operational guidance requiring investment of £101k to ensure the Service is compliant.

£100k will cover the provision of PPE and delivery of procurement projects of specialist equipment ensuring staff are able to work safer in what can be very hazardous environments.

The Community Risk Management Plan (CRMP) and the Council Strategy highlights the need to ensure the safety of the most vulnerable within our society. £133k of funds will be invested in prevention roles delivering safe and well checks, road safety education and arson prevention activities.

GFRS Improvements – Additional investment totalling £902k targeted towards firefighter safety, improvements in prevention and protection activities; and importantly continue the Service's work to improve its organisational culture.

Capital Funding

Fire and Rescue

The CRMP highlights the importance of asset management and investment in digital, data and technology enabling us to deliver a professional service to our communities. In support of this, new capital schemes, totalling £2.819m, include:

- Replacement and upgrade of fireground radios £120k
- Replacement of PPE for specialist incidents including swift water rescue, medical calls and rope rescue £289k
- Replacement of operation vehicles £2.410m

Outcomes and Priorities for the year – headline bullets which will become our action plan

Fire and Rescue Service

Our commissioning intentions for 2021/22 are:

- Implementation of the Gloucestershire Fire and Rescue Service Community Risk Management Plan (CRMP) 2022 - 2025
- Responding to the outcomes of the HM Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) report.
- Review our existing arrangements to ensure that we have the required number of resources, with the right people and equipment, at the right time, in the right location.

Specific planned activities for 2022/23 include:

- Implementation of the Cultural Change Plan
- Implementation of National Operational Guidance
- Development of a Collaboration Framework
- Fire safety risk review
- Delivery of the Emergency Service Network Programme
- Review of Training capability and use of Severn Park Training Centre
- Procurement and roll-out of replacement fireground radios
- Procurement and roll-out of specialist PPE

Trading Standards Service

In the coming year, the operational focus of the Service is unlikely to change from existing priorities based on long term analysis of demand. Priority areas of work will remain:

- Protecting vulnerable people from harm – scams and doorstep crime, food safety, product safety
- Supporting a thriving business environment – unfair business practices, illegal tobacco, primary authority partnership and trader advice.
- Animal welfare and disease control in livestock – farms, markets, abattoirs and in transit.

Specifically, projects around food composition and allergens, product safety

through on-line sales, safe storage at retail level of fireworks, illegal tobacco and non-compliant e-cigarettes, composition of animal feeding stuff and others which emerge through analysis of intelligence/developments in legislation.

Specific planned activities for 2022/23 include:

- Review the software provision for the service, including contract review and data migration where software is moved from server based to cloud-based solutions.
- Staff development – There is a national shortage of qualified officers looking for permanent posts. After failed attempts to recruit we have had to develop staff internally, recruiting at a junior level and developing staff through training. Professional qualification takes a minimum of 3 years to achieve. Currently, there is one apprentice and two trainee enforcement officers who are expected to graduate into enforcement roles which will go toward relieving pressure on the Service but will, in itself provide, sufficient capacity to manage all priority workstreams and statutory duties. Further recruitment will be pursued.

Civil Protection Team

Specific planned activities for 2022/23 include:

- Support GCC with business continuity planning
- Support GCC to strengthen their emergency management framework – review emergency control centre, work with response teams to train, write resilience standards for County Council, train loggists, form resilience assurance board, work with silver to agree long term role.
- 100% of GCC plans where GCC have specific legal obligations (such as the Animal Disease Plan, the Coastal Pollution Plan etc.) are updated and exercised.
- Work with LRF to agree plans are allocated across members proportionately

Coroner's Service

Specific planned activities for 2022/23 include:

- Procurement of a new coroner database IT system in November
- Review of pathology provision as this remains the greatest risk to service delivery

Context and Strategic Direction

Corporate Resources is the directorate which supports the Council services in many ways, both directly in terms of governance, asset management but also indirectly for example organisational infrastructure and advice in order to ensure the smooth running of the Council as a whole. As a result, it is impacted by all of the factors listed in the Commissioning Intentions of all other directorates, but it also has to consider the wider needs of the Council, our partners and our wider communities.

We expect the coming years to see an enhanced and growing role for local authorities. The reputation of local government has been enhanced by the way we have led the local response to the national pandemic and our role in supporting economic recovery. As a result, we have demonstrated that we are well-placed to play a strong role in shaping our places and leading local partnerships, resulting in new opportunities to negotiate with key partners and with national government which place more of the levers for improvement and growth within our hands. Gloucestershire County Council is ready to benefit from this opportunity. Our common boundaries with police, health and other local partners put us in a strong position and our shared geography provides a natural footprint for any growth. This will require us to have support services that enable and facilitate collaboration and joint working across partners and staff that are comfortable crossing traditional boundaries of sector and specialism who have an understanding of local needs and opportunities that extends beyond our traditional roles. It will require support services to be risk aware rather than risk averse, to be commercially minded and to be capable of supporting the ambitions of the Council to be a driver of economic growth.

We know that we will continue to see growing demand for those Council services that support our most vulnerable children, young people and adults. We will need to be able to support frontline teams to better understand the needs of service users and to adapt and develop services and practices that help people to remain independent longer. This will require better, more comprehensive analysis of the needs of the local population, joining up data with health partners to be able to predict how needs will change, identify opportunities for preventative work and prioritise our resources most effectively.

Alongside this, we know that the expectations of our customers and communities are shifting. They expect more choice in the way that they interact and communicate with the Council, and that more services will be available to them 24-hours a day. This will see a continuation of our current direction of travel towards greater digitisation, automation and modernisation of Council services, and more consistency and clarity over what our customers can expect of us.

Lastly, we know that we will continue to face a challenging and uncertain financial context. Local Government finance settlements continue to be determined later in the planning cycle and we do not yet have a sustainable, long-term solution to social care funding. We will not be able to afford to do everything that we would like to do and will have to focus our resources where they can have the most impact, while

remaining flexible about how we use them and adept at responding to new opportunities for funding as they arise.

Needs Analysis

The trends that drive our business are the same ones that affect the Council as a whole. They can be summarised as follows:

Growing numbers of vulnerable children needing the Council's support

This has a number of knock-on effects for support services, including:

- Helping the Council to attract, training and retain social workers
- Supporting the procurement of packages of care and helping the Council to secure the placements we need at a price we can afford
- Providing data and analysis to support performance improvement
- Supporting an increasing number of children going through legal proceedings and pre-proceedings
- Increased demand on complaints and request management processes
- Consider and deliver on asset and property changes so we can improve the number of opportunities for in county service delivery.

A growing and ageing population

This means a bigger role for support services in:

- Supporting school building and expansion with legal advice and asset management support
- Predicting the impact of population growth on demand for local services and infrastructure
- Helping the Council to secure sufficient funding to meet the future needs of the population
- Supporting major strategic infrastructure projects, including major capacity improvements to junctions 9 and 10 of the M5
- Making better use of data to improve population health and target preventative services.

Tackling inequalities

The pandemic has increased and exacerbated existing inequalities between communities where outcomes are good, and those where they are not. Support services will be involved in efforts to 'level up' those communities where inequalities are greatest, using Council resources and expertise to lever in national funding and broker solutions between partners that improve local quality of life.

An increasingly competitive employment market

We are seeing increased difficulties in recruiting to a range of roles, particularly where increased demand is leading to national shortages, or where the Council has to compete with private sector employers. As we emerge from the pandemic, we are also seeing significant changes in the expectations of employees that they will be supported to work in a flexible and agile way.

Resources

Corporate Resources 2022/23 net revenue budget is £39.489 million which is a net increase of £2.613 million

- Investment of £3.170 million in:
 - Digital to enhance the capability, capacity and stability of our systems
 - Investment in Legal services to meet growing demands for Children's legal proceedings
- Savings of £1.337 million from:
 - Efficiencies from digitalisation / automation across all areas
 - More efficient use of our estate and agile working
 - Income generation from Quayside phase 2

Outcomes and Priorities for the year – headline bullets which will become our action plan

Customer: We want to make it easier for our customers to interact with us and improve the way we work with them to successfully resolve the issues they raise. We will implement a 'customer first' approach that provides customers with a more consistent experience and enables us to better track our response. We will introduce consistent customer service standards and improve our website to make it easier for customers to find information and report concerns.

ICT: Following a period of underinvestment in ICT, we are now focused on replacing our core infrastructure, networks and Microsoft productivity suite. This will provide a reliable platform with increased security, maximising staff productivity and enabling effective collaboration internally and with partners. The next phase of work includes improving specialist core systems in social care and other key services to enable increased mobility and usability, developing workforce digital skills and developing our ability to utilise digital innovation to improve citizen experience.

Equalities, Diversity and Inclusion is a key priority within our Workforce Strategy. We are aiming to recruit from the widest pool of talent and to benefit from a diverse and inclusive workforce where all can flourish and progress. We have developed a three-year workforce action plan which aligns with the LGA Equality Framework with actions across five themes.

- Increasing workforce diversity;
- Inclusive strategies and policies;
- Collecting, analysing and publishing workforce data;
- Equality and inclusion learning and development;
- Improved health and wellbeing for all.

Strategic Procurement Transformation: We are reviewing and transforming our approach to strategic procurement to ensure the Council secures the best possible value for money from its suppliers. This includes modernising our procurement and contract management IT systems to ensure that commissioners and contract managers can easily record, enter and manage contracts, to give the Council better and more complete oversight of our contracts, to help us plan further ahead

and to identify opportunities to secure better deals by joining our buying power across the Council. Together, this will help us to secure better value for money for local taxpayers. We will introduce an early payments system for our suppliers that will give them the choice to receive more quicker payments in exchange for a discount for the Council. We will also be rolling out a new procurement toolkit, including a new focus on social value, to make sure that we are maximising social, economic and environmental benefits for Gloucestershire and its residents wherever possible.

Transforming Legal Services: We are undertaking a programme of projects that will improve the capacity and capability of our legal services functions. This will ensure a consistent approach to quality management and greater use of digital technology. We will procure and implement a new IT system for case management and electronic bundling of court documents, both of which will enable the service to be more efficient, plan more effectively and keep track of progress. We will continue to review and adapt our staffing structure to develop clear career progression routes for staff and to grow our own lawyers for the future, particularly in those areas where recruitment is difficult. Finally, we will review our arrangements for procuring external legal advice to ensure that we achieve the best value for money.

Workforce - recruitment and retention to hard-to-fill roles:

Following the pandemic, the employment market is becoming increasingly competitive at all levels including the lowest paid jobs. Some roles which were already hard to fill are increasingly difficult and this can impact our ability to deliver critical services such as domiciliary and residential care. We will develop a programme of work to improve the recruitment and retention of staff in the hardest to fill areas and support our partners and providers to do the same.

Agile working: We know that working patterns are changing. Feedback from staff is that many have welcomed the opportunity to work from home and found that doing so brings unexpected benefits. In the future, we expect staff to be less tied to a particular location, and although that will vary depending on people's roles, in general, work patterns will be more flexible. We have already begun to provide the tools, technology and support that will help our staff to work in a more flexible way, travel less, collaborate more easily with others and in many cases, achieve a better work/life balance. This will continue to be an area of focus and activity. Alongside this, we hope that Government will legislate to allow Council meetings to take place on a virtual or hybrid basis. We have already introduced technology to our committee rooms that enables us to take advantage of the opportunities that this provides.

Maximising use of our Estate: We will continue to review the Council's estate and how we make best use of it. This will include continuing to modernise and adapt the Shire Hall complex to make it accessible, fit for purpose, more suitable for agile working. This will include a refurbishment of the Council Chamber to provide better accessibility and comfort, to upgrade technology to support hybrid meetings, to reduce energy consumption and maximise natural light and ventilation. We will continue to look for opportunities to consolidate office and other space both across the Council and with our partners. We will also continue to proactively look for ways to use our assets to reduce the Council's carbon footprint and increase renewable energy generation.

Applying learning from the pandemic: Council staff have done an amazing job in responding to the pandemic and we are proud of what we have achieved. We have learnt from that experience; breaking down structural barriers, working collaboratively with flexibility and agility. We will proactively learn from this and build the lessons into both our 'business as usual' and future emergency response arrangements.

Business Intelligence: We have already implemented the IT infrastructure that will allow us to roll out a new generation of business intelligence and analytics tools across the Council. We have deployed these tools in our two biggest service areas – Children's services and Adult Social Care. The next phase will be to work with our new strategic data partner to implement the technology across a wider range of Council services, including implementing a new Corporate Performance Management Framework and a new suite of business intelligence dashboards for the Fire and Rescue Service. These developments will provide us with a better understanding of service need and performance and laying the foundations to be able to benefit from developments in the fields of artificial intelligence and applied analytics in future years.

Enterprise Resource Planning Replacement - the Council currently uses the SAP system to administer HR, finance, procurement and employee / manager self-service. This system was implemented in 2007 and is now out of date, not user friendly and not compatible with the Council's digital Strategy so needs to be replaced. This is major business critical system and its replacement will involve the input of significant resources from across Corporate Resources as well as the rest of the Council over an extended period of time. Cabinet approved its replacement in June 2021 and the procurement of a new system and implementation partner is now underway with a go live date anticipated in 2024.

Annex 2 – Budget Movements by Service Area

Medium Term Financial Strategy – 2022/23 Budget – Overall Summary

Budget Area	Approved 2021/22 Budget	Removal of 2021/22 One Off Budget Adjustments	Agreed Budget Transfers between Service Areas	MTFS 2021/22 Base Budget	Pay Inflation Costs	Cost Increases	Cost Reductions	Proposed 2022/23 Budget	Cash Increase / Decrease	Percentage Increase / Decrease
	£'000	£000	£000	£'000	£000	£000	£000	£'000	£000	%
Programme Budget Areas										
Adults	156,533	-	-924	155,609	1,006	12,378	-3,986	165,007	8,474	5.41%
Vulnerable Children	105,693	-282	-857	104,554	1,091	10,358	-3	116,000	10,307	9.75%
Other Children Services	20,878	-200	249	20,927	360	2,618	-202	23,703	2,825	13.53%
Economy, Environment and Infrastructure	75,888	-1,060	308	75,136	497	11,334	-4,172	82,795	6,907	9.10%
Community Safety	20,009	-	-12	19,997	479	1,629	-14	22,091	2,082	10.41%
Prevention & Wellbeing	35,566	-470	453	34,643	67	1,014	-73	35,651	85	0.24%
Corporate Resources	34,591	-50	2,335	36,876	780	3,170	-1,337	39,489	4,898	14.16%
Technical & Countywide	33,850	-13	-646	33,191	43	4,560	-1,200	36,594	2,744	8.11%
Total Budget	483,008	-2,075	-	480,933	4,323	47,061	-10,987	521,330	38,322	7.93%

2022/23 Adults Budget including the National Adult Social Care Levy

	Cost Increases	Cost Reductions	£000
	£000	£000	£000
Approved MTFS 2021/22 Budget			156,533
Removal of 2021/22 One Off Budget Increases			-
Additional Ring Fenced Grant Funding now rolled into Base Budget			-
Agreed Service Budget Transfers		-	924
Starting Budget (2021/22 Revised Budget)			155,609

Budget Changes:

Cost Increases

Pay Inflation (2%)	766
Increase in National Insurance Contributions (1.25%)	240
NLW Inflation (Providers)	2,255
Increase in National Insurance Contributions (1.25%) for Providers	1,020
Demographic Growth linked to demographic pressures	4,204
Learning Disabilities Transforming Care Programme	441
Bed Based and Community Based Inflationary Assumptions	2,172
GRANTS ASC SR21 - Assumed Spending Pressures	1,708

One Off Cost Increases

Demographic Growth linked to demographic pressures	578
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Cost Reductions

Adult Single Programme: supporting the strategic direction of keeping people safe and independence, ideally within their own home. Continuing supporting prevention to delay and avoid more expensive care support and supporting the integration of Health and Social Care to deliver positive outcome for individuals. There are continued targets to manage future demand expanding the model of reablement, working in a multi-disciplinary way and also investing in social care to avoid crisis. As well as listening to our service users and improving the customer journey through the three tier conversation at the frontline of adult services.	-3,282
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Income Targets

Income 3% Increase	-704
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TOTAL PROPOSED NET CHANGE

13,384	-3,986	9,398
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2022/23 Adults Budget including National Adult Social Care Levy

165,007

2022/23 Children and Families Budget - Vulnerable Children

	Cost Increases £000	Cost Reductions £000	£000
<u>Budget Changes:</u>			
Approved MTFS 2021/22 Budget			105,693
Removal of 2021/22 One Off Budget Increase			-282
Agreed Service Budget Transfers			-857
Starting Budget (2021/22 Revised Budget)			104,554

Cost Increases

Pay Inflation (2%)	849	
Increase in National Insurance Contributions (1.25%)	242	
External Placements budget: Rise in number and cost of placements - this funding, one-off funding and the contract uplift will fund circa 338 external placement at a unit price of £109,000. Current external placement numbers excluding specific COVID cases is 358 (September) but reducing Children in Care numbers and the use of the in-house service will reduce the current requirement	5,013	
Fostering/Adoption/SGO & Child Arrangement Allowances. Child allowances based on 21/22 increase 1.97%, carers fees 1.6% (April CPI), contract 2%. Increase is against the budget which will cover number of allowances as follows:- Fostering 405, Child Arrangement Orders 25, SGOs 415, Adoption 161.	283	
SGO'S Increased Numbers - 60 new SGOs assumed in 22/23 and on-going. The model is based on the estimated numbers at the start of the year 22/23 (445) less estimated leavers (20) and starters (60) which are profiled over the year.	208	
Increasing the Recruitment of New Foster Carers & Building the Resilience of Existing Foster Carers. This includes 6.4 FTEs to support recruitment of foster carers, panels and admin support; funding for marketing to attract new carers and to support carers through the mockingbird family model	493	
Inflation increase on CCG/GHT/GHC contracts including CAMHs, Functional Family Therapy and Multiagency teams	76	
Contract inflation on external placement budget based on 1.5% inflation per year for fostering and 3.5% residential/ supported living where contracts are being procured	601	
Increased workload in the Friends & Family Assessment & Support Team from 235 (17/18) to 336 (20/21) assessments replacing independent assessments for permanent staff. An additional 5.4 fte to manage current demand plus 1 fte Manager, 1 fte Admin	319	
Increase in children's social work posts based on caseload recalibration & the implementation of systemic practice includes DCYPs proposal. This will fund an additional 27 FTEs including social workers, CP chairs, management and admin staff to meet rising demand and ensure caseloads are manageable	1,324	

2022/23 Children and Families Budget - Vulnerable Children Continued	Cost Increases £000	Cost Reductions £000	£000
Increase in existing establishment within MASH / Children's Services Front Door to meet rising demand to increase the resource to handle information requests (Including Subject Access Requests), contributing to the EHCP Process, OFSTED enquires, Court ordered requests for information, safeguarding checks. Additional 4.5 ftes including social workers, researchers and admin support	175		
One Off Cost Increases			
Increase in children's social worker agency hourly rate offered to recruit front line roles to stay competitive. The current budget position already provides a small "top up" for establishment posts to off-set the difference between permanent and agency staff, but the increase in agency social worker rates will result in an additional budget pressure.	700		
External Placements budget: Rise in number and cost of placements - this one-off funding, permanent funding of £5m above and the contract uplift will fund circa 338 external placement at a unit price of £109,000. Current external placement numbers excluding specific COVID cases is 358 (September) but reducing Children in Care numbers and the use of the in-house service will reduce the current requirement and future requirements into 23/24	1,000		
Increasing the Recruitment of New Foster Carers & Building the Resilience of Existing Foster Carers. One off training costs for Mockingbird Family Model to support carers	81		
Additional Business Staff for Legal & ICT development tasks during 2022/23 and this will fund 2.6 FTEs admin and management staff	85		
<u>Cost Reductions</u>			
<u>Income Targets</u>			
Income 3% Increase		-3	
TOTAL PROPOSED NET CHANGE	11,449	-3	11,446
Children & Families - Vulnerable Children Budget 2022/23			116,000

2022/23 Children and Families Budget - Other Children Services

	Cost Increases £000	Cost Reductions £000	£000
Approved MTFS 2021/22 Budget			20,878
Removal of 2021/22 One Off Budget Increase			-200
Agreed Service Budget Transfers			249
Starting Budget (2021/22 Revised Budget)			<u>20,927</u>

Budget Changes:

Cost Increases

Pay Inflation (2%) 239

Increase in National Insurance Contributions (1.25%) 121

Home to school transport - funding required to cover the cost pressure in 2021/22 due to the increase in number and cost of SEN transport routes. Numbers of EHCPs have increased by 24% from January 2019 to June 2021 and the Council currently provides assistance with home to school transport for approximately 34% of these students although this figure is rising. 984

Provision for Statutory SEND services and SEND support services due to the increase in number of Education, Health and Care Plans (EHCPs) assumed at 300 to 350 a year and 450 CYP with SEN support - additional staff required to support this need and provide manageable workloads. This will include 9 FTE EHCP caseworkers and additional needs support, 1 FTE Education Psychologist, 3.5 FTE to support the information, advice and guidance for SEND bringing the service close to the South West average 658

One Off Cost Increases

Home to school transport - funding to cover the growth expected in 2022/23 in SEN routes based on additional Education, Health and Care plans estimated at 119 additional students per year requiring transport 976

Cost Reductions

Education Pensions: Reduce the budget based on an assessment of the reduction in number of pensioners and spouses based on age and trends -150

Release of a long standing vacant post in the Education Data Hub -26

Income Targets

Income 3% Increase -26

TOTAL PROPOSED NET CHANGE	<u>2,978</u>	<u>-202</u>	<u>2,776</u>
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Children & Families - Other Services Budget 2022/23			<u>23,703</u>
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* This budget excludes the ringfenced Dedicated Schools Grant (DSG).

2022/23 Economy, Environment and Infrastructure Budget

	Cost Increases	Cost Reductions	
	£000	£000	£000
Approved MTFS 2021/22 Budget			75,888
Removal of 2021/22 One Off Budget Increase			-1,060
Agreed Service Budget Transfers			308
Starting Budget (2021/22 Revised Budget)			<u>75,136</u>

Budget Changes:

Cost Increases

Pay Inflation (2%)	343	
Increase in National Insurance Contributions (1.25%)	154	
NLW Inflation (Providers)	7	
Contract Inflation	2,909	
Traffic signal technical resource investment	110	
Drainage maintenance investment	500	
Highways officers resource investment	150	
Routine maintenance resource investment	800	
Network & Traffic Apprentice x 2	45	
Cycle and highway network schemes monitoring	50	
Reduced income from commercial waste landfill royalties	36	
Library relocations & refurbishment	325	
Parking Traffic Regulation Order increase in internal resource	60	
Warwickshire HRC volume increase	50	
Enhance S.106/CIL Monitoring resource investment	88	
Highways Local - an additional £20k per Councillor per annum making £30k per Councillor per annum for the rest of this administration	1,060	
Climate Emergency Fund – to address challenging targets	1,000	
Pothole Fund – to improve outcomes for residents	890	
One Off Cost Increases		
Central reserve topsoil trial	100	
Targeted back to boundary verge maintenance	100	
M5 J9/A46 Scheme development	1,500	
Mass Rapid Transit business case	100	
Strategic advice to support long-term economic recovery	77	
Update Developer Guidance for climate change requirements	40	
Arle Court park & ride loss of income during construction of Transport Hub	134	
Ash Die Back	700	
Tree maintenance resource investment	115	
Public Rights Of Way resource investment	80	
Definitive Map Modification Orders resource investment	55	
Traffic Regulation Order Reserve	100	
Parking Permit inflation freeze	33	
Recycling Shop Pilot at Household Recycling Centres	120	

Cost Reductions

Surplus budget due to procurement achieving better outcome than forecast	-145
Surplus budget due to sale of electricity fixed at a higher rate than forecast in 22-23	-819
Full cost recovery of fee generating work to enable reinvestment elsewhere	-1,000
One Off Cost Reductions	
One off surplus in electricity income in 2021-22	-800
Full cost recovery of fee generating work in 2021-22 to enable reinvestment elsewhere	-1,000

Income Targets

Income 3% Increase	-408
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TOTAL PROPOSED NET CHANGE	<u>11,831</u>	<u>-4,172</u>	<u>7,659</u>
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2022/23 Community Safety

	Cost Increases £000	Cost Reductions £000	£000
Approved MTFS 2021/22 Budget			20,009
Removal of 2021/22 One Off Budget Increase			
Agreed Service Budget Transfers			-12
Starting Budget (2021/22 Revised Budget)			<u>19,997</u>

Budget Changes:

Cost Increases

Pay Inflation (2%)	337
Increase in National Insurance Contributions (1.25%)	142
Provision of structural firefighting PPE for operational staff.	65
Additional Driver Trainer post for Learning & Development to implement new professional standards for emergency response driver training.	45
Additional Watch Manager post for Learning & Development to implement national operational guidance and new fire standards for training.	56
Additional Crew Manager post for Learning & Development to cover increased operational training demand	50
Additional Supervisory Manager post for Logistics & Equipment to lead and deliver procurement projects for specialist equipment	35
Additional Community Safety Advisors posts (x2) to deliver Safe & Well visits to the most vulnerable people within the county	59
Additional Road Safety post to deliver and coordinate road safety education & campaigns	42
GFRS Improvements - These additional resources will see further investment targeted towards firefighter safety, improvements in prevention and protection activities; and importantly continue the Service's work to improve its organisational culture.	467

One Off Cost Increases

Investment training costs - Learning & Development: increased demand for essential operational training courses due to high levels of firefighters in development following the retirement of experienced staff.	159
Investment training for On-Call staff due to an increase in specialist functions within the remit of the role.	184
Additional Young Person Support Officer post to help reduce the risk from fires started deliberately by children and to develop young person centred prevention intervention campaigns (unhealthy or inquisitive interest in fire, counselling support following a fire in the home).	32
GFRS Improvements - These additional resources will see further investment targeted towards firefighter safety, improvements in prevention and protection activities; and importantly continue the Service's work to improve its organisational culture.	435

Cost Reductions

Income Targets

Income 3% Increase	-14
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TOTAL PROPOSED NET CHANGE	<u>2,108</u>	<u>-14</u>	<u>2,094</u>
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Community Safety Budget 2022/23			<u>22,091</u>
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2022/23 Prevention & Wellbeing Budget

	Cost Increases £000	Cost Reductions £000	£000
Approved MTFS 2021/22 Budget			35,566
Removal of 2021/22 One Off Budget Increase			-470
Agreed Service Budget Transfers			-453
Starting Budget (2021/22 Revised Budget)			34,643

Budget Changes:

Cost Increases

Pay Inflation (2%)	43	
Increase in National Insurance Contributions (1.25%)	24	
Contract inflation for NHS pay awards (Agenda for Change) covering estimated uplift proposed in 21/22 and 22/23 (2.1%). This affects circa 200 FTEs mostly Health Visitors and School Nurses and the sexual health contract with CCG	403	
Funding for the new burden for commissioning Pre-Exposure Prophylaxis (PrEP) for HIV. The funding will cover the cost of incorporating the routine commissioning of PrEP for HIV into the services delivered by the Specialist Sexual Health Service	128	
Early intervention mental health support to fund the commissioning of early intervention, open access, mental health support (phone, text and/or web-based tbc) for children and young people, and adults experiencing mild-moderate common mental health issues, such as anxiety and stress.	280	
Children and Young Peoples Community Weight Management Service - This will fulfil an unmet need for community-based weight management for families with children (aged 5-16 years) affected by obesity. It will provide a range of age appropriate support to address families' multiple needs in a coherent, joined-up way with the level and intensity of intervention being proportionate to need. This funding will allow the commissioning of the service from January 2023 with a further commitment of £290k required in 2023/24	160	
Permanent increase in FTE Public Health Consultant workforce by an additional 0.4 fte to assist in recruiting to permanent posts to continue with the outbreak response and long term population health problems	43	

Cost Reductions

NHS Health Checks: release of contingency due to decreased activity		-50
Public Mental Health: Decommission of MenTalk and GirlTalk service which occurred during 2021/22		-8
Health protection contingency released		-10
Smoking Session PHES, reduction in activity		-5

Income Targets

Income 3% Increase		0
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TOTAL PROPOSED NET CHANGE	1,081	-73	1,008
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2022/23 Corporate Resources Budget

	Cost Increases	Cost Reductions	
	£000	£000	£000
Approved MTFS 2021/22 Budget			34,591
Removal of 2021/22 One Off Budget Increase			-50
Agreed Service Budget Transfers			2,335
Starting Budget (2021/22 Revised Budget)			36,876

Budget Changes:

Cost Increases

Pay Inflation (2%)	590
Increase in National Insurance Contributions (1.25%)	190
Complaints Team: Children's Complaints	37
To meet the costs of managing the increasing number of contacts and complaints regarding Children's Social Care in line with the statutory complaints procedure. The funding will be used to meet the cost of investigations for Stage 2 complaints and to make the Customer Feedback Assistant role permanent.	
IMS - Post Scanning Service	60
The move to a digital service has been operating for a while and has enabled functions to continue whilst working from home. To maintain the service, supports agile working and is in line with the council's Digital Strategy and ambition. The digital service is also time critical as it enables those working in an agile way to receive their post in the quickest possible time. This has been met from COVID resources which are no longer available.	
AMPS - Increased Utility Fees	135
To meet the inflationary increase in utility costs for 2022/23, these have seen above inflationary increase for this year.	
LEGAL - 3 Paralegals for Corporate Team	33
Introduce a paralegal role to each hub within the Corporate Team (Contracts & Procurement, Property and Infrastructure) to provide a higher level of support to the hubs to undertake legal work and provide legal advice to client departments. The introduction of this role will enable the Paralegals to take on less complex work with the support from the Lawyers.	
LEGAL - Additional capacity in Adults & Litigation team	123
To meet growing demand from Council services. The funding will be used to recruit additional paralegals which will also contribute to Legal Services 'Grow our Own' strategy, reducing our reliance on more expensive locum support over the next 4 years.	
ICT - Digital & ICT Projects, Microsoft Essentials	334
Funding for Digital & ICT Projects - Microsoft Essentials, following the purchase of Microsoft 365 E5 licences the council has committed to the implementation of the Microsoft 365 platform and maximising the functionality that the toolset will enable. The council has already spent one off monies on the initial roll out, training, adoption and data migration into the Microsoft 365 platform and this bid looks to supplement that budget and enhance the functionality available.	
	382
ICT - Cyber Security	
The growing threat presented by cyber activists has been recognised within the public sector and is recommended within the PSN Cabinet Office Code of Connection and Local Government Association assessment of cyber resilience. Additional investment represents the ongoing importance that the Digital and ICT Service has placed on protecting staff using technological tools and the need to continually respond to the growing threats. This can be achieved by utilising additional advanced intelligence reporting capabilities to strengthen our defences.	
ICT - Service Now Licence costs	70
Provide continuity of service through continuation of licencing for several key services. Service Now Licence costs - additional licence costs for BSC 753k, additional licences for additional modules £17k.	

2022/23 Corporate Resources Budget Continued

Cost Increases Cost Reductions

	£000	£000	£000
HR - Supporting the Equality, Diversity & Inclusion agenda and culture change programme for the Fire & Rescue Service	80		
One bespoke GFRS Culture and Inclusion post as part of the HR Organisational Development Team to promote equality and diversity both in the way we work to protect our communities and in how we exercise our responsibilities to our staff. In addition it will fund a tri service agreement for a shared post between Oxfordshire, Warwickshire and Gloucestershire Fire and Rescue Service to deliver joint initiatives to improve equality, diversity and inclusion.			
HR - Adviser for Equality, Diversity & Inclusion.	48		
Permanent post in the HR/OD team for an Adviser for Equality, Diversity & Inclusion. The post will be graded at Grade 9. Corporate Leadership Team have agreed a three year Workforce Action Plan and a dedicated post is needed to deliver the actions of this plan. At present, the work has been delivered by HR/OD adviser but pace is slow due to the insufficient resources.			
One Off Cost Increases			
Planning, Performance & Change - Data Analysts to support GFRS Improvement Plan	100		
One off funding to support the GFRS improvement plan was approved for two posts by Cabinet in June 2021, recruited in August 2021. This proposal is for the ongoing funding of these two fixed term (2 year) posts for the whole of 22/23, and then the remaining 6 months into 23/24.			
IMS - Increased capacity for request management	262		
To support the increase in Subject Access Requests (SARs) which has had a negative impact on the council's ability to manage the other statutory requests, including Freedom of Information requests (FOI), along with the ongoing increasing complexity of these cases. FOI requests have not increased in number in the same way as SARs, but remain relatively constant at an average of 113 in 2020 and 117 for the year to date.			
LEGAL - 1FTE Infrastructure lawyer	58		
Cost increases to meet the demand for internal Legal Services resourcing due to increase in volume and complexity of contributions from external partners (eg S106, S38, S278 cases).			
LEGAL - Corporate locum costs	130		
Unavoidable cost implications due to reliance on locum agency solicitors as a result of recruitment and retention difficulties: As a result, the service is heavily reliant on external locum agency support.			
LEGAL - Children's Safeguarding: 3rd party fees	350		
There is a national trend in the increase in volume of child protection care proceedings. This results in increased third party costs which are to be paid as part of court proceedings. Barristers fees, Court fees, Process server, Courier, Police records, Transcripts, Translations			
LEGAL - Children's Safeguarding: Locum costs	423		
Legal Services is heavily reliant on external locum agency support. Locums cost circa £60,000 above a Lawyer salary costs. There are currently 2 Senior Lawyer Advocate vacancies and 7 Lawyer advocate vacancies in the Service.			
Customer Experience	250		
This funding will be used to improve the Customer Experience across the council and is part of the Customer Improvement programme referred to in the new Council Strategy.			
Additional one off Investment to Community Speedwatch	250		
Biodiversity Management Officer	45		
Cost Reductions			
Quayside Building - Phase 2 Income Generation		-248	
Strategic Finance - Additional Pension Recharge		-130	
Strategic Finance reduction in training budget and end of the CFO subscription		-70	
Commissioning Efficiencies - Reduction in Commissioning Directors post		-85	
Agile Working Efficiencies - £200k mileage, £200k property, £100k printing		-500	
Efficiencies across Corporate Resources		-148	
Income Targets			
Income 3% Increase		-156	
TOTAL PROPOSED NET CHANGE	75	3,950	2,613
Corporate Resources Budget 2022/23			39,489

2022/23 Technical and Countywide Budget

	Cost Increases	Cost Reductions	£000
Approved MTFS 2021/22 Budget			33,850
Removal of 2021/22 One Off Budget Increase			-13
Agreed Service Budget Transfers			-646
Starting Budget (2021/22 Revised Budget)			33,191
<u>Budget Changes:</u>			
<u>Cost Increases</u>			
Pay Inflation (2%)	32		
Increase in National Insurance Contributions (1.25%)	11		
Additional MRP to fund the Capital Programme	413		
Increase in Unachievable Savings contingency	134		
Increase to Pay & Prices Contingency	513		
<u>One Off Cost Increases</u>			
COVID – lost income contingency	500		
COVID – continuing pressure on external placements contingency	3,000		
<u>Cost Reductions</u>			
LGPS savings generated from reductions in employers contribution rates agreed with actuaries following Tri-annual valuation		-800	
Reduce Insurance budget		-400	
TOTAL PROPOSED NET CHANGE	4,603	-1,200	3,403
Technical and Countywide Budget 2022/23			36,594

Annex 3 – Budget Summary by Service Area

Medium Term Financial Strategy – 2022/23 Budget – Overall Summary

Budget Area	2021/22 Employee Related Budgets £000	2021/22 Other Operating Expenditure Budgets £000	2021/22 Gross Expenditure Budgets £000	2021/22 Income £000	2021/22 Base Budget Uploaded £'000	Pay Inflation Costs £'000s	Cost Increases £'000s	Cost Reductions £'000s	Proposed 2022/23 Budget £'000s	2022/23 Proposed Employee Related Budget £000	2022/23 Proposed Non - Employee Expenditure Budget £000	2022/23 Proposed Gross Expenditure Budget £000	2022/23 Proposed Income Budget £000	Proposed MTFS Budget 2022/23 £'000
Adults	39,144	146,183	185,327	-29,718	155,609	1,006	12,378	-3,986	165,007	41,083	154,346	195,429	-30,422	165,007
Vulnerable Children	42,318	63,189	105,507	-953	104,554	1,091	10,358	-3	116,000	46,162	70,794	116,956	-956	116,000
Other Children Services	11,084	11,204	22,288	-1,361	20,927	360	2,618	-202	23,703	11,814	13,276	25,090	-1,387	23,703
Economy, Environment and Infrastructure	17,724	76,088	93,812	-18,676	75,136	497	11,334	-4,172	82,795	18,993	82,886	101,879	-19,084	82,795
Community Safety	16,852	3,562	20,414	-417	19,997	479	1,629	-14	22,091	18,895	3,627	22,522	-431	22,091
Prevention & Wellbeing	2,105	32,824	34,929	-286	34,643	67	1,014	-73	35,651	2,215	33,722	35,937	-286	35,651
Corporate Resources	30,009	14,272	44,281	-7,405	36,876	780	3,170	-1,337	39,489	32,023	15,317	47,340	-7,851	39,489
Technical and Countywide	8,196	28,480	36,676	-3,485	33,191	43	4,560	-1,200	36,594	7,415	32,664	40,079	-3,485	36,594
Total Budget	167,432	375,802	543,234	-62,301	480,933	4,323	47,061	-10,987	521,330	178,600	406,632	585,232	-63,902	521,330

- The split of the 2022/23 approved budget to employee and non employee budget areas is estimated based on initial plans; however, this is subject to further change when these initiatives have been developed further.

Adults MTFS 2022/23

	2021/22 Employee Related Budget	2021/22 Non - Employee Expenditure Budget	2021/22 Gross Expenditure Budget	2021/22 Income	2021/22 Revised MTFS Base Budget	Pay Inflation Costs	Cost Increases	Cost Reductions	Proposed 2022/23 Budget	2022/23 Proposed Employee Related Budget	2022/23 Proposed Non - Employee Expenditure Budget	2022/23 Proposed Gross Expenditure Budget	2022/23 Proposed Income Budget	Proposed 2022/23 MTFS Budget
Budget Area	£000	£000	£000	£000	£'000	£000	£000	£000	£'000	£000	£000	£000	£000	£'000
Services for Older People	16,062	51,763	67,825	-16,863	50,962	494	4,367	-1,686	54,137	16,837	54,461	71,298	-17,161	54,137
Services for People with Physical Disability	1,844	12,715	14,559	-1,918	12,641	54	943	-411	13,227	1,950	13,268	15,218	-1,991	13,227
Services for People with a Learning Disability	6,982	57,587	64,569	-10,024	54,545	174	3,848	-1,889	56,678	7,464	59,571	67,035	-10,357	56,678
Services for People with Mental Health Issues	-	11,330	11,330	-20	11,310	-	1,171	-	12,481	-	12,501	12,501	-20	12,481
Community Equipment/Telecare	2,939	591	3,530	-	3,530	69	96	-	3,695	3,104	591	3,695	-	3,695
Adults Safeguarding	1,124	505	1,629	-60	1,569	28	39	-	1,636	1,191	505	1,696	-60	1,636
Carers Services	-	1,160	1,160	-	1,160	-	-	-	1,160	-	1,160	1,160	-	1,160
Occupational Therapy Service	-	2,258	2,258	-	2,258	-	56	-	2,314	56	2,258	2,314	-	2,314
Other Direct Services	4,639	2,524	7,163	-115	7,048	58	-	-	7,106	4,697	2,524	7,221	-115	7,106
Adults Management, Commissioning & Support Services	5,529	200	5,729	-718	5,011	129	150	-	5,290	5,759	249	6,008	-718	5,290
Social Care Grant	-	-	-	-	-	-	1,708	-	1,708	-	1,708	1,708	-	1,708
Funding for Allocation	25	5,550	5,575	-	5,575	-	-	-	5,575	25	5,550	5,575	-	5,575
Total: Adults	39,144	146,183	185,327	-29,718	155,609	1,006	12,378	-3,986	165,007	41,083	154,346	195,429	-30,422	165,007

Children & Families MTFS 2022/23

Budget Area	2021/22 Employee Related Budget	2021/22 Non - Employee Expenditure Budget	2021/22 Gross Expenditure Budget	2021/22 Income	2021/22 Revised MTFS Base Budget	Pay Inflation Costs	Cost Increases	Cost Reductions	Proposed 2022/23 Budget	2022/23 Proposed Employee Related Budget	2022/23 Proposed Non - Employee Expenditure Budget	2022/23 Proposed Gross Expenditure Budget	2022/23 Proposed Income Budget	Proposed 2022/23 MTFS Budget
	£000	£000	£000	£000	£'000	£000	£000	£000	£'000	£000's	£000's	£000's	£000's	£000's
Vulnerable Children	42,318	63,189	105,507	-953	104,554	1,091	10,358	-3	116,000	46,162	70,794	116,956	-956	116,000
Other Children Services	11,084	11,204	22,288	-1,361	20,927	360	2,618	-202	23,703	11,814	13,276	25,090	-1,387	23,703
Total: Children & Families	53,402	74,393	127,795	-2,314	125,481	1,451	12,976	-205	139,703	57,976	84,070	142,046	-2,343	139,703

Economy, Environment & Infrastructure MTFS 2022/23

Budget Area	2021/22 Employee Related Budget	2021/22 Non - Employee Expenditure Budget	2021/22 Gross Expenditure Budget	2021/22 Income	2021/22 Revised MTFS Base Budget	Pay Inflation Costs	Cost Increases	Cost Reductions	Proposed 2022/23 Budget	2022/23 Proposed Employee Related Budget	2022/23 Proposed Non - Employee Expenditure Budget	2022/23 Proposed Gross Expenditure Budget	2022/23 Proposed Income Budget	Proposed 2022/23 MTFS Budget	
	£000	£000	£000	£000	£'000	£000	£000	£000	£'000	£000	£000	£000	£000	£'000	
Community Infrastructure	1,105	11,086	12,191	-1,024	11,167	32	1,100	-	12,299	1,237	12,086	13,323	-1,024	12,299	
Libraries & Registration Services	5,416	795	6,211	-2,927	3,284	158	325	-	3,767	5,574	1,120	6,694	-2,927	3,767	
Highways	7,097	16,331	23,428	-3,147	20,281	206	6,020	-2,000	24,507	7,803	19,851	27,654	-3,147	24,507	
Parking	390	1,681	2,071	-5,473	-3,402	11	217	-	-3,174	401	1,898	2,299	-5,473	-3,174	
Waste	509	39,891	40,400	-5,840	34,560	15	1,863	-1,764	34,674	524	39,990	40,514	-5,840	34,674	
Strategic Infrastructure	1,514	3,026	4,540	-81	4,459	39	1,777	-	6,275	1,718	4,638	6,356	-81	6,275	
Flood Alleviation	279	1,096	1,375	-184	1,191	8	-	-	1,199	287	1,096	1,383	-184	1,199	
EE&I Central Costs	1,023	2,169	3,192	-	3,192	28	32	-408	2,844	1,058	2,194	3,252	-408	2,844	
Employment & Skills Hub	391	13	404	-	404	-	-	-	404	391	13	404	-	404	
Total: Economy Environment & Infrastructure	17,724	76,088	93,812	-18,676	75,136	497	11,334	-	4,172	82,795	18,993	82,886	101,879	-19,084	82,795

Community Safety MTFS 2022/23

Budget Area	2021/22	2021/22 Non -	2021/22	2021/22	2021/22	Pay	Cost	Cost	Proposed	2022/23	2022/23	2022/23	2022/23	Proposed
	Employee Related Budget	Employee Expenditure Budget	Gross Expenditure Budget	Income	Revised MTFS Base Budget	Inflation Costs	Increases	Reductions	2022/23 Budget	Proposed Employee Related Budget	Proposed Non - Employee Expenditure Budget	Proposed Gross Expenditure Budget	Proposed Income Budget	Proposed 2022/23 MTFS Budget
	£000	£000	£000	£000	£'000	£000	£000	£000	£'000	£000	£000	£000	£000	£'000
Fire & Rescue Service	14,959	3,050	18,009	-279	17,730	428	1,629	-11	19,776	16,951	3,115	20,066	-290	19,776
Coroners	776	406	1,182	-	1,182	21	-	-	1,203	797	406	1,203	-	1,203
Trading Standards	824	92	916	-45	871	22	-	-1	892	846	92	938	-46	892
Civil Protection Team	293	14	307	-93	214	8	-	-2	220	301	14	315	-95	220
Total: Community Safety	16,852	3,562	20,414	-417	19,997	479	1,629	-14	22,091	18,895	3,627	22,522	-431	22,091

Prevention & Wellbeing MTFS 2022/23

Budget Area	2021/22 Employee Related Budgets	2021/22 Non - Employee Expenditure Budgets	2021/22 Gross Expenditure Budgets	2021/22 Income	2021/22 Revised MTFS Base Budget	Pay Inflation Costs	Cost Increases	Cost Reductions	Proposed 2022/23 Budget	2022/23 Proposed Employee Related Budget	2022/23 Proposed Non - Employee Expenditure Budget	2022/23 Proposed Gross Expenditure Budget	2022/23 Proposed Income Budget	Proposed 2022/23 MTFS Budget
	£000	£000	£000	£000	£'000	£000	£000	£000	£'000	£000	£000	£000	£000	£'000
Public Health - Including Ringfenced Grant (See below for Service Breakdown)	1,643	24,625	26,268	-110	26,158	51	1,014	-73	27,150	1,737	25,523	27,260	-110	27,150
Supporting People	-	7,904	7,904	-116	7,788	4	-	-	7,792	4	7,904	7,908	-116	7,792
Other Prevention & Wellbeing Activities	462	295	757	-60	697	12	-	-	709	474	295	769	-60	709
Total: Prevention & Wellbeing	2,105	32,824	34,929	-286	34,643	67	1,014	-73	35,651	2,215	33,722	35,937	-286	35,651

Public Health - Including the Ring Fenced Grant 2022/23

Budget Area	2021/22 Employee Related Budgets	2021/22 Non - Employee Expenditure Budgets	2021/22 Gross Expenditure Budgets	2021/22 Income	2021/22 Revised MTFS Base Budget	Pay Inflation Costs	Cost Increases	Cost Reductions	Proposed 2022/23 Budget	2022/23 Proposed Employee Related Budget	2022/23 Proposed Non - Employee Expenditure Budget	2022/23 Proposed Gross Expenditure Budget	2022/23 Proposed Income Budget	Proposed 2022/23 MTFS Budget
	£000	£000	£000	£000	£'000	£000	£000	£000	£'000	£000	£000	£000	£000	£'000
Sexual Health	-	3,750	3,750	-	3,750	-	220	0	3,970	-	3,970	3,970	-	3,970
Health Behaviours	-	1,867	1,867	-	1,867	-	-	-5	1,862	-	1,862	1,862	-	1,862
Drugs and Alcohol	-	6,304	6,304	-110	6,194	-	6	-	6,200	-	6,310	6,310	-110	6,200
Children 0-19 (incl. Health Visiting & School Nursing)	-	11,284	11,284	-	11,284	-	465	-	11,749	-	11,749	11,749	-	11,749
Public Mental Health	-	210	210	-	210	-	280	-8	482	-	482	482	-	482
NHS Health Checks	-	470	470	-	470	-	-	-50	420	-	420	420	-	420
PH function incl. staffing and intelligence	1,643	740	2,383	-	2,383	51	43	-10	2,467	1,737	730	2,467	-	2,467
Total: Public Health	1,643	24,625	26,268	-110	26,158	51	1,014	-73	27,150	1,737	25,523	27,260	-110	27,150

Corporate Resources MTFS 2022/23

Budget Area	2021/22	2021/22 Non	2021/22	2021/22	2021/22	Pay Inflation	Cost	Cost	Proposed	2022/23	2022/23	2022/23	2022/23	Proposed
	Employee Related Budget	Employee Expenditure Budget	Gross Expenditure Budget	Income	Revised MTFS Base Budget	Costs	Increases	Reductions	2022/23 Budget	Proposed Employee Related Budget	Proposed Non - Employee Expenditure Budget	Proposed Gross Expenditure Budget	Proposed Income Budget	Proposed 2022/23 MTFS Budget
	£000	£000	£000	£000	£'000	£000	£000	£000	£'000	£000	£000	£000	£000	£'000
Asset Management & Property Services	3,110	5,771	8,881	-3,624	5,257	82	430	-317	5,452	3,192	6,201	9,393	-3,941	5,452
Digital & People Services	7,403	8,692	16,095	-577	15,518	182	914	-10	16,604	7,713	9,478	17,191	-587	16,604
Strategic Procurement	813	73	886	-	886	21	-	-	907	834	73	907	-	907
Communications	920	14	934	-93	841	24	-	-	865	944	14	958	-93	865
Strategic Finance	7,726	-1,026	6,700	-2,291	4,409	199	-	-267	4,341	7,925	-1,226	6,699	-2,358	4,341
Policy Performance & Governance	9,449	687	10,136	-820	9,316	253	1,576	-148	10,997	10,893	966	11,859	-862	10,997
Executive Support & Information	588	61	649	-	649	19	250	-595	323	522	-189	333	-10	323
Total: Corporate Resources	30,009	14,272	44,281	-7,405	36,876	780	3,170	-1,337	39,489	32,023	15,317	47,340	-7,851	39,489

Technical & Countywide MTFS 2022/23

Budget Area	2021/22	2021/22 Non	2021/22	2021/22	2021/22	Pay	Cost	Cost	Proposed	2022/23	2022/23	2022/23	2022/23	Proposed
	Employee Related Budget	- Employee Expenditure Budget	Gross Expenditure Budget	Income	Revised MTFS Base Budget	Inflation Costs	Increases	Reductions	2022/23 Budget	Proposed Employee Related Budget	Proposed Non - Employee Expenditur e Budget	Proposed Gross Expenditur e Budget	Proposed Income Budget	Proposed 2022/23 MTFS Budget
	£000	£000	£000	£000	£'000	£000	£000	£000	£'000	£000	£000	£000	£000	£'000
County Council Contingencies	7,509	3,693	11,202	-	11,202	-	4,147	-800	14,549	6,709	7,840	14,549	-	14,549
Corporately Controlled Budgets	527	1,431	1,958	-	1,958	13	-	-400	1,571	540	1,031	1,571	-	1,571
Capital Financing & Interest Credits	-	22,146	22,146	-3,485	18,661	-	413	-	19,074	-	22,559	22,559	-3,485	19,074
Members and Elections	160	1,210	1,370	-	1,370	30	-	-	1,400	166	1,234	1,400	-	1,400
Total: Technical & Countywide	8,196	28,480	36,676	-3,485	33,191	43	4,560	-1,200	36,594	7,415	32,664	40,079	-3,485	36,594

Context

The purpose of the Medium Term Financial Strategy (MTFS) is to give financial expression to the Council Strategy for the next four-year period. The MTFS sets out the Council's high-level funded plan, for achieving its goals and priorities, by 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 four-year period 2022/23 to 2025/26. 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 2022/23 Budget and MTFS has been produced using the following assumptions

- Council tax will increase by 1.99%.
- In addition, an Adult Social care precept of 1% will be applied in 2022/23.
- A 1.02% growth in taxbase is assumed.
- An assumed pay increase of 2% per annum has been assumed.
- Inflation – budgets will only be adjusted for inflation where there is a contractual commitment
- Fees and charges will be increased by 3% and any subsidies removed.
- The level of General Reserves will be assessed on a risk-based approach.
- External Borrowing will be repaid as it matures, and no new external borrowing is anticipated during the lifetime of this MTFS.
- A limited amount of central contingency will be held to cover potential risk of unachievable savings targets.

Reserves & Balances Analysis

Annex 5a

Forecast of Projected Reserve Balances for 31st March 2022					
Reserve Detail	Balance at 31st March 2021	Forecast Transfers Out 2021/22	Forecast Transfers In 2021/22	Forecast Balance at 31st March 2022	Notes
	£,000s	£,000s	£,000s	£,000s	
Earmarked Reserves					
Capital Fund	14,675	- 8,164	-	6,511	1
Strategic Waste Reserve	3,840	- 1,800	-	2,040	2
Transformation Reserve	10,170	- 7,884	-	2,286	3
Invest to Save	2,759	-	-	2,759	4
Insurance Fund	13,923	- 822	-	13,101	5
Public Health	1,061	- 200	566	1,427	6
County Elections	864	- 800	200	264	7
Fire Joint Training Centre	990	- 58	-	932	8
Economic Stimulus Reserve	2,614	- 1,000	-	1,614	9
Fire PFI Reserve - GFRS	3,907	-	150	4,057	10
Revenue Grant Reserves	62,845	- 37,845	33,000	58,000	11
Rates Retention Reserve	7,490	-	13	7,503	12
Education Funding Risk Reserve	216	- 150	-	66	13
Vulnerable Children Reserve	174	- 41	-	133	14
Home to School Transport Reserve	28	-	136	164	15
A417 Missing Link	289	- 200	100	189	16
Adult Care	9,879	- 4,449	-	5,430	17
Communities & Infrastructure Reserve	6,805	- 4,367	-	2,438	18
Traded Services Reserve	161	- 65	-	96	19
Shared Audit Service Reserve	170	-	-	170	19
LED Renewables Reserve	532	- 90	-	442	20
Other Reserves	312	-	-	312	21
Growing Our Communities	149	- 149	-	-	22
People Services Reserve	231	-	-	231	23
Minimum Wage Reserve	1,000	-	-	1,000	24
Highways Act - Commuted Sum Reserve	2,097	-	-	2,097	25
Ash Die Back Reserve	700	- 700	-	-	26
Earmarked Reserves (Non School)	147,881	- 68,784	34,165	113,262	
Schools Related					
School Balances	19,918			19,918	27
Other Schools Related	230			230	27
School Related	20,148	0	-	20,148	
Earmarked Reserves Total	168,029	-68,784	34,165	133,410	
General Fund Balances	21,999			21,999	28
Total Revenue Reserves	190,028	-68,784	34,165	155,409	
Earmarked Capital Reserves					
Capital Grant & Contributions Reserves	120,655			120,655	29
Capital Receipts Reserve	10,020			10,020	30
Total Capital Reserves	130,675	-	-	130,675	
Useable Reserves Total	320,703	-68,784	34,165	286,084	

Notes on Reserves

1. This is an earmarked reserve to provide funding for capital expenditure to prevent the need for external borrowing. All funds are earmarked for specific capital projects as agreed under the capital programme.
2. The strategic waste reserve is a smoothing reserve relating to the full contract life of the Energy from Waste project.
3. The transformation reserve was set up in 2009/10 to fund liabilities to pay for redundancy and one-off transformation costs associated with the MtC programme.
4. The invest to save reserve supports projects that are designed to deliver on-going savings in the future by providing “pump priming” funding.
5. Levels are based on external professional actuarial review and advice to mitigate the Council's insurance liability. Council approved a transfer of £822k to support the 2021/22 Revenue Budget.
6. The public health reserve holds any unused balances from the Public Health Grant received by Government.
7. 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.
8. 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.
9. 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.
10. The fire PFI reserve acts as an equalisation fund to smooth out revenue implications over the course of the PFI contract. PFI credits are received within the early years of the contract and need to be held to fund anticipated costs in the later years of the contract. Reserve balances are therefore expected to peak in 2025, but then reduce over the next 12 years.
11. 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.
12. The Council receives part of its base funding through the Business Rates Retention system (BRR). As a result the Council is subject to volatility around Business Rate collections. To smooth this volatility this reserve was created to top up any deficits. This reserve is also used to manage the operation of the Business Rates Pool (and Pilot during 2018/19). Surplus cash generated, or deficits needing to be funded, are managed via this reserve to ensure that there is no in year impact on the Budget. Part of this reserve is ring fenced for economic development projects across the county, funded from surplus Pool money allocated to the Strategic Economic

Development Fund, held by the Council on behalf of all Pool members. An approved transfer of £1.534 m was approved as part of the 2020/21 revenue budget.

13. The education funding smoothing reserve was established to finance any in-year funding adjustments made in relation to Academies. A proposal was agreed at Cabinet in Jan 19 to use this reserve balance to pump prime hubs in 2019/20. The seven primary Local Inclusion Clusters have produced proposals to deliver inclusion projects across their local areas. For example, Tewkesbury District Partnership will run a pilot project that will focus upon improving pupil wellbeing, achievement and attendance through support programmes targeted at identified mental health needs that are most prevalent for the vulnerable pupils within primary schools. The programme provides training to build and develop local expertise in 'build happy hidden needs', focussing specifically on dealing with loss, handling emotions and hidden needs.
14. 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
15. 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.
16. This reserve was established to support the upgrading of a section of the A417.
17. Adult care reserve was established to cover the budgetary risks associated with the fluctuations in demand led adult services.
18. This reserve was created to hold a number of small revenue carry forwards for Economy, Environment and Infrastructure services.
19. The traded services & shared audit reserve was created to support activities to generate further traded income.
20. This is the smoothing reserve for the repayment of the SALIX/SEELs repayments over 7 years.
21. This relates to a small number of specific reserves.
22. The Growing our Communities Reserve was established in 2018/19 to provide an annual contribution of £10,000 to each Councillor to fund community-based investments over a three year period (2018/19 to 2020/21).
23. Reserve was established in 2017/18 to mitigate volatility risk to the service budgets within Adult and Children Services.
24. Reserve was established in 2017/18 to mitigate volatility risk to the Adult Services budgets following Government changes to minimum wage legislation.
25. This Reserve holds Highways Act Commuted sums and will be used to support future years revenue costs.
26. Reserve to support the Ash Die Back protection programme as approved by Cabinet November 2020

27. It has been assumed that balances for Schools will remain at similar levels to those held at 31st March 2021.
28. Assuming a balanced outturn position on the revenue budget for 2021/22 general reserves are forecast to remain at £21.99 million at 31 March 2022. In the event of an overspend position a draw down on general reserves will be required.
29. The capital grants & contributions reserve is a technical reserve established, as required under accounting policies, for specific unapplied capital grants & contributions where conditions related to the grant have been fully met. These fully committed funds will be used to support the capital programme from 2021/22 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.

General Reserves Risk Analysis

Annex 5b

Risk	Risks & Quantification	Likelihood & Value of Potential Call on Reserves
Inadequate Reserves and Provisions	Reserves and provisions are assessed each year and are considered sufficient to cover known risks.	<u>Low</u> <u>£0m</u>
Overspend on Service Expenditure	An amount is included for the potential risk of overspends in future years (excluding the risk on deliverability of budget proposals covered below). Volatility of between +/- 1% is possible given service delivery demand pressures.	<u>High</u> <u>£5.2m</u>
Covid -19 Pandemic	Higher than anticipated costs associated with the long-term impacts of the Covid-19 Pandemic not matched with additional Government support will need to be funded to support the Council's revenue budget.	<u>High</u> <u>£2.0m</u>
Covid -19 Pandemic	Long term loss of income as a result of the Covid-19 Pandemic, not matched with additional Government support grants will need to be funded to support the Council's revenue budget.	<u>High</u> <u>£1.0m</u>
Major Emergency	The Government has confirmed that the Bellwin Scheme will continue thereby limiting certain costs to be borne by the Council. It is assumed that only costs in excess than a £1m would be applicable under the scheme.	<u>Medium</u> <u>£1.0m</u>
Robustness of 2021/22 savings proposals	The 2021/22 budget proposals include £11 million of savings / additional income proposals. It is prudent to include a risk regarding the deliverability of these proposals to allow for potential slippage on delivery. The £2.75 million is based on a potential non achievement of 25% of the target – less £500k already in base budget.	<u>Medium</u> <u>£2.25m</u>
Known Contingent Liabilities – Pension Guarantees	The Council has guaranteed to cover the liabilities associated with the pensions of ex-employees following the transfers of Council services to external bodies. These arrangements are monitored, and future liabilities assessed. Any liabilities that occur would need to be funded from the General Fund.	<u>Low</u> <u>£0.5m</u>
Grant Funding	The Council receives grant funding to undertake one off projects both capital and revenue. There is a risk of grant clawback where projects do not meet their outputs, where they do not proceed, or the Council subsequently breaks the grant conditions. There is also a risk that expenditure will slip beyond the period of the grant so becoming ineligible and require financing from alternative resources.	<u>Low</u> <u>£1.0m</u>
Treasury Management	Whilst the Council attempts to minimise the risks when making treasury management investment decisions there is still a potential risk of a bank or	<u>Low</u> <u>£0.5m</u>

Risk	Risks & Quantification	Likelihood & Value of Potential Call on Reserves
	financial institution in which the Council has invested collapsing or has a lower than anticipated yield.	
Contractual Issues	The Council has a wide range of contractual arrangements that could see unexpected financial pressures in the event of the bankruptcy of a supplier or compensation due as a result of a breach of procurement rules.	<u>Medium</u> <u>£1.0m</u>
Pay awards and other employee related changes	The risk of the pay award exceeding the 2% provision included in the base budget for 2021/22 is considered extremely low. However, an allowance has been included for and unexpected increases in NI – based on 0.5% of staffing costs.	<u>Low</u> <u>£0.8m</u>
Collection of Council Tax / NNDR	Fluctuations in Council tax base figures could result in considerable pressure on the Councils revenue budget.	<u>Medium</u> <u>£1.5m</u>
Financial penalties as a result of a breach of GDPR / PCIDSS / HMRC rules	Increasingly local authorities are subject to a much tighter regulatory framework and breaches can potentially attract large fines if the Council is deemed to have acted negligently	<u>Medium</u> <u>£1.0m</u>
Treasury Strategic Funds	The statutory override that allows the Council to negate the impact on revenue of holding treasury strategic funds comes to an end in 2022/23. Whilst it is hoped that the override will be extended, if it is not there will be a budgetary impact from 2023/24 from holding these types of funds. This will mean that fluctuations in the capital value of these funds will need to be charged to revenue”.	<u>Low/Medium</u> <u>£2.6m</u>
Estimated total risks		£20.35m
Current level of Reserves		£21.99m
Less Current funding Commitments: -		
Build Back Better Fund	Provide financial support for the Build Back Better Initiative following the Covid-19 Pandemic.	<u>£0.5m</u>
2022/23 Revenue Budget	Provide financial support for the Current 2022-23 Revenue Budget proposals as outlined within the current MTFS.	<u>£1.046m</u>
Uncommitted level of Reserves		£20.44m

Revenue Budget Forward Projections

Annex 6

MTFS 2022/23 – 2025/26 – Forecast draft budgets based on funding assumptions

	2022/23	2023/24	2024/25	2025/26
	Forecast	Forecast	Forecast	Forecast
	£m	£m	£m	£m
Original Base Budget	483.01	521.33	530.37	553.64
One off Budget Adjustments	-2.07	-10.16	-0.40	0.00
Revised Budget	480.93	511.17	529.97	553.64
Pay Inflation	4.32	3.33	3.33	3.39
Cost and Spending Pressures	47.07	27.21	31.66	19.64
Cost Reductions	-10.99	-11.34	-11.33	-11.37
Net Operating Budget	521.33	530.37	553.64	565.31
Less:-				
Top Up Grant	54.24	54.30	55.40	56.50
Business Rates Income	21.95	22.35	22.35	22.35
Revenue Support Grant	8.48	8.48	8.55	8.72
Public Health Grant	25.26	25.39	25.85	25.85
Improved Better Care Fund	20.02	20.02	20.02	20.02
New Homes Bonus	1.39	0.78	0.78	0.00
Social Care Grant	23.69	34.55	39.94	39.94
Other Non Ring Fenced Grants	16.42	6.35	6.35	6.35
Collection Fund Deficit	0.84	1.10	3.00	3.00
Reserves	5.78	0.00	0.00	0.00
Budget to be met by Council Tax Payers	343.25	357.04	371.38	382.56
<u>Council Tax Calculation</u>				
Council Tax Base (Est)	236,503	238,869	241,257	243,670
Council Tax Band D Equivalent)	£1,451.36	£1,494.75	£1,539.45	£1,570.08
% Increase in Council Tax	2.99%	2.99%	2.99%	1.99%

Capital Strategy 2022/23

Introduction

- 1 This capital strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 2 Decisions made this year on capital and treasury management will have financial consequences for the Council for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this annex.

Capital Expenditure and Financing

- 3 Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. Subject to all Financial Regulations and Accounting Instructions, Directors have the authority to incur expenditure provided in the capital programme approved by the County Council.
- 4 Expenditure may not be incurred if it is contrary to, or not wholly in accordance with, the Policy Framework or Capital Programme. Virements and changes to approved capital schemes can be made in accordance with the Accounting Instructions.
- 5 In 2022/23, the Budget set for planned capital expenditure is £226.3 million. £6.5m of the capital expenditure in 2022/23 arises from a change in the accounting for leases and does not represent cash expenditure.

Table 1: Estimates of Capital Expenditure

Estimates of Capital Expenditure	2020/21 Actual £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
General Fund services	114.081	153.295	219.526	256.256	40.271
PFI and Finance Leases	0.000	0.000	6.500	0.000	0.000
TOTAL	114.081	153.295	226.026	256.256	40.271

Governance:

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

- Costs including whole life costs and scheme phasing
 - Available funding and source
 - Revenue consequences
 - Risk assessment
 - VAT issues
 - Planning and site issues
 - Target dates
- 7 Analysis of existing approved schemes will be carried out at each MTFs refresh to identify all “non-committed” schemes. If necessary, these will be re-prioritised against other priority schemes awaiting approval. Capital resources will be made available to deliver schemes that meet the Council’s “invest to save” criteria.
- 8 All Highway related projects, with a few limited exceptions are subjected to a mathematical assessment process applicable to the area of the service involved. The exceptions are the allocations that are set aside for reactive works which relates to urgent work necessary to keep the network in a safe and operational state, Community Offer where we match contributions from the community and low-cost minor works where we react on a local basis to needs.
- 9 The Council has a statutory obligation to ensure there are sufficient local school places available across the County. The capital and grant funding it receives is prioritised against schemes which have been identified to meet forecast growth (basic need) in areas where additional places are required and where the condition of the school’s infrastructure needs updating and replacing. Annual monitoring of pupil’s forecasts and housing, together with annual inspections of school site and premises ensure the information is up to date to inform planned decisions. The Council produced a draft School Places Strategy document (2021- 2026). The strategy, which was approved by Cabinet in March 2021, is a key framework document for the Council in considering any statutory proposals for changes to school organisation including the commissioning of new schools and will inform future capital investment priorities.
- 10 The final capital programme is presented to Cabinet in January and to Council in February each year.
- 11 Full details of the Council’s current capital programme can be found in the MTFs: <https://www.gloucestershire.gov.uk/council-and-democracy/performance-and-spending/budget-and-medium-term-financial-strategy/>

Financing Capital Expenditure

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

Table 2: Financing the Capital Programme

Capital Financing	2020/21 Actual £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
External Sources	79.863	97.088	144.246	206.734	3.689
Internal Resources, Capital	17.751	20.193	13.526	9.507	6.753
Internal Resources, Revenue	4.215	7.671	3.443	0.960	0.044
Debt	12.252	28.343	58.311	39.055	29.785
Sub Total	114.081	153.295	219.526	256.256	40.271
PFI and Finance Leases	0.000	0.000	6.500	0.000	0.000
Total	114.081	153.295	226.026	256.256	40.271

* £6.5m of debt financing in 2022/23 arises from a change in the accounting for leases and does not represent new payments

- 13 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as the minimum revenue provision (MRP) and leased PFI assets are financed via lease payments. Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP, PFI and lease payments are as follows (there are no plans to use capital receipts in this way at the current time):

Table 3: Replacement of Prior Years' Debt Finance

Replacement of Debt Finance	2020/21 Actual £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Minimum Revenue Provision	7.079	7.568	8.281	9.900	11.040
PFI and Finance Leases	3.823	3.662	3.952	4.013	4.333
Total	10.902	11.230	12.233	13.912	15.373

- 14 MRP is increasing due to additional unfunded capital spend included as part of the approved capital programme, details of which can be found in the MTFS. The Council's full MRP statement is available within the Treasury Management Strategy, Annex 10 of the MTFS.
- 15 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP payments and capital receipts used to replace debt. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Capital Financing requirement

Capital Financing Requirement	2020/21 Actual £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
General Fund services	297.694	318.469	368.239	397.134	415.619
PFI and Finance Leases	156.701	153.040	149.087	145.335	141.262
TOTAL CFR	454.396	471.509	517.326	542.469	556.881

Asset management:

- 16 To ensure that capital assets continue to be of long-term use, the Council has an

asset management strategy in place. This document seeks to align the asset portfolio with the needs of the Council. The Council's asset management strategy is available on the Council's website, www.gloucestershire.gov.uk

Asset disposals:

- 17 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt.
- 18 Since 2016/17 new capital receipts can also 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. The approved budget 2022/23 does not anticipate the use of capital receipts in this way, however given the on going transformation programme and the financial challenges faced by the Council as a result of the COVID-19 pandemic it may become necessary to consider using capital receipts in this flexible manner in future. Using capital receipts in this way will require the approval of the County Council.
- 19 Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £21.4 million of capital receipts in the coming financial year as follows:

Table 5: Capital Receipts

Capital receipts	2020/21 Actual £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Asset sales	7.291	13.626	21.351	8.550	4.550
Investment Platform	0.055	0.008	0.000	0.000	0.000
TOTAL	7.346	13.634	21.351	8.550	4.550

Treasury Management

- 20 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 21 Due to decisions taken in the past, the Council is currently projected to have £246.7 million borrowing as at the end of March 2022 at an average interest rate of 4.65% and £286.6 million treasury investments at an average rate of 1.44%, projected as at the end of March 2022.

Borrowing strategy:

- 22 The Council is currently holding all new long term external borrowing requirements internally. However, should the Council need to externalise this debt or take short term debt for cash flow purposes the main objectives when

borrowing will be to achieve a low but certain cost of finance, while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.1%) and long-term fixed rate loans where the future cost is known but higher (currently 1.5 to 2.5%).

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

Table 6: Gross Debt and the Capital Financing Requirement

Gross Debt and the Capital Financing Requirement	2020/21 Actual £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Debt (incl. Other Liabilities)	418.524	406.218	394.845	382.833	372.000
Capital Financing Requirement	454.396	471.509	517.326	542.469	556.881

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

Liability benchmark:

- 25 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing minimum level of borrowing required to keep investments at a minimum level. This benchmark is currently -£41.0 million as a result of the historical borrowing portfolio of the Council and the level of balances and reserves. The benchmark is forecast to increase to £78.9 million over the next three years due to the additional borrowing proposed within the capital programme. In effect, this is saying that if we had no additional investment balances / surplus cash during 2021/22 the Council would not need to borrow currently to support the capital programme as investment balances are sufficiently high.

Table 7: Borrowing and the Liability Benchmark

Borrowing and the Liability Benchmark	2020/21 Actual £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Outstanding borrowing	261.823	246.678	239.778	231.778	225.278
Liability benchmark	-91.108	-41.970	14.960	52.115	78.859

- 26 The table shows that the Council expects to remain borrowed above its liability benchmark in the medium term. This is because the Council has a large historic debt portfolio, and due to the high premiums that would be incurred on the early repayment of this debt, it is not currently feasible to reduce the level of borrowing. Any new debt requirements are currently held internally, reducing the cost of carry and this additional debt results in the Council being above the liability benchmark from 2021/22. This new debt would only be externalised if it becomes uneconomical to hold it internally.
- 27 The purpose of the liability benchmark is to assist the Council when making decisions about affordability of the capital programme and the need to borrow in

the future.

Affordable borrowing limit:

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

Table 8: Authorised Limit and Operational Boundary for External Debt

Authorised limit and operational boundary	2020/21 Limit £m	2021/22 Limit £m	2022/23 Limit £m	2023/24 Limit £m	2024/25 Limit £m
Total Authorised Limit for Debt and Other Liabilities	510.000	540.000	570.000	595.000	605.000
Split: Debt	353.299	380.460	414.933	443.945	458.278
Other Liabilities	156.701	159.540	155.067	151.055	146.722
Total Operational Boundary for Debt	490.000	520.000	550.000	575.000	585.000
Split: Debt	333.299	360.460	394.933	423.945	438.278
Other Liabilities	156.701	159.540	155.067	151.055	146.722

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

Treasury Investment strategy:

30 Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management however Department for Levelling Up, Housing and Communities (DLUHC) guidance requires that a non treasury management Investment Strategy is maintained and can be included as part of the Treasury Management Strategy.

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

32 Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy. The Council may request its money back at short notice, however the business model is to hold money in strategic pooled funds for the longer term, for a period of at least five years.

Table 9: Treasury Management Investments

Treasury Management Investments	2020/21 Actual £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Near-term investments	220.2	163.6	99.8	54.7	21.4
Longer-term investments	132.7	125.0	125.0	125.0	125.0
TOTAL	352.9	288.6	224.8	179.7	146.4

Risk management:

33 The effective management and control of risk are prime objectives of the Council's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks. Further details on treasury deposits are within the Treasury Management and Investment strategy, Annex 10.

Governance:

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

Investments for Service Purposes

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

Governance:

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

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

Commercial Activities

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

39 With financial return being the main objective, Council's will generally accept higher risk on commercial investment, in line with business cases, than it would

for treasury investments. The principal risk exposure includes gaps in rental income, falls in capital value, delays in occupation. Should the Council choose to pursue commercial activities, the risks will be managed in line with a comprehensive business case.

Governance:

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

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

Liabilities

42 In addition to the debt detailed above, the Council is committed to making future payments to cover its pension fund deficit and has also set aside money to cover risks of major provisions.

Governance:

43 Any new discretionary liabilities are fully reviewed before any commitment is taken as part of the MTFS process. A full risk register is maintained and monitored to ensure that the risk of liabilities crystallising and requiring payment is fully monitored and reported.

Revenue Budget Implications

44 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP payments are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants. The reason for the large increase is the Waste contract liability.

Table 10: Proportion of financing costs to net revenue stream

	2020/21 Actual	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Proportion of Financing Costs to Net Revenue Stream	5.20%	5.13%	5.32%	5.61%	5.86%

* £6.5m of the increase in financing costs in 2022/23 arises from a change in the accounting for leases and does not represent additional cost to the Council

45 Further details on the revenue implications of capital expenditure are within Annex 8 of the MTFS.

Sustainability:

46 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will

extend for up to 50 years into the future. The Section 151 Officer is satisfied that the approved capital programme is prudent, affordable and sustainable because new schemes are robustly challenged through the capital bid process.

Knowledge and Skills

- 47 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Council pays for staff to study towards relevant professional qualifications.
- 48 Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers.
- 49 Asset valuations are co-ordinated internally by the Council's Valuation Service Team, with valuations carried out through a combination of the Council's internal valuers and, where necessary, external valuers (RICS qualified). The Valuation Service Team ensures all valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Annex 8a

Capital Programme 2022/23

MEDIUM TERM CAPITAL PROGRAMME - COUNTY COUNCIL SERVICES FINANCING STATEMENT

	Profiled Budget				Future Years £000	Total Still Required £000	Prior Years Actual £000	Total Scheme Investment £000
	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000				
GROSS PAYMENTS								
<u>Adults</u>	9,017	13,900	8,941	8,319	6,842	47,019	4,170	51,189
<u>Children's Services:</u>								
Schools	40,927	40,991	9,125	3,441	75	94,559	41,878	136,437
Non Schools	468	4,975	0	0	0	5,443	3,725	9,168
<u>Economy, Environment & Infrastructure:</u>								
Highways	63,927	121,995	216,743	17,540	21,466	441,671	192,523	634,194
Strategic Infrastructure	4,810	3,362	1,011	147	0	9,330	10,013	19,343
Waste Disposal	608	362	0	0	0	970	402	1,372
Libraries	416	1,121	0	0	0	1,537	1,485	3,022
<u>Community Safety:</u>								
Fire & Rescue	741	2,490	2,395	1,196	500	7,322	1,063	8,385
Trading Standards	39	0	0	0	0	39	0	39
<u>Corporate Resources:</u>								
AMPS	10,223	15,957	10,233	1,970	2,100	40,483	18,952	59,435
ICT Projects	8,436	2,350	2,000	2,000	0	14,786	3,027	17,813
Business Service Centre	227	0	0	0	0	227	13	240
Archives & Information Management	113	0	0	0	0	113	3,528	3,641
Digital Innovation	974	0	0	0	0	974	830	1,804
Investing in Self Funded Income Schemes	12,500	12,500	12,500	12,500	0	50,000	0	50,000
Total	153,426	220,003	262,948	47,113	30,983	714,473	281,609	996,082
AVAILABLE RESOURCES								
Revenue Contributions	719	717	0	0	0	1,436		
Section 106 Contributions	3,762	4,873	0	0	0	8,635		
Capital Fund	4,453	2,532	960	44	0	7,989		
Other External Contributions	1,208	279	0	0	0	1,487		
External Grant - including Government	92,195	139,463	213,427	10,531	7,008	462,624		
Other Reserves	2,546	302	0	0	0	2,848		
Capital Receipts	20,201	13,526	9,506	6,753	850	50,836		
Internal Borrowing	28,342	58,311	39,055	29,785	23,125	178,618		
Other - including Borrowing	0	0	0	0	0	0		
Total	153,426	220,003	262,948	47,113	30,983	714,473		
Surplus/deficit (-)	0	0	0	0	0	0		

Capital Programme 2022/23	Budget							Financing for Remaining Life (2021/22 onwards)									Total for Remaining Life	Prior Years Funding	Funding of Budget Total			
	Scheme Name	Total Scheme	Prior Years		2022/23	2023/24	2024/25	Future Years	Revenue Contrib	S106		Other			Capital Receipts	Internal Borrowing				£000	£000	£000
		£000	Actuals	£000						£000	External Contrib	Capital Fund	External Contrib	External Grant								
Summary by service area																						
Adults	51,189	4,170	9,017	13,900	8,941	8,319	6,842	0	0	0	0	0	42,666	0	3,677	676	47,019	4,170	51,189			
Schools	136,437	41,878	40,927	40,991	9,125	3,441	75	24	2,866	542	0	0	75,127	0	0	16,000	94,559	41,878	136,437			
Non Schools	9,168	3,725	468	4,975	0	0	0	0	0	0	0	0	64	0	4	5,375	5,443	3,725	9,168			
Highways	634,194	192,523	63,927	121,995	216,743	17,540	21,466	1,293	5,110	1,476	1,487	344,049	57	17,408	70,791	441,671	192,523	634,194				
Strategic Infrastructure	19,343	10,013	4,810	3,362	1,011	147	0	0	0	1,489	0	462	2,602	4,777	0	9,330	10,013	19,343				
Waste Disposal	1,372	402	608	362	0	0	0	0	0	6	0	0	178	786	0	970	402	1,372				
Libraries	3,022	1,485	416	1,121	0	0	0	0	649	0	0	6	0	867	15	1,537	1,485	3,022				
Fire & Rescue	8,385	1,063	741	2,490	2,395	1,196	500	15	0	51	0	95	0	4,342	2,819	7,322	1,063	8,385				
Trading Standards	39	0	39	0	0	0	0	0	0	39	0	0	0	0	0	39	0	39				
AMPS	59,435	18,952	10,223	15,957	10,233	1,970	2,100	0	10	3,125	0	155	0	4,251	32,942	40,483	18,952	59,435				
ICT Projects	17,813	3,027	8,436	2,350	2,000	2,000	0	96	0	1,162	0	0	0	13,528	0	14,786	3,027	17,813				
Business Service Centre	240	13	227	0	0	0	0	0	0	0	0	0	0	227	0	227	13	240				
Archives & Information Management	3,641	3,528	113	0	0	0	0	0	0	79	0	0	11	23	0	113	3,528	3,641				
Digital Innovation	1,804	830	974	0	0	0	0	8	0	20	0	0	0	946	0	974	830	1,804				
Investing in Self Funded Income Schemes	50,000	0	12,500	12,500	12,500	12,500	0	0	0	0	0	0	0	0	50,000	50,000	0	50,000				
Total Capital Programme	996,082	281,609	153,426	220,003	262,948	47,113	30,983	1,436	8,635	7,989	1,487	462,624	2,848	50,836	178,618	714,473	281,609	996,082				
Adults																						
Supported Living Accommodation Fairford	730	432	250	48	0	0	0	0	0	0	0	298	0	0	0	298	432	730				
H.O.L.D. Scheme	654	122	62	250	220	0	0	0	0	0	0	532	0	0	0	532	122	654				
Transitions for Life	450	0	200	250	0	0	0	0	0	0	0	450	0	0	0	450	0	450				
Community Capacity/Market Management	5,100	123	500	1,500	1,500	1,477	0	0	0	0	0	1,300	0	3,677	0	4,977	123	5,100				
Disabled Facilities Grant 21/22	2,595	0	0	2,595	0	0	0	0	0	0	0	2,595	0	0	0	2,595	0	2,595				
DFG 21/22 - Cheltenham	600	0	600	0	0	0	0	0	0	0	0	600	0	0	0	600	0	600				
DFG 21/22 - Cotswold	750	0	750	0	0	0	0	0	0	0	0	750	0	0	0	750	0	750				
DFG 21/22 - Forest of Dean	500	0	500	0	0	0	0	0	0	0	0	500	0	0	0	500	0	500				
DFG 21/22 - Gloucester	647	0	647	0	0	0	0	0	0	0	0	647	0	0	0	647	0	647				
DFG 21/22 - Stroud	350	0	350	0	0	0	0	0	0	0	0	350	0	0	0	350	0	350				
DFG 21/22 - Tewkesbury	450	0	450	0	0	0	0	0	0	0	0	450	0	0	0	450	0	450				
DFG 21/22 - Community Equipment	1,200	0	1,200	0	0	0	0	0	0	0	0	1,200	0	0	0	1,200	0	1,200				
DFG 21/22 - We Care & Repair adaptations	750	0	750	0	0	0	0	0	0	0	0	750	0	0	0	750	0	750				
DFG 21/22 - CES CEQUIP Replacement	310	0	150	160	0	0	0	0	0	0	0	310	0	0	0	310	0	310				
DFG 21/22 - Up to £5k contribution	250	0	250	0	0	0	0	0	0	0	0	250	0	0	0	250	0	250				
DFG 21/22 - Children/complex non DFG	500	0	300	200	0	0	0	0	0	0	0	500	0	0	0	500	0	500				
DFG 21/22 - District capital bids	2,500	0	1,000	1,500	0	0	0	0	0	0	0	2,500	0	0	0	2,500	0	2,500				
GIS Vehicle Replacement	676	0	210	185	281	0	0	0	0	0	0	0	0	0	676	676	0	676				
Schemes under £250,000 21/22 onwards	4,809	3,493	848	370	98	0	0	0	0	0	0	1,316	0	0	0	1,316	3,493	4,809				
New Funding 2022/23 onwards																						
Disabled Facilities Grant 2022/23 - 2025/26 (estimate)	27,368	0	0	6,842	6,842	6,842	6,842	0	0	0	0	27,368	0	0	0	27,368	0	27,368				
Total Adults	51,189	4,170	9,017	13,900	8,941	8,319	6,842	0	0	0	0	42,666	0	3,677	676	47,019	4,170	51,189				
Schools																						
Alderman Knight expansion	1,900	1,246	219	40	395	0	0	0	0	0	0	654	0	0	0	654	1,246	1,900				
Belmont expansion	603	127	443	33	0	0	0	0	0	0	0	476	0	0	0	476	127	603				
Heart of the Forest SEMH provision	1,600	0	0	1,600	0	0	0	0	0	0	0	1,600	0	0	0	1,600	0	1,600				
New SEMH Special School	9,750	381	5,100	4,019	250	0	0	0	0	0	0	9,369	0	0	0	9,369	381	9,750				
High Needs Provision Capital 21/22	798	0	0	798	0	0	0	0	0	0	0	798	0	0	0	798	0	798				
Chipping Campden School Performing Arts	905	292	536	77	0	0	0	0	613	0	0	0	0	0	0	613	292	905				
The Cotswold School expansion	5,800	2,064	3,536	200	0	0	0	0	0	0	0	3,736	0	0	0	3,736	2,064	5,800				
Winchcombe School expansion	4,747	2,574	2,000	173	0	0	0	0	0	0	0	2,173	0	0	0	2,173	2,574	4,747				
New Secondary School, Cheltenham	30,000	6,411	16,589	6,000	1,000	0	0	0	0	0	0	8,589	0	0	15,000	23,589	6,411	30,000				
Basic Need Grant 2020/21	4,029	0	480	1,700	1,270	579	0	0	0	0	0	4,029	0	0	0	4,029	0	4,029				
Schools Condition Allocation 2020/21	885	0	340	545	0	0	0	0	0	0	0	885	0	0	0	885	0	885				
Carbon Reduction in Education Properties	800	0	100	500	200	0	0	0	0	0	0	0	0	0	800	800	0	800				
Schools Condition Allocation 21/22	4,605	0	0	3,000	1,605	0	0	0	0	0	0	4,605	0	0	0	4,605	0	4,605				
Ashchurch Primary replace temps	1,016	510	438	68	0	0	0	0	0	0	0	506	0	0	0	506	510	1,016				

Scheme Name	Total Scheme Budget £000	Prior Years						Future Years £000	Revenue Contrib £000	S106			Other		Other Reserves £000	Capital Receipts £000	Internal Borrowing £000	Total for Remaining Life £000	Prior Years Funding £000	Funding of Budget Total £000
		Actuals	2021/22	2022/23	2023/24	2024/25	2025/26			External Contrib £000	Capital Fund £000	External Grant £000								
		£000	£000	£000	£000	£000	£000			£000	£000	£000								
Warden Hill Primary replacement	7,503	161	1,500	4,061	1,781	0	0	0	0	0	0	0	7,142	0	0	200	7,342	161	7,503	
St. David's Primary expansion	1,500	211	0	1,289	0	0	0	0	989	0	0	0	300	0	0	0	1,289	211	1,500	
Winchcombe Abbey Primary expansion	1,500	113	5	1,382	0	0	0	0	0	0	0	0	1,387	0	0	0	1,387	113	1,500	
Leckhampton Primary expansion	4,298	2,933	865	500	0	0	0	0	0	0	0	0	1,365	0	0	0	1,365	2,933	4,298	
Bishops Cleeve New Primary School	11,000	357	3,225	7,000	418	0	0	0	0	0	0	0	10,643	0	0	0	10,643	357	11,000	
Great Oldbury Primary Academy ICT/FFE	350	0	150	75	75	50	0	0	0	0	0	0	350	0	0	0	350	0	350	
Capital Maintenance Contingency 20/21	958	565	274	119	0	0	0	0	0	0	0	0	393	0	0	0	393	565	958	
Schemes under £250,000 21/22 onwards	30,516	23,933	5,127	1,212	131	38	75	24	1,264	542	0	0	4,753	0	0	0	6,583	23,933	30,516	
New Funding 2022/23 onwards																				
Basic Need Grant 2022/23	6,774	0	0	2,000	2,000	2,774	0	0	0	0	0	0	6,774	0	0	0	6,774	0	6,774	
Schools Condition Allocation 2022/23 (estimate)	4,600	0	0	4,600	0	0	0	0	0	0	0	0	4,600	0	0	0	4,600	0	4,600	
Total Schools	136,437	41,878	40,927	40,991	9,125	3,441	75	24	2,866	542	0	0	75,127	0	0	16,000	94,559	41,878	136,437	
Non Schools																				
Barnwood Residential Home	375	0	300	75	0	0	0	0	0	0	0	0	0	0	0	375	375	0	375	
Southfields Semi-Independent Accom	2,500	0	50	2,450	0	0	0	0	0	0	0	0	0	0	0	2,500	2,500	0	2,500	
Townsend House	2,500	0	50	2,450	0	0	0	0	0	0	0	0	0	0	0	2,500	2,500	0	2,500	
Schemes under £250,000 21/22 onwards	3,793	3,725	68	0	0	0	0	0	0	0	0	0	64	0	4	0	68	3,725	3,793	
Total Non Schools	9,168	3,725	468	4,975	0	0	0	0	0	0	0	0	64	0	4	5,375	5,443	3,725	9,168	
Highways																				
PROW Capital Bridges - MTF5 2020-21	750	108	192	150	150	150	0	0	0	0	0	0	642	0	0	0	642	108	750	
Green Investment - Trees	459	0	150	309	0	0	0	0	0	0	0	0	459	0	0	0	459	0	459	
A435 Charlton Hill Cheltenham Phase 2	1,124	645	77	44	358	0	0	0	0	0	0	0	479	0	0	0	479	645	1,124	
Badgworth Road (Reddings Bridge) Slip	404	35	206	163	0	0	0	0	0	0	0	0	369	0	0	0	369	35	404	
Blakeney West - landslip scheme	1,623	70	474	1,079	0	0	0	0	0	0	0	0	1,553	0	0	0	1,553	70	1,623	
B4063 Gloucester to Chelt Cycle Route	16,062	1,069	2,214	12,779	0	0	0	0	10	173	0	0	9,160	0	3,000	2,650	14,993	1,069	16,062	
Gloucester City Centre - Cycle Spine	3,700	0	0	3,700	0	0	0	0	0	0	0	0	3,700	0	0	0	3,700	0	3,700	
Cheltenham to Bishops Cleeve Cycle Track	10,500	307	227	9,966	0	0	0	0	270	0	0	0	8,262	0	0	1,661	10,193	307	10,500	
Pedestrian & Cycle Works - WCTIS Ph5	1,600	730	667	203	0	0	0	0	0	0	0	0	870	0	0	0	870	730	1,600	
Highways Locals Capital 2021-22	530	0	530	0	0	0	0	130	0	0	0	0	400	0	0	0	530	0	530	
Support for Stroud Water Canal Reopening	700	175	0	525	0	0	0	0	0	0	0	0	525	0	0	0	525	175	700	
M5 Junction10 Improvement Schemes	236,266	0	848	33,697	199,721	2,000	0	0	0	0	0	0	232,266	0	4,000	0	236,266	0	236,266	
M5 J10 Roundabout	6,851	2,981	3,870	0	0	0	0	0	0	0	0	0	3,870	0	0	0	3,870	2,981	6,851	
West Cheltenham Link Road	5,950	2,231	3,719	0	0	0	0	0	0	0	0	0	3,719	0	0	0	3,719	2,231	5,950	
A4019 Widening	1,433	607	826	0	0	0	0	0	0	0	0	0	826	0	0	0	826	607	1,433	
Arle Court Park & Interchange	1,916	879	1,037	0	0	0	0	0	0	0	0	0	1,037	0	0	0	1,037	879	1,916	
Lydney Harbour Project	1,400	79	1,100	221	0	0	0	0	0	0	1,321	0	0	0	0	0	1,321	79	1,400	
Gloucester South West Bypass - Llanthony	11,563	2,580	6,098	2,885	0	0	0	0	0	0	0	0	8,983	0	0	0	8,983	2,580	11,563	
Cross Keys Roundabout Improvements	3,653	2,817	113	723	0	0	0	0	0	0	0	0	836	0	0	0	836	2,817	3,653	
Honeybourne Cycle ext A40 Lansdown	400	50	0	350	0	0	0	0	290	0	0	0	60	0	0	0	350	50	400	
Albert St Junction -Lydney Hiwy Strategy	261	0	20	241	0	0	0	0	261	0	0	0	0	0	0	0	261	0	261	
Arle Court - WCTIS Ph1	9,229	6,224	2,284	721	0	0	0	0	0	0	0	0	3,005	0	0	0	3,005	6,224	9,229	
Junction 11 - WCTIS Ph2	4,481	1,630	1,157	1,694	0	0	0	0	0	0	0	0	2,851	0	0	0	2,851	1,630	4,481	
Telstar Way - WCTIS Ph3	8,077	3,461	4,001	615	0	0	0	0	15	0	0	0	4,601	0	0	0	4,616	3,461	8,077	
A435 Bishops Cl' to Racecourse Capacity	1,668	404	409	855	0	0	0	0	1,264	0	0	0	0	0	0	0	1,264	404	1,668	
Canalside - Glous to Quedgley Cycletrack	436	8	428	0	0	0	0	0	0	0	0	0	428	0	0	0	428	8	436	
Telstar Way/Hubble Road	456	72	326	58	0	0	0	0	384	0	0	0	0	0	0	0	384	72	456	
A438 / Shannon Way Junction	308	0	7	301	0	0	0	0	308	0	0	0	0	0	0	0	308	0	308	
LED Streetlighting Major Project	20,975	19,314	180	200	200	250	831	0	0	0	0	0	0	0	1,661	0	1,661	19,314	20,975	
StLight Column Structural Test & Repair	799	0	650	149	0	0	0	0	0	0	0	0	799	0	0	0	799	0	799	
StLight Column Replacement	1,480	195	149	396	440	300	0	0	0	0	0	0	685	0	600	0	1,285	195	1,480	
High Mast Replacement - Metz Way	723	0	20	630	73	0	0	0	0	0	0	0	723	0	0	0	723	0	723	
Concrete Road Renewal Unallocated	2,600	0	2,600	0	0	0	0	0	0	0	0	0	2,600	0	0	0	2,600	0	2,600	
Brockweir Bridge Refurb - 526	663	24	639	0	0	0	0	0	0	0	0	0	639	0	0	0	639	24	663	
Tintern Wireworks Bridge B575	1,540	90	208	1,242	0	0	0	0	0	0	0	0	1,450	0	0	0	1,450	90	1,540	
Winchcombe Station Bridge 775 Bearings	413	60	92	261	0	0	0	0	0	0	0	0	353	0	0	0	353	60	413	
Bamfurlong Depot - BadgworthTEWKS	4,629	0	10	0	0	0	4,619	0	0	0	0	0	0	0	29	4,600	4,629	0	4,629	

Capital Programme 2022/23	Budget								Financing for Remaining Life (2021/22 onwards)								Total for Remaining Life	Prior Years Funding	Funding of Budget Total
	Scheme Name	Total Scheme	Prior Years		2022/23	2023/24	2024/25	Future Years	Revenue Contrib	S106		Other			Capital Receipts	Internal Borrowing			
		Budget	Actuals	2021/22						External	Capital Fund	External	Other	Reserves					
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		
Cirencester Depot - Bridge Rd COTS	609	55	554	0	0	0	0	0	0	0	0	113	0	41	400	554	55	609	
TS-013 Toadsmoor Hill Chalford - Design	300	5	295	0	0	0	0	0	0	0	0	295	0	0	0	295	5	300	
Minor Works	946	0	944	2	0	0	0	0	2	0	0	944	0	0	0	946	0	946	
C'Ways - Class A Roads: Struct Maint	7,796	0	6,990	403	403	0	0	0	0	0	0	4,109	0	3,687	0	7,796	0	7,796	
C'Ways - Class B Roads: Struct Maint	700	0	466	117	117	0	0	0	0	0	0	350	0	350	0	700	0	700	
C'ways - Class 3 Roads: Struct Maint	2,859	0	2,471	194	194	0	0	0	0	0	0	1,302	0	1,557	0	2,859	0	2,859	
C'ways - Unclassified: Struct Maint	1,901	0	1,833	34	34	0	0	0	0	0	0	1,463	0	438	0	1,901	0	1,901	
High Street Cheltenham - Pedestrian Area	759	509	250	0	0	0	0	0	0	0	0	250	0	0	0	250	509	759	
Footways: Structural Maintenance	952	0	888	64	0	0	0	0	0	0	952	0	0	0	0	952	0	952	
Reactive Works	5,339	0	4,833	253	253	0	0	0	0	0	0	3,571	0	1,768	0	5,339	0	5,339	
Safety Fencing	267	3	180	84	0	0	0	0	0	0	0	264	0	0	0	264	3	267	
Bulk Lining and Studs	1,000	722	278	0	0	0	0	0	0	0	0	278	0	0	0	278	722	1,000	
Carriageway & Footway Design Time	826	326	500	0	0	0	0	0	0	0	0	500	0	0	0	500	326	826	
Schemes under £250,000 21/22 onwards	157,188	144,058	7,917	5,072	25	25	91	663	2,306	351	166	9,310	57	277	0	13,130	144,058	157,188	
New Funding 2022/23 onwards																			
PROW – accessibility of stiles/gates/paths	50	0	0	0	0	0	50	0	0	0	0	0	0	0	50	50	0	50	
Replacement Pay and Display ticket machines	295	0	0	295	0	0	0	0	0	0	0	0	0	0	295	295	0	295	
Replacement of ANPR enforcement cameras	280	0	0	60	40	80	100	0	0	0	0	0	0	0	280	280	0	280	
Signs and Lines	180	0	0	60	60	60	0	0	0	0	0	0	0	0	180	180	0	180	
Structural maintenance - poles/heads/buttons	400	0	0	100	100	100	100	0	0	0	0	0	0	0	400	400	0	400	
Replacement junctions and crossings	4,500	0	0	1,125	1,125	1,125	1,125	0	0	0	0	0	0	0	4,500	4,500	0	4,500	
Replacement of transport monitoring equipment	500	0	0	125	125	125	125	0	0	0	0	0	0	0	500	500	0	500	
Bus Shelters	375	0	0	150	75	75	75	0	0	0	0	0	0	0	375	375	0	375	
Capital Structural Maintenance Delivery	40,000	0	0	10,000	10,000	10,000	10,000	0	0	0	0	0	0	0	40,000	40,000	0	40,000	
A435 Charlton Hill Landslip	670	0	0	670	0	0	0	0	0	0	0	0	0	0	670	670	0	670	
Contactless Payments	130	0	0	130	0	0	0	0	0	0	0	0	0	0	130	130	0	130	
BSIP Bus Infrastructure Improvements	2,600	0	0	400	400	400	1,400	0	0	0	0	0	0	0	2,600	2,600	0	2,600	
Bridge element maintenance	6,000	0	0	1,500	1,500	1,500	1,500	0	0	0	0	0	0	0	6,000	6,000	0	6,000	
Bulk lining programme	1,000	0	0	250	250	250	250	0	0	0	0	0	0	0	1,000	1,000	0	1,000	
Vehicle restraint systems	400	0	0	100	100	100	100	0	0	0	0	0	0	0	400	400	0	400	
Local patching works	4,000	0	0	1,000	1,000	1,000	1,000	0	0	0	0	0	0	0	4,000	4,000	0	4,000	
Highway/PROW damage by badgers	100	0	0	0	0	0	100	0	0	0	0	0	0	0	100	100	0	100	
A Roads Struct Maint 2022/23 (estimate)	2,366	0	0	2,366	0	0	0	0	0	0	0	2,366	0	0	0	2,366	0	2,366	
B Roads Struct Maint 2022/23 (estimate)	4,016	0	0	4,016	0	0	0	0	0	0	0	4,016	0	0	0	4,016	0	4,016	
Class 3 Roads Struct Maint 2022/23 (estimate)	3,306	0	0	3,306	0	0	0	0	0	0	0	3,306	0	0	0	3,306	0	3,306	
Unclassified Roads Struct Maint 2022/23 (estimate)	466	0	0	466	0	0	0	0	0	0	0	466	0	0	0	466	0	466	
Reactive Works and Area Based Minor Works (estimate)	5,348	0	0	5,348	0	0	0	0	0	0	0	5,348	0	0	0	5,348	0	5,348	
Design 2022/23 (estimate)	500	0	0	500	0	0	0	0	0	0	0	500	0	0	0	500	0	500	
Data collection inc SCRIM & signing 2022/23 (estimate)	130	0	0	130	0	0	0	0	0	0	0	130	0	0	0	130	0	130	
Coring + Assessment 2022/23 (estimate)	150	0	0	150	0	0	0	0	0	0	0	150	0	0	0	150	0	150	
Footway and Cycleway Maint 2022/23 (estimate)	750	0	0	750	0	0	0	0	0	0	0	750	0	0	0	750	0	750	
PROW resurfacing 2022/23 (estimate)	25	0	0	25	0	0	0	0	0	0	0	25	0	0	0	25	0	25	
High Street Cheltenham - Pedestrian Area (estimate)	250	0	0	250	0	0	0	0	0	0	0	250	0	0	0	250	0	250	
Highway Safety Features 2022/23 (estimate)	200	0	0	200	0	0	0	0	0	0	0	200	0	0	0	200	0	200	
Bridges and Walls 2022/23 (estimate)	1,500	0	0	1,500	0	0	0	0	0	0	0	1,500	0	0	0	1,500	0	1,500	
Street Lighting 2022/23 (estimate)	800	0	0	800	0	0	0	0	0	0	0	800	0	0	0	800	0	800	
Drainage 2022/23 (estimate)	500	0	0	500	0	0	0	500	0	0	0	0	0	0	0	500	0	500	
Traffic Signals 2022/23 (estimate)	1,000	0	0	1,000	0	0	0	0	0	0	0	1,000	0	0	0	1,000	0	1,000	
Slips 2022/23 (estimate)	1,500	0	0	1,500	0	0	0	0	0	0	0	1,500	0	0	0	1,500	0	1,500	
Large and Miscellaneous Schemes 2022/23 (estimate)	1,400	0	0	1,400	0	0	0	0	0	0	0	1,400	0	0	0	1,400	0	1,400	
Parking 2022/23 (estimate)	243	0	0	243	0	0	0	0	0	0	0	243	0	0	0	243	0	243	
Public Transport Infrastructure 2022/23 (estimate)	150	0	0	150	0	0	0	0	0	0	0	150	0	0	0	150	0	150	
Cycle Infrastructure 2022/23 (estimate)	100	0	0	100	0	0	0	0	0	0	0	100	0	0	0	100	0	100	
Safety Schemes 2022/23 (estimate)	400	0	0	400	0	0	0	0	0	0	0	400	0	0	0	400	0	400	
Accessibility & Community 2022/23 (estimate)	150	0	0	150	0	0	0	0	0	0	0	150	0	0	0	150	0	150	
Highways Locals 2022/23 (estimate)	400	0	0	400	0	0	0	0	0	0	0	400	0	0	0	400	0	400	
Total Highways	634,194	192,523	63,927	121,995	216,743	17,540	21,466	1,293	5,110	1,476	1,487	344,049	57	17,408	70,791	441,671	192,523	634,194	

Capital Programme 2022/23	Budget							Financing for Remaining Life (2021/22 onwards)							Total for Remaining Life £000	Prior Years Funding £000	Funding of Budget Total £000	
	Scheme Name	Total Scheme	Prior Years		2022/23	2023/24	2024/25	Future Years	Revenue Contrib	S106		Other		Capital Receipts				Internal Borrowing
		£000	Actuals £000	2021/22 £000						External Contrib £000	Capital Fund £000	External Grant £000	Other Reserves £000					
Strategic Infrastructure																		
Fastershire Broadband Strategy	13,700	7,154	4,000	2,000	546	0	0	0	0	0	0	2,192	4,354	0	6,546	7,154	13,700	
Flood & Water Management Act	398	15	0	235	75	73	0	0	0	233	0	150	0	0	383	15	398	
Priors & Oakley FAS - FDGIA	3,059	2,689	165	205	0	0	0	0	0	220	0	150	0	0	370	2,689	3,059	
Coleford Flood Alleviation Project	350	0	20	240	90	0	0	0	0	350	0	0	0	0	350	0	350	
Pittville Flood Alleviation Project	450	0	100	124	226	0	0	0	0	300	0	0	150	0	450	0	450	
Strategic Transport Model 2020-21-22	562	94	302	166	0	0	0	0	0	58	0	0	410	0	468	94	562	
Schemes under £250,000 21/22 onwards	824	61	223	392	74	74	0	0	0	328	0	162	0	273	763	61	824	
Total Strategic Infrastructure	19,343	10,013	4,810	3,362	1,011	147	0	0	0	1,489	0	462	2,602	4,777	9,330	10,013	19,343	
Waste Disposal																		
Wingmoor Farm HRC (Bishop's Cleeve)	342	17	300	25	0	0	0	0	0	6	0	0	8	311	325	17	342	
Schemes under £250,000 21/22 onwards	1,030	385	308	337	0	0	0	0	0	0	0	0	170	475	645	385	1,030	
Total Waste Disposal	1,372	402	608	362	0	0	0	0	0	6	0	0	178	786	970	402	1,372	
Libraries																		
Customer Services Programme	1,733	866	120	747	0	0	0	0	0	0	0	0	867	0	867	866	1,733	
Schemes under £250,000 21/22 onwards	1,274	619	296	359	0	0	0	0	649	0	0	6	0	0	655	619	1,274	
New Funding 2022/23 onwards	15	0	0	15	0	0	0	0	0	0	0	0	0	15	15	0	15	
Upgrade Innovation Lab Tech - Coleford	15	0	0	15	0	0	0	0	0	0	0	0	0	15	15	0	15	
Total Libraries	3,022	1,485	416	1,121	0	0	0	0	649	0	0	6	0	867	1,537	1,485	3,022	
Fire & Rescue																		
ERV - Fire Appliances & Equipmnt 18-19	3,717	0	21	1,500	1,500	696	0	0	0	0	0	0	3,717	0	3,717	0	3,717	
Schemes under £250,000 21/22 onwards	1,849	1,063	720	66	0	0	0	15	0	51	0	95	0	625	786	1,063	1,849	
New Funding 2022/23 onwards	120	0	0	120	0	0	0	0	0	0	0	0	0	120	120	0	120	
Fireground radio	120	0	0	120	0	0	0	0	0	0	0	0	0	120	120	0	120	
PPE for specialist operations	289	0	0	144	145	0	0	0	0	0	0	0	0	289	289	0	289	
Vehicle Procurement	2,410	0	0	660	750	500	500	0	0	0	0	0	0	2,410	2,410	0	2,410	
Total Fire & Rescue	8,385	1,063	741	2,490	2,395	1,196	500	15	0	51	0	95	0	4,342	7,322	1,063	8,385	
Trading Standards																		
Schemes under £250,000 21/22 onwards	39	0	39	0	0	0	0	0	0	39	0	0	0	0	39	0	39	
Total Trading Standards	39	0	39	0	0	0	0	0	0	39	0	0	0	0	39	0	39	
AMPS																		
Area Based Review	2,633	0	0	1,013	1,000	620	0	0	0	0	0	0	620	2,013	2,633	0	2,633	
Locality Solutions (Stroud)	345	22	123	200	0	0	0	0	0	323	0	0	0	0	323	22	345	
Refurbishment of Service Properties	558	0	146	200	212	0	0	0	0	0	0	103	0	455	558	0	558	
Shire Hall - External Blk 6 incl Parking	822	557	265	0	0	0	0	0	0	0	0	0	0	265	265	557	822	
Cotswold Hub - Lewis Lane	578	42	150	386	0	0	0	0	0	0	0	0	0	536	536	42	578	
Quayside - Health Hub	16,080	11,746	3,800	534	0	0	0	0	0	0	0	0	34	4,300	4,334	11,746	16,080	
Quayside - Multi-Storey Car Park	7,550	0	500	3,500	3,550	0	0	0	0	0	0	0	0	7,550	7,550	0	7,550	
Planned Capital Maintenance - MTFS 19-20	912	272	613	27	0	0	0	0	0	0	0	0	0	640	640	272	912	
Coroners Court Refrigeration Replacement	450	92	50	308	0	0	0	0	0	0	0	0	0	358	358	92	450	
County Offices Chelt - Refurb & Reconfig	8,056	17	500	4,500	3,039	0	0	0	0	0	0	0	71	7,968	8,039	17	8,056	
Corporate Property Condition Data Works	1,941	217	394	765	565	0	0	0	0	613	0	0	11	1,100	1,724	217	1,941	
Social Care Service Remodelling	1,900	0	500	1,400	0	0	0	0	0	0	0	0	0	1,900	1,900	0	1,900	
Shire Hall Blocks 1 - 2 & CC	961	413	548	0	0	0	0	0	0	19	0	40	0	52	437	548	961	
M&E - Corp Prop Condition Data Works	2,100	0	700	650	750	0	0	0	0	2,100	0	0	0	0	2,100	0	2,100	
Council Chamber Refurbishment	987	0	500	487	0	0	0	0	0	0	0	0	0	987	987	0	987	
Rural Estates - Farm Investment	1,630	1,118	512	0	0	0	0	0	0	0	0	0	12	500	512	1,118	1,630	
Schemes under £250,000 21/22 onwards	5,845	4,456	922	400	67	0	0	0	10	70	0	12	0	1,197	1,389	4,456	5,845	
New Funding 2022/23 onwards	1,500	0	0	0	300	600	600	0	0	0	0	0	0	1,500	1,500	0	1,500	
Agile Working Buildings & ICT	1,500	0	0	0	300	600	600	0	0	0	0	0	0	1,500	1,500	0	1,500	
Non Highways Bridges and Structures	3,300	0	0	300	750	750	1,500	0	0	0	0	0	0	3,300	3,300	0	3,300	
Area Based Review	987	0	0	987	0	0	0	0	0	0	0	0	0	987	987	0	987	
Community Speedwatch Safety Fund	300	0	0	300	0	0	0	0	0	0	0	0	0	300	300	0	300	
Total AMPS	59,435	18,952	10,223	15,957	10,233	1,970	2,100	0	10	3,125	0	155	0	4,251	32,942	40,483	59,435	

Capital Programme 2022/23	Budget							Financing for Remaining Life (2021/22 onwards)							Total for Remaining Life	Prior Years Funding	Funding of Budget Total		
	Scheme Name	Total Scheme Budget	Prior Years Actuals	2021/22	2022/23	2023/24	2024/25	Future Years	Revenue Contrib	S106		Other						Capital Receipts	Internal Borrowing
										External Contrib	Capital Fund	External Contrib	External Grant	Other Reserves					
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000			
ICT Projects																			
ICT Cyclical Maint. Peripheral Hardware	296	0	196	100	0	0	0	96	0	200	0	0	0	0	0	296	0	296	
C&F ICT Systems Rationalisation	500	0	250	250	0	0	0	0	0	500	0	0	0	0	0	500	0	500	
Citrix	478	0	478	0	0	0	0	0	0	0	0	0	0	478	0	478	0	478	
Windows 10/ E-mail & Collaboration	312	0	312	0	0	0	0	0	0	0	0	0	0	312	0	312	0	312	
Desktop	7,131	0	1,131	2,000	2,000	2,000	0	0	0	0	0	0	0	7,131	0	7,131	0	7,131	
LAN / WAN	5,523	30	5,493	0	0	0	0	0	0	422	0	0	0	5,071	0	5,493	30	5,523	
Schemes under £250,000 21/22 onwards	3,573	2,997	576	0	0	0	0	0	0	40	0	0	0	536	0	576	2,997	3,573	
Total ICT Projects	17,813	3,027	8,436	2,350	2,000	2,000	0	96	0	1,162	0	0	0	13,528	0	14,786	3,027	17,813	
Business Service Centre																			
Schemes under £250,000 21/22 onwards	240	13	227	0	0	0	0	0	0	0	0	0	0	227	0	227	13	240	
Total Business Service Centre	240	13	227	0	0	0	0	0	0	0	0	0	0	227	0	227	13	240	
Archives & Information Management																			
Schemes under £250,000 21/22 onwards	3,641	3,528	113	0	0	0	0	0	0	79	0	0	11	23	0	113	3,528	3,641	
Total Archives & Information Management	3,641	3,528	113	0	0	0	0	0	0	79	0	0	11	23	0	113	3,528	3,641	
Digital Innovation																			
Digital Transformation Unallocated	650	0	650	0	0	0	0	0	0	0	0	0	0	650	0	650	0	650	
Business Analytics	1,018	714	304	0	0	0	0	8	0	0	0	0	0	296	0	304	714	1,018	
Schemes under £250,000 21/22 onwards	136	116	20	0	0	0	0	0	0	20	0	0	0	0	0	20	116	136	
Total Customer	1,804	830	974	0	0	0	0	8	0	20	0	0	0	946	0	974	830	1,804	
Investing in Self Funded Income Schemes																			
Investing in Self Funded Income Schemes	50,000	0	12,500	12,500	12,500	12,500	0	0	0	0	0	0	0	0	50,000	50,000	0	50,000	
Schemes under £250,000 21/22 onwards	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Investing in Self Funded Income Schemes	50,000	0	12,500	12,500	12,500	12,500	0	0	0	0	0	0	0	0	50,000	50,000	0	50,000	

Annex 8b

Capital Programme New Schemes 2022/23 onwards funded from Internal Borrowing						
Scheme Name	Total Scheme Budget £000	2022/23 £000	2023/24 £000	2024/25 £000	Future Years £000	Scheme Description
Economy, Environment & Infrastructure						
Cheltenham to Bishop's Cleeve cycle route	1,661	1,661	0	0	0	The proposed investment for the Cheltenham to Bishops Cleeve scheme would provide an offline / online cycleway and footway between Bishops Cleeve and Cheltenham Racecourse roundabout.
B4063 cycle route	2,650	2,650	0	0	0	Officers are seeking £5 million of additional capital funding to unlock a further £6.35 million investment to deliver the an 11km cycle route between Cheltenham and Gloucester, along the B4063. Walking and cycling schemes are widely seen as a key component in the transport sector's contribution to the Covid-19 economic recovery and the Council's ambition to reduce CO2 emissions.
Capital Structural Maintenance Delivery	40,000	10,000	10,000	10,000	10,000	Highways Capital Structural Maintenance Delivery.
BSIP Bus Infrastructure Improvements	2,600	400	400	400	1,400	Providing buses with priority at junctions will help enable buses to move people through congestion efficiently and help retain and encourage increased ridership. 50 key junctions, used by up to 31 high frequency bus routes, have been identified as 'high priority' shared junctions between general traffic and bus services and are regarded as key junctions to target for improvement as they are currently major pinch points on the bus service network.
Upgrade Innovation Lab Tech - Coleford	15	15	0	0	0	Upgrading the equipment in Coleford innovation lab to maintain and build on our existing links with Schools and Further Education to provide workshops, - including the STEM based school workshops, code clubs and specialist training. It will enable it to continue to support a wide range of small businesses and give them access to current digital technology and the training required to grow and future proof their businesses.
Bridge element maintenance	6,000	1,500	1,500	1,500	1,500	Urgent maintenance works involving waterproofing, expansion joints and bearings have been identified on the county's bridge stock which is over and above the existing programme of maintenance. The Bridge Condition Indicator across the bridge stock is declining and the current level of investment is not leading to an improvement.
Bulk lining programme	1,000	250	250	250	250	Replacement of road markings on a bulk lining programme across the county – contributes to road safety and enables economies of scale compared with reactive prioritised response.
Vehicle restraint systems	400	100	100	100	100	Replacement of vehicle restraint systems (safety barrier) on a programmed basis across the county with focus on lower classification roads.
Local patching works	4,000	1,000	1,000	1,000	1,000	Customer focused patching programme to deal with defect clusters and deterioration areas – focused on customer reports alongside safety inspection outputs.
Highway/PROW damage by badgers	100	0	0	0	100	There are a number of identified sites where damage to highways/PROW caused by badgers is significant – badger setts cause significant structural damage under such routes. Capital funding to address the most high priority 3-4 sites will prevent route closures.
PROW – accessibility of stiles/gates/paths	50	0	0	0	50	Improving stiles/gates for people with disabilities is a statutory duty resulting from the CROW Act and Equalities Act – GCC is being challenged on our progress in this area by members of the public. A dedicated capital fund to improve access along public footpaths for those with ambulant disabilities would make a significant difference.
A435 Charlton Hill Landslip	670	670	0	0	0	There is an opportunity to include dedicated cycle provision as part of the geotechnical scheme to deal with the landslip. However, only the geotechnical solution funding is currently in place – comprising the full extent of the 22/23 budget. The full scheme cost is £3.3m and there is a £0.5m shortfall.
Replacement of life expired pay and display ticket machines	295	295	0	0	0	GCC owns 178 pay and display ticket machines. A number of these machines are over 15 years old and coming to the end of their operational life. The profile requested would deliver a rationalisation of machines and upgrading of existing machines to allow contactless cashless payments and enhanced functionality. The less machines managed by GCC reduces the amount of revenue expenditure required to be spent by the council. The bid has been fast tracked to enable the revenue savings to be delivered faster.

Scheme Name	Total Scheme Budget £000	2022/23 £000	2023/24 £000	2024/25 £000	Future Years £000	Scheme Description
Replacement of ANPR enforcement cameras	280	60	40	80	100	GCC owns 14 ANPR cameras that are used for enforcement of bus lanes. The current contract expires in April 2026 and GCC estate of cameras will be required to be replaced by this date. Cost of a new camera is £18k.
Signs and Lines	180	60	60	60	0	Following an audit of sign and linage of the county there will be a requirement for bulk work across the county. This could be combined with bulk replacement of other highway signs and lines (centre/stop lines etc).
Structural maintenance (bulk replacement of poles, heads and push button units)	400	100	100	100	100	Over 2000 items are in poor condition and need replacing. If done as a planned programme of work there will be savings and efficiencies over the contract unit rate costs which are based on individual unit replacements.
Replacement of life expired junctions and crossings	4,500	1,125	1,125	1,125	1,125	70% of junctions are life expired, leading to additional maintenance costs and increased risks of breakdown, leading to congestion. Upgrading of these junctions, including bus priority measures will support delivery of Air Quality targets, and other active travel targets from the LTP.
Replacement of life expired transport monitoring equipment	500	125	125	125	125	Many of the county's transport monitoring sites are out of date making it difficult to get good data out of them. They do not provide data that we can share in line with the government's policy on Open Data.
Bus Shelters	375	150	75	75	75	Investment in new and replacement shelters to support Enhanced Partnerships (National Bus Strategy), Climate Change modal shift and transitional costs at end of Clear Channel contracts in 2022.
Contactless Payments	130	130	0	0	0	Post COVID roll-out of Contactless technology to non-Stagecoach section of the public transport network. Estimate £40k back-office set up and £90k for ETM support.
Economy, Environment & Infrastructure Total	65,806	20,291	14,775	14,815	15,925	
Fire & Rescue Service						
Fireground radio replacement and upgrade	120	120	0	0	0	Upgrade and replacement of radio communication equipment for use at operational incidents.
PPE for specialist operations in GFRS	289	144	145	0	0	Replacement of Personal Protective Equipment (PPE) for specialist incidents including swift water rescue, medical calls, and rope rescues.
Fire & Rescue Service Vehicle Procurement	2,410	660	750	500	500	Replacement of operational vehicles including fire engines, specialist appliances, vans and cars.
Fire & Rescue Service Total	2,819	924	895	500	500	
Corporate						
Agile Working Buildings & ICT	1,500	0	300	600	600	GCC has committed to working towards a more agile way of working across the workforce, retaining the benefits of flexibility and increased productivity realised during the Covid-19 pandemic. This scheme will provide the building adaptation and ICT infrastructure/equipment to enable staff to maximise the benefits of agile working.
Non Highways Bridges and Structures	3,300	300	750	750	1,500	Bridges and structures outside of the highway boundary (including those on the PROW network) are not currently included in the Highways inspection programme. Asset management and property services do not have the capacity or the financial budgetary resource to manage these structures in line with industry best practice. This scheme seeks to address that by establishing a capital maintenance budget.
Area Based Review	987	987	0	0	0	Funding to replace budget transferred to the Council Chamber refurbishment scheme.
Community Speedwatch Safety Fund	300	300	0	0	0	A capital fund to enable the Council to work with district, town and parish councils as well as local communities to identify local communities where speed awareness activity or a 20 is plenty campaign would make a difference to community safety. This fund will allow parish and town councils to bid for resources to help combat speeding in their area.
Corporate Total	6,087	1,587	1,050	1,350	2,100	
Total New Schemes 2022/23 onwards	74,712	22,802	16,720	16,665	18,525	

Annex 8c

New Funding Available 2022/23 Onwards (Excluding New MTFs Bids)

Scheme Name	Budget					Funding		
	Total Scheme				Future	Revenue	External	Funding of
	Budget	2022/23	2023/24	2024/25	Years	Contrib	Grant	Budget Total
	£000	£000	£000	£000	£000	£000	£000	£000
Summary by service area								
Adults	27,368	6,842	6,842	6,842	6,842	0	27,368	27,368
Schools	11,374	6,600	2,000	2,774	0	0	11,374	11,374
Highways	28,587	28,587	0	0	0	500	28,087	28,587
Total Capital Programme	67,329	42,029	8,842	9,616	6,842	500	66,829	67,329
Adults								
Disabled Facilities Grant 2022/23 - 2025/26 (estimate)	27,368	6,842	6,842	6,842	6,842	0	27,368	27,368
Total Adults	27,368	6,842	6,842	6,842	6,842	0	27,368	27,368
Schools								
Basic Need Grant 2022/23	6,774	2,000	2,000	2,774	0	0	6,774	6,774
Schools Condition Allocation 2022/23 (estimate)	4,600	4,600	0	0	0	0	4,600	4,600
Total Schools	11,374	6,600	2,000	2,774	0	0	11,374	11,374
Highways								
Cheltenham to Bishops Cleeve cycle route	2,937	2,937	0	0	0	0	2,937	2,937
A Roads Struct Maint 2022/23 (estimate)	2,366	2,366	0	0	0	0	2,366	2,366
B Roads Struct Maint 2022/23 (estimate)	4,016	4,016	0	0	0	0	4,016	4,016
Class 3 Roads Struct Maint 2022/23 (estimate)	3,306	3,306	0	0	0	0	3,306	3,306
Unclassified Roads Struct Maint 2022/23 (estimate)	466	466	0	0	0	0	466	466
Reactive Works and Area Based Minor Works (estimate)	5,348	5,348	0	0	0	0	5,348	5,348
Design 2022/23 (estimate)	500	500	0	0	0	0	500	500
Data collection inc SCRIM & signing 2022/23 (estimate)	130	130	0	0	0	0	130	130
Coring + Assessment 2022/23 (estimate)	150	150	0	0	0	0	150	150
Footway and Cycleway Maint 2022/23 (estimate)	750	750	0	0	0	0	750	750
PROW resurfacing 2022/23 (estimate)	25	25	0	0	0	0	25	25
High Street Cheltenham - Pedestrian Area (estimate)	250	250	0	0	0	0	250	250
Highway Safety Features 2022/23 (estimate)	200	200	0	0	0	0	200	200
Bridges and Walls 2022/23 (estimate)	1,500	1,500	0	0	0	0	1,500	1,500
Street Lighting 2022/23 (estimate)	800	800	0	0	0	0	800	800
Drainage 2022/23 (estimate)	500	500	0	0	0	500	0	500
Traffic Signals 2022/23 (estimate)	1,000	1,000	0	0	0	0	1,000	1,000
Slips 2022/23 (estimate)	1,500	1,500	0	0	0	0	1,500	1,500
Large and Miscellaneous Schemes 2022/23 (estimate)	1,400	1,400	0	0	0	0	1,400	1,400
Parking 2022/23 (estimate)	243	243	0	0	0	0	243	243
Public Transport Infrastructure 2022/23 (estimate)	150	150	0	0	0	0	150	150
Cycle Infrastructure 2022/23 (estimate)	100	100	0	0	0	0	100	100
Safety Schemes 2022/23 (estimate)	400	400	0	0	0	0	400	400
Accessibility & Community 2022/23 (estimate)	150	150	0	0	0	0	150	150
Highways Locals 2022/23 (estimate)	400	400	0	0	0	0	400	400
Total Highways	28,587	28,587	0	0	0	500	28,087	28,587

Annex 9

<u>Schools and academies budget allocations before de-delegation</u>	<u>Units</u>	<u>Rate</u> £	<u>Primary</u> £	<u>Se condary</u> £	<u>Total</u> £	<u>% of delegated budget</u>
Pupil led Factors:						
Basic Entitlement Primary (Age Weighted Pupil Unit)	47,382	£3,237.23	153,384,813		153,384,813	36.0%
Basic Entitlement KS3 (Age Weighted Pupil Unit)	21,690	£4,564.53		99,004,656	99,004,656	23.2%
Basic Entitlement KS4 (Age Weighted Pupil Unit)	13,341	£5,144.15		68,628,105	68,628,105	16.1%
Total AWPU (October 2021 pupils)	82,413		153,384,813	167,632,761	321,017,574	75.3%
Deprivation Primary (FSM ever 6)	8,921	£593.71	5,296,383		10,952,865	2.6%
Deprivation Secondary (FSM ever 6)	6,498	£870.44		5,656,482		
Deprivation Primary (FSM)	8,258	£472.96	3,905,770		6,367,921	1.5%
Deprivation Secondary (FSM)	5,206	£472.96		2,462,151		
IDACI F Primary	4,529	£221.38	1,002,528		1,967,098	0.5%
IDACI F Secondary	2,995	£322.01		964,570		
IDACI E Primary	3,564	£271.70	968,398		2,063,173	0.5%
IDACI E Secondary	2,560	£427.67		1,094,776		
IDACI D Primary	1,313	£422.64	554,945		1,078,072	0.3%
IDACI D Secondary	874	£598.74		523,127		
IDACI C Primary	1,809	£462.89	837,564		1,576,070	0.4%
IDACI C Secondary	1,129	£654.09		738,506		
IDACI B Primary	1,773	£493.08	874,082		1,638,393	0.4%
IDACI B Secondary	1,085	£704.40		764,311		
IDACI A Primary	164	£644.03	105,752		195,517	0.0%
IDACI A Secondary	100	£895.60		89,765		
Prior Attainment (Y1-6 Early Years Foundation Stage Profile)	13,550	£1,137.11	15,407,660		27,532,298	6.5%
Prior Attainment (Y7 - Y11 LPA)	7,046	£1,720.76		12,124,639		
English as Additional Language (3 year EAL)	2,320	£568.55	1,319,298		1,903,894	0.4%
English as Additional Language (3 year EAL)	380	£1,539.62		584,596		
Mobility Primary	415	£930.82	386,750		460,677	0.1%
Mobility Secondary	55	£1,338.37		73,928		
Total Pupil Led delegations			184,043,942	192,709,611	376,753,552	88.3%
School Leds Factors:						
Lump Sum	244	£122,062.98	29,783,367		34,787,949	8.2%
Lump Sum	41	£122,062.98		5,004,582		0.0%
Sparsity	74	£55,345.95	3,015,658		3,211,952	0.8%
Sparsity	5	£80,503.20		196,294		0.0%
Total Other Formula factors			32,799,026	5,200,876	37,999,901	8.9%
Premises:						
Split Sites	<i>3 schools @ £46,859.91 + £62.53 / pupil</i>		168,218		168,218	0.0%
Rates	<i>Currently based on 22/23 NFF + 21/22 adjustments</i>		2,529,617	1,195,518	3,725,135	0.9%
Exceptional Premises Factor - Rents	<i>Based on 22/23 estimates</i>		149,118	0	149,118	0.0%
Total Premises			2,846,953	1,195,518	4,042,471	0.9%
Total budget allocations before MFG, minimum pupil funding uplift and de-delegation			219,689,921	199,106,004	418,795,925	98.2%

Minimum Per Pupil Funding Uplift			£	£	£	
Additional funding due to minimum per pupil funding (primary pupils)	52	£4,265	3,581,459		3,581,459	0.8%
Additional funding due to minimum per pupil funding (Secondary schools with KS3 & KS4 pupils)	12	£5,525		3,228,429	3,228,429	0.8%
Additional funding due to minimum per pupil funding (Secondary schools with KS3 pupils only)	0	£5,321		0		
Additional funding due to minimum per pupil funding (Secondary schools with KS4 pupils only)	0	£5,831		0	0	0.0%
Total Minimum Pupil Funding Uplift			3,581,459	3,228,429	6,809,888	1.6%
Total budget allocations before MFG and De-delegations			223,271,379	202,334,433	425,605,813	99.8%
Minimum Funding Guarantee			£	£	£	
MFG protections	2.00%		676,804	156,982	833,785	0.2%
Total Minimum Funding Guarantee			676,804	156,982	833,785	0.2%
Total budget allocations after MFG, Minimum Per Pupil Funding Uplift but before De-delegations			223,948,183	202,491,415	426,439,598	100.0%
Proposed de-delegation for maintained schools only (takes into account anticipated conversions by 4/1/22)						
	Maintained Pupils	Rate	Primary	Secondary	Total	
		£	£	£	£	
Targeted Intervention & Support Primary	34,252	£9.27	317,516		317,516	0.1%
Targeted Intervention & Support Secondary	4,297	£0.00		0		
Union Facilities Primary	34,252	£3.05	104,469		104,469	0.0%
October Pupil Increases (above threshold)	34,252	£6.32	216,473		216,473	0.1%
Education Functions Primary (statutory duties previously covered by ESG general duties)	34,252	£5.00	171,260		171,260	0.0%
Education Functions Secondary (statutory duties previously covered by ESG general duties)	4,297	£5.00		21,485	21,485	0.0%
Total de-delegation funds available to maintained schools	38,549		809,717	21,485	831,202	0.2%
Total budget allocations after MFG, Minimum Per Pupil Funding Uplift and De-delegations			223,138,465	202,469,930	425,608,396	99.8%

Treasury Management and Investment Strategy Statement 2022/23

Introduction

- 1 Treasury management is the management of the Councils cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
- 2 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This 2017 Code has recently been updated, and the implications of this update are currently under review. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 3 Investments held for service purposes or for commercial profit are considered within this Strategy as per Department for Levelling Up, Housing and Communities (DLUHC) guidance.

External Context

Economic background

- 4 The ongoing impact on the UK from coronavirus, together with higher inflation, the likelihood of higher interest rates, and the country's trade position post-Brexit, will be major influences on the Council's treasury management strategy for 2022/23.
- 5 The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 while maintaining its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 8-1 in favour of raising rates, and unanimously to maintain the asset purchase programme. Within the announcement the MPC noted that the pace of the global recovery was broadly in line with its November Monetary Policy Report. Prior to the emergence of the Omicron coronavirus variant, the Bank also considered the UK economy to be evolving in line with expectations, however the increased uncertainty and risk to activity the new variant presents, the Bank revised down its estimates for Q4 GDP growth to 0.6% from 1.0%. Inflation was projected to be higher than previously forecast, with CPI likely to remain above 5% throughout the winter and peak at 6% in April 2022. The labour market was generally performing better than previously forecast and the BoE now expects the unemployment rate to fall to 4% compared to 4.5% forecast previously, but notes that Omicron could weaken the demand for labour.

- 6 UK CPI for November 2021 registered 5.1% year on year, up from 4.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 4.0% y/y from 3.4%. The most recent labour market data for the three months to October 2021 showed the unemployment rate fell to 4.2% while the employment rate rose to 75.5%. In October 2021, the headline 3-month average annual growth rate for wages were 4.9% for total pay and 4.3% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 1.7% while regular pay was up 1.0%. The change in pay growth has been affected by a change in composition of employee jobs, where there has been a fall in the number and proportion of lower paid jobs
- 7 Gross domestic product (GDP) grew by 1.3% in the third calendar quarter of 2021, compared to a gain of 5.5% q/q in the previous quarter, with the annual rate slowing to 6.6% from 23.6% . The Q3 gain was modestly below the consensus forecast of a 1.5% q/q rise. During the quarter activity measures were boosted by sectors that reopened following pandemic restrictions, suggesting that wider spending was flat. Looking ahead, while monthly GDP readings suggest there had been some increase in momentum in the latter part of Q3, Q4 growth is expected to be soft.

Credit Update

- 8 Since the start of 2021, relatively benign credit conditions have led to credit default swap (CDS) prices for the larger UK banks to remain low and have steadily edged down throughout the year to almost pre-pandemic levels. The improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.
- 9 The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several financial institutions, revising them from negative to stable and even making a handful of upgrades.
- 10 Looking ahead, while there is still the chance of bank losses from bad loans as government and central bank support is removed, the institutions on the Council's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the Council's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.

Interest Rate Forecast

- 11 The Council's treasury advisors, Arlingclose, is forecasting that Bank Rate will continue to rise in calendar Q1 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates.
- 12 Investors continue to price in multiple rises in Bank Rate over the next forecast

horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced.

- 13 Yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.65%, 0.9%, and 1.15% respectively. The risks around the short and medium-term yields are initially to the upside but shifts lower later, while for long-term yields the risk is to the upside. As ever, there will almost certainly be short-term volatility due to economic and political uncertainty and events.
- 14 A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.

Local Context

- 15 At 31st March 2021 the Council's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) is £454.4million, while usable reserves and working capital which are the underlying resources available for investment were £388.8 million. This is set out in further detail at Appendix B. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.
- 16 As at 31st March 2021 the Council had £261.8 million of external borrowing, a £156.7 million lease liability (including PFI and the Waste liability) and £341.1 million 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.
- 17 The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2022/23.

Table 1: Balance Sheet Summary and Forecast

Balance Sheet Summary	2020/21 Actual £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
General Fund CFR	454.396	471.509	517.326	542.469	556.881
Less: Other debt liabilities	156.701	159.540	155.067	151.055	146.722
Loans CFR	297.694	311.969	362.259	391.414	410.159
Less: External borrowing	261.823	246.678	239.778	231.778	225.278
Internal (over) borrowing	35.871	65.291	122.481	159.636	184.881
Less: Balance Sheet Resources	388.803	354.200	347.300	341.300	335.300
(Investments) or New borrowing	(352.932)	(288.909)	(224.819)	(181.664)	(150.419)

* leases and PFI liabilities that form part of the Council's total debt

** shows only loans to which the Council is committed and excludes optional refinancing

Liability benchmark

- 18 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated and presented in the Capital Strategy, showing the lowest risk level of borrowing. This benchmark is currently -£42.2 million and is forecast to rise to £78.9 million over the next three years as the Council seeks to hold new capital borrowing requirements internally.

Borrowing Strategy

- 19 The total borrowing requirement at the end of 2021/22 is forecast to be £471.5 million (equivalent to the CFR). This is financed by historic external and a lease liability. 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 2021/22 £15.1 million maturing external debt was repaid with £6.9 million being forecast to be repaid in 2022/23.
- 20 The Councils chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Councils long-term plans change is a secondary objective.
- 21 The Councils borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely that in the event that the Council needed to borrow it would be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.
- 22 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.
- 23 The Council may borrow short-term loans (normally for up to three month) to cover unexpected cash flow shortages.

Sources of Borrowing and Portfolio Implications

- 24 The approved sources of long-term and short-term borrowing are:
- HM Treasury's Public Works Loan Board (PWLB) lending facility (PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans).
 - UK local authorities

- any institution approved for investments (see below)
 - any other bank or building society authorised to operate in the UK
 - any other UK public sector body
 - UK public and private sector pension funds (except Gloucestershire Pension Fund)
 - capital market bond investors
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues
- 25 Capital finance may also be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- leasing
 - hire purchase
 - Private Finance Initiative
 - sale and leaseback.
- 26 The Council has previously raised the majority of its long-term borrowing from the PWLB, but it continues to investigate other sources of finance, such as local Council loans, the UK Municipal Bonds Agency and bank loans, that may be available at more favourable rates. The UK Municipal Bonds Agency is a more complicated source of finance so any decision to borrow from this source will be the subject of a separate report to Audit and Governance Committee.
- 27 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 2022/23, however lenders are unlikely to exercise their options in the current low interest rate environment. The situation with these LOBOs will be kept under regular review and the Council will take the option to repay LOBO loans at no cost if it has the opportunity to do so. Previously a further £8.0 million of loans with Barclays were classified as LOBOs, however Barclays have now fixed the interest rates on these loans until maturity. These are now classified as fixed rate market loans.
- 28 Short-term and variable rate loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see Financial Derivatives section below).

Debt Rescheduling

- 29 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.

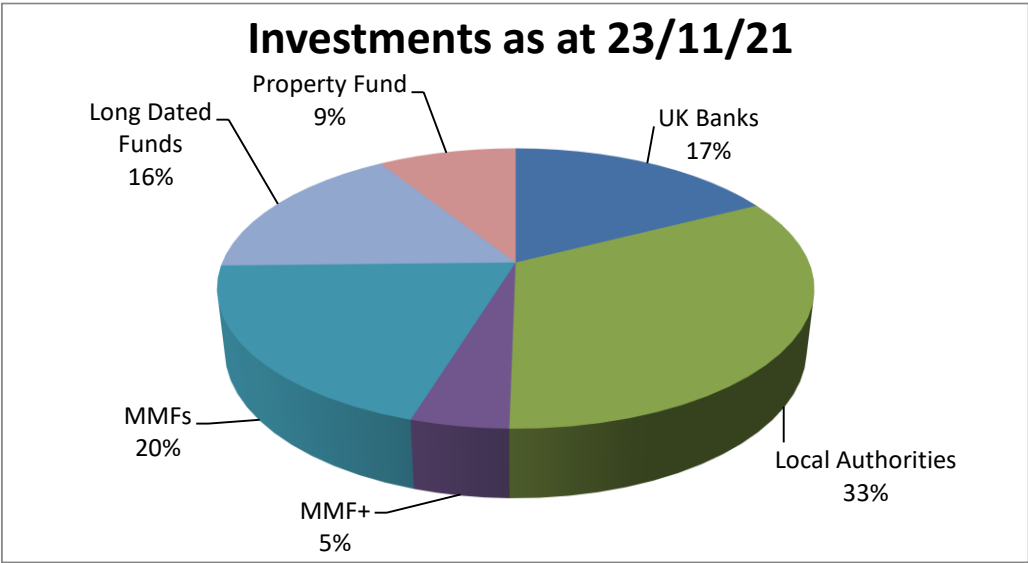
30 Borrowing and rescheduling activity will be reported to the Audit and Governance Committee in the Annual Treasury Management Report, the Mid Year Report and any other treasury management reports presented to Audit & Governance Committee.

Treasury Investment Strategy

31 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2021/22 the Council’s internal treasury investment balance has ranged between £304.5 million and £371.3 million. Balances are expected to start falling as internal borrowing starts to become a feature of future years.

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

33 Rates from traditional treasury investments in banks, building societies and with other local authorities have been at an all time low during 2021/22. To add value to the portfolio the Council has continued to diversify into more secure and / or higher yielding asset classes and this is expected to continue during 2022/23. This is especially the case for funds available for longer-term investment. The pie chart below shows how the Councils surplus cash is currently invested.



34 Under the IFRS 9 standard, the accounting for certain investments depends on the Council’s “business model” for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also

met, these investments will continue to be accounted for at amortised cost.

- 35 The Council money held in long dated funds and property funds (strategic pooled funds) is considered to be long term investments due to the fluctuations that occur in the underlying capital value of the deposits. The Council will hold these deposits for at least five years and will not mature these deposits unless the capital value is close to the original principal value deposited. All of the strategic pooled funds held provide regular dividend income to the Council.
- 36 The Council may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty), the time limits shown and the Responsible Investment Policy incorporated as part of the Treasury Management Policies.

Table 2: Approved Investment Counterparties

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£15m	Unlimited
Secured investments *	25 years	£30m	Unlimited
Banks (unsecured) *	13 months	£15m	Unlimited
Building societies (unsecured) *	13 months	£15m	£30m
Registered providers (unsecured) *	5 years	£15m	£30m
Money market funds *	n/a	£30m / fund	Unlimited
Strategic pooled funds	n/a	£30m / fund	£150m
Real estate investment trusts	n/a	£30m	£30m
Other investments *	5 years	£15m	£30m

* Minimum credit rating: Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-

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

- **Credit Rating:**

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

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £100,000 per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.

- **Government:**

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

Government may be made in unlimited amounts for up to 50 years.

- **Secured Investments:**

These investments are secured on the borrower's assets, which limits the potential losses in the event of insolvency. 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.

- **Banks and Building Societies 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.

- **Registered Providers (unsecured):**

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

- **Money market funds:**

Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

- **Strategic Pooled Funds:**

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. These accounts are treated as long term investments due to the variability of the capital value of the investment and will be held for a period of at least 5 years.

- **Real estate investment trusts:**

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

market to another investor.

- **Other investments:**

This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

- **Operational bank accounts:**

The Council may incur operational exposures, for example through current accounts, and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept to a minimum. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

- **Risk assessment and credit ratings:**

Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. 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,
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn 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.

Other information on the security of investments:

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

- 38 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, 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 or with other local authorities. This will cause a reduction in the level of investment income earned but will protect the principal sum invested.

Investment Limits

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

Table 3: Investment Limits

	Cash limit
Any group of pooled funds under the same management	£60m per manager
Negotiable instruments held in a broker's nominee account	£30m per broker
Foreign countries	£30m per country

Liquidity management:

- 40 The Council uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis 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.
- 41 The Council will spread its liquid cash over at least three providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

Treasury Management Indicators

- 42 The Council measures and manages its exposures to treasury management risks using the following indicators.
- 43 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each

investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit rating	A-

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

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

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

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% rise / fall in interest rates	£853,000

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

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

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

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

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

	2020/21 Actual £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Upper Limit for total principal sums invested over 364 days	132.700	200.000	200.000	200.000	200.000

The Council's Approach to Responsible Investment

- 50 Following the Motion agreed by Council in November 2019 the Council has developed and implemented a Responsible Investment Policy, which rules out new investments in pooled funds that invest in fossil fuel companies.
- 51 For future Treasury Management investment the Council will follow the approach below.
- i. For direct investments, the Council will seek to ensure that counterparties (excluding the UK Government and other UK Local Authorities) have no direct investment in Fossil Fuel companies prior to investing.
 - ii. For additional investments into Pooled Funds the Council will seek to ensure that any fund used does not have direct exposure to Fossil Fuel investments prior to investing.

Non Treasury Investment Strategy

- 52 The Council invests its money for three broad purposes:
- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
 - to support local public services by lending to or buying shares in other organisations (service investments), and
 - to earn investment income (known as commercial investments where this is the main purpose).
- 53 This section of the report is concerned with meeting the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories, service and commercial investments.

Service Investments: Loans

- 54 The Council can lend money to support local public services and stimulate local economic growth. The Council does not currently have any service investments.

Service Investments: Shares

- 55 The Council holds shares costing £1 in Ubico Ltd. The fair value of the council's interest in the company at 31st March 2022 is considered to be nil, since it is a wholly local authority owned not-for-profit 'Teckal' company. As a 'Teckal' company it is treated as if it were an in-house department and the shareholder councils are able to enter into service contracts with the company without undertaking an EU compliant procurement process.

Commercial Investments: Property

- 56 The Council has not invested in Commercial Property to date. Should the Council invest in property and in accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.
- 57 The Council will assess the risk of loss before entering into and whilst holding property investments by producing a comprehensive business plan and monitoring performance on an ongoing basis.

Loan Commitments and Financial Guarantees

- 58 Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness. The Council has guaranteed to cover the liabilities associated with the pensions of ex- employees following the transfers of council services to external bodies. These arrangements are monitored and assessed to ensure that any provision for possible liabilities are made and included within the Statement of Accounts.

Capacity, Skills and Culture

- 59 The Council provides training from our Treasury Management Advisors to members of the Audit and Governance Committee on an annual basis, to ensure that they are fully aware of the investments included in the Treasury Management Strategy and Investment Strategy. This training will also cover the requirements of the Capital Strategy and the non-Treasury Management investments. This ensures that members can take informed decisions on the investments being included in the strategies and have the opportunity to challenge their use to ensure that they fully understand the implications of the investment.
- 60 Where commercial deals are to be negotiated, Finance will be involved to ensure that the core principles of the prudential framework and of the regulatory regime within which local authorities operate is taken into account.

Investment Indicators

- 61 The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.
- 62 The first indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over third-party loans, if any. It assumes that balances for treasury investments reduce as reserves reduce.

63

Total investment exposure	2020/21 Actual £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Treasury management investments	352.9	288.9	224.8	179.7	146.4
Service investments: Loans	0.0	0.0	0.0	0.0	0.0
Commercial investments: Property	0.0	0.0	0.0	0.0	0.0
Total Exposure	352.9	288.9	224.8	179.7	146.4

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

Investments funded by borrowing	2020/21 Actual £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Treasury management investments	-35.9	-65.3	-122.5	-159.6	-184.9
Commercial investments: Property	0.0	0.0	0.0	0.0	0.0
Total Funded by Borrowing	-35.9	-65.3	-122.5	-159.6	-184.9

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

Investments net rate of return	2020/21 Actual %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %
Treasury management investments	1.53	1.43	1.40	1.40	1.40
Service investments: Loans	0.00	0.00	0.00	0.00	0.00

Other items

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

Financial Derivatives

- 67 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.

- 68 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.
- 69 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.
- 70 In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Markets in Financial Instruments Directive

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

2022/23 Minimum Revenue Provision Statement

- 72 Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to MHCLG (now DLUHC) Guidance most recently issued in 2018.
- 73 The broad aim of the Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
- 74 The Guidance requires the Council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates the options recommended in the Guidance.
- 75 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 since 2010. Opportunities are now limited for the repayment of debt early due to the low interest rate environment, meaning that high premiums would need to be paid should the Council wish to restructure or repay external debt early. Maturing debt will continue to be redeemed over the next few years, and where opportunities present to repay internal borrowing this will be by way of a voluntary revenue provision.

- 76 In order to ensure that the MRP charge remains prudent, the Council regularly reviews its Capital Financing Requirement. To reduce the amount of excess MRP set aside, the Council changed its policy for supported capital expenditure in 2015/16. The method used is similar to other local authorities and sets aside a fixed sum of MRP each year. For GCC the fixed sum is currently £6.2 million. This charge still allows for a prudent provision for the repayment of existing debt and ensures that Prudential Indicators are not breached.
- 77 The asset life of capital assets obtained through the capital programme will form the basis of calculating an annual MRP provision for any new borrowing requirement going forward. For any commercial related investments a business case review will be carried out and an appropriate provision for the repayment of any debt taken, set aside.
- 78 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. Where former operating leases have been brought onto the balance sheet on 1st April 2022, due to the adoption of the IFRS 16 Leases accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or discounts, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.
- 79 Capital expenditure incurred during 2022/23 will not be subject to a MRP charge until 2023/24.

Arlingclose's Economic and Interest Rate Forecast

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
3-month money market rate													
Upside risk	0.05	0.05	0.25	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.55	0.55	0.60	0.60	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65
Downside risk	0.00	-0.25	-0.25	-0.30	-0.30	-0.30	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35
5yr gilt yield													
Upside risk	0.00	0.35	0.45	0.55	0.55	0.55	0.55	0.55	0.55	0.50	0.50	0.45	0.45
Arlingclose Central Case	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.65	0.70	0.75	0.75
Downside risk	-0.10	-0.20	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40
10yr gilt yield													
Upside risk	0.10	0.25	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	0.80	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.90	0.90	0.95	0.95
Downside risk	-0.10	-0.25	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.40	-0.40	-0.40	-0.40
20yr gilt yield													
Upside risk	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	1.00	1.05	1.10	1.10	1.10	1.10	1.15	1.15	1.15	1.20	1.20	1.20	1.20
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45
50yr gilt yield													
Upside risk	0.25	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.70	0.75	0.80	0.85	0.90	0.95	1.00	1.05	1.05	1.10	1.10	1.15	1.15
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%

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

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

Underlying Assumptions:

- The global recovery from the pandemic has entered a more challenging phase. The resurgence in demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead. The advent of the Omicron variant of coronavirus is affecting activity and is also a reminder of the potential downside risks.
- Despite relatively buoyant activity survey data, official GDP data indicates that growth was weakening into Q4 2021. Other data, however, suggested continued momentum, particularly for November. Retail sales volumes rose 1.4%, PMIs increased, and the labour market continued to strengthen. The end of furlough did not appear to have had a significant impact on unemployment. Wage growth is elevated.
- The CPI inflation rate rose to 5.1% for November and will rise higher in the near term. While the transitory factors affecting inflation are expected to unwind over time, policymakers' concern is persistent medium term price pressure.
- These factors prompted the MPC to raise Bank Rate to 0.25% at the December meeting. Short term interest rate expectations remain elevated.

- The outlook, however, appears weaker. Household spending faces pressures from a combination of higher prices and tax rises. In the immediate term, the Omicron variant has already affected growth – Q4 and Q1 activity could be weak at best.
- Longer-term government bond yields remain relatively low despite the more hawkish signals from the BoE and the Federal Reserve. Investors are concerned that significant policy tightening in the near term will slow growth and prompt the need for looser policy later. Geo-political and coronavirus risks are also driving safe haven buying. The result is a much flatter yield curve, as short-term yields rise even as long-term yields fall.
- The rise in Bank Rate despite the Omicron variant signals that the MPC will act to bring inflation down whatever the environment. It has also made clear its intentions to tighten policy further. While the economic outlook will be challenging, the signals from policymakers suggest their preference is to tighten policy unless data indicates a more severe slowdown.

Forecast:

- The MPC will want to build on the strong message it delivered this month by tightening policy despite Omicron uncertainty.
- Arlingclose therefore expects Bank Rate to rise to 0.50% in Q1 2022, but then remain there. Risks to the forecast are initially weighted to the upside, but becoming more balanced over time. The Arlingclose central forecast remains below the market forward curve.
- Gilt yields will remain broadly flat from current levels. Yields have fallen sharply at the longer end of the yield curve, but expectations of a rise in Bank Rate have maintained short term gilt yields at higher levels.
- Easing expectations for Bank Rate over time could prompt the yield curve to steepen, as investors build in higher inflation expectations.
- The risks around the gilt yield forecasts vary. The risk for short and medium term yields is initially on the upside but shifts lower later. The risk for long-term yields is weighted to the upside.

EXISTING PORTFOLIO PROJECTED FORWARD

	Portfolio 23-Nov-21 Actual £m	Average Rate %	31-Mar-22 Estimate £m	31-Mar-23 Estimate £m	31-Mar-24 Estimate £m	31-Mar-25 Estimate £m
External Borrowing						
Fixed Rate – PWLB	213.773	4.70	205.628	198.728	190.728	184.228
Fixed Rate – Market	33.050	4.24	33.050	33.050	33.050	33.050
Variable Rate – PWLB	0.000	0.00	0.000	0.000	0.000	0.000
Variable Rate – Market	8.000	5.00	8.000	8.000	8.000	8.000
Total External Borrowings	254.823	4.65	246.678	239.778	231.778	225.278
Other long-term liabilities (PFI)	159.540		159.540	155.067	151.055	146.722
Total External Debt	414.363		406.217	394.845	382.832	372.000
Treasury Investments:						
<i>Managed in house</i>						
- Short term deposits and monies on call and Money Market Funds	215.280	0.43	186.937	128.626	89.571	59.786
- Long Term investments (over 12 months)	35.000	0.58	50.000	50.000	50.000	50.000
<i>Managed externally / Strategic Funds</i>	85.000	4.14	85.000	85.000	85.000	85.000
Total Investments	335.280	1.37	321.937	263.626	224.571	194.786
Net (Borrowing) / Investment Position	(79.083)		(84.280)	(131.219)	(158.261)	(177.214)

Annex 11

Gloucestershire County Council

Risk Management Policy Statement & Strategy



2022-2025

Risk Management Policy Statement

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

The Council seeks to adopt recognised best practice in the identification, evaluation and cost effective/proportionate control of risks and opportunities to ensure that they are managed effectively. 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 ensure improved services and demonstrate 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 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 at 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.

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

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Risk Management Governance Structure	Error! Bookmark not defined.

Our Risk Management Objectives

- To embed effective risk management processes which support informed decision-making which is vital to delivering successful services and transformational change.
- Setting the 'tone from the top' on the level of risk we are prepared to accept. Understanding our 'risk appetite' and acknowledging that how we 'think about risk' will be different depending on the context.
- 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 to ensure a clear understanding of the risks facing the Council and how we manage them.
- Supporting a culture of well-measured risk taking throughout the Council's business, including strategic, programme, partnership, project and operational risks. 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.
- Ensuring 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.
- Ensuring effective monitoring and management information; reporting on the key risks facing the Council; and
- Providing good practice tools to support the Council in the management of risks and opportunities.

What is the Council's Risk Appetite?

There are numerous definitions of organisational 'risk appetite', but in simple terms it is about how much of what sort of risk an organisation is willing to accept and tolerate.

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 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 encourage innovation, nor seek to exploit opportunities.

The Council's overall risk appetite is defined as "to be risk aware, not averse, and manage our risks".

A risk appetite framework has been developed and implemented to enable risk judgements to be more implicit, 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 must be considered by all levels of the business, from strategic decision making, to operational delivery.

How do we meet our objectives?

The Council's objectives are 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 - 2018). The application of the standards and principles within the Policy and Strategy is reviewed annually and amended accordingly to reflect key changes, with a major review being undertaken every three years;
- Establishing clear roles and responsibilities and reporting lines within the Council for risk management;
- Incorporating risk management into the council's decision making and strategic management processes;
- Incorporating risk management into service/business planning, option appraisals, programme and project management, partnerships and procurement processes;
- The provision of risk management training, advice, detailed guidance and support and providing opportunities for shared learning; and
- The provision of a risk governance framework to ensure the adequacy and effectiveness of the identification, assessment, control, monitoring and review arrangements in place to manage risk. The framework will ensure that risk management is dynamic and responsive to change.

Monitoring and Review of Risk Management Activities (minimum requirements)

- A quarterly review of the Strategic Risk Register by the Corporate Leadership Team.
- A quarterly review of service area risks, by service heads, reporting through InPhase.
- A quarterly review of programme/project/partnership risk registers, by project managers.
- A three-yearly review of the corporate Risk Management Policy Statement and Strategy, the SRMA.
- An annual report on risk management activity, by the SRMA, to AGC.
- An annual review and report on organisational governance, including risk management, which feeds into the Annual Governance Statement; and
- Regular review, by internal audit, of risk management effectiveness.

Accountabilities, Roles and Responsibilities

The key roles and responsibilities are outlined below:

Cabinet/Portfolio Holders

- 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 annual report on risk management activity; and
- Nominate a Lead Member to be responsible for the championing, scrutiny and oversight of risk management activities.

Scrutiny

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

Audit & Governance Committee (AGC)

- Endorse the Risk Management Policy Statement and Strategy;
- Provide independent assurance to the Council of the adequacy and effectiveness of the risk management arrangements and associated control environment;
- Receive an annual report on risk management activity; and
- Receive the Annual Governance Statement (AGS), and subsequent progress reports

Corporate Leadership Team (CLT)

- 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 Policy Statement & 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 ownership of risk registers, at strategic, service and project levels;
- 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 Lead Cabinet Members; and
- Nominate a risk champion to work alongside the Senior Risk Management Advisor (SRMA) and the Risk Management Group (RMG), 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 Policy Statement & 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 directorate 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 Policy Statement & Strategy;
- Communicate the risk management arrangements to staff;
- Liaise with their directorate 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/Service Head.

Staff/Other Stakeholders

- Maintain risk awareness, assessing and managing risks and opportunities effectively in their job and, report risks (including emerging risks) and opportunities to their manager.

Senior Risk Management Advisor & the Planning, Performance & Change service

- Lead on the development and manage the implementation of an integrated risk management framework, strategy and process on behalf of the Council;
- Undertake a full review of the council's corporate Risk Management Policy Statement and Strategy every three years and update accordingly, consulting with RMG, and presenting any revisions to CLT for approval and AGC for endorsement;
- Facilitate reviews of the extent to which risk culture is demonstrated through individual behaviour and operational activities.
- Uses a range of resources to analyse management information to support recommendations for improvements to risk management policies and procedures.
- Spread the ethos and promote the effectiveness of good risk management throughout the Council;
- Facilitate the review and update of the Strategic Risk Register (SRR), and regular integrated reporting of finance, performance and risk;
- Identify and address cross-cutting risks and risk management issues, through the RMG;
- Identifies the factors in the external environment that may affect the council.
- Support the development of the council's service, programme, project and strategic 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, as part of the RMG;
- Facilitate training in Risk Management and risk assessment techniques for staff and Members;
- 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 Management Group (RMG)

The group is accountable to CLT and reports to it at least once every six months through the Chair (the Director of Performance, Policy & Governance).

Members of the RMG include:

- ◆ Director of Policy, Performance & Governance
- ◆ Head of Planning, Performance & Improvement
- ◆ Senior Risk Management Advisor (SRMA)

- ◆ At least one representative from each directorate, as risk champion

- ◆ Special Advisors from the following areas:
 - Civil Protection (including Business Continuity)
 - Health & Safety
 - Information Management Services (IMS)
 - Insurance
 - Internal Audit

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 appropriate body i.e., 'top down – bottom up' approach;
- Support the development and implementation of the council's Risk Management Policy Statement 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 SRMA, as required;
- Promote and share best practice/lessons learned across the service areas;
- Promote innovation and identification of opportunities, within the Council's risk appetite 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;
- Regularly liaise with the SRMA, as appropriate, with regards to risk management generally; and
- Ensure that the Internal Audit activity is focused on the key risks facing the council.

Risk Management Governance Structure

