Nottinghamshire County Council

County Hall West Bridgford Nottingham NG2 7QP

SUMMONS TO COUNCIL

date Thursday, 28 February 2019 **commencing at 10:30**

venue County Hall, West Bridgford, Nottingham

You are hereby requested to attend the above Meeting to be held at the time/place and on the date mentioned above for the purpose of transacting the business on the Agenda as under.

Chief Executive

1	Minutes of the last meeting held on 13 December 2018	5 - 22
2	Apologies for Absence	
3	Declarations of Interests by Members and Officers:- (see note below) (a) Disclosable Pecuniary Interests (b) Private Interests (pecuniary and non-pecuniary)	
4	Chairman's Business a) Presentation of Awards/Certificates (if any)	

5 Annual Budget 2019-20 23 - 116

Adult Social Care Precept 2019/20

Council Tax Precept 2019/20

Medium Term Financial Strategy 2019/20 to 2022/23

Capital Programme 2019/20 to 2022/23

Capital Strategy 2019/20

NOTES:-

(A) For Councillors

(1) Members will be informed of the date and time of their Group meeting for Council by their Group Researcher.

(2) The Chairman has agreed that the Council will adjourn for lunch at their discretion.

(3) (a) Persons making a declaration of interest should have regard to the Code of Conduct and the Procedure Rules for Meetings of the Full Council. Those declaring must indicate whether their interest is a disclosable pecuniary interest or a private interest and the reasons for the declaration.

(b) Any member or officer who declares a disclosable pecuniary interest in an item must withdraw from the meeting during discussion and voting upon it, unless a dispensation has been granted. Members or officers requiring clarification on whether to make a declaration of interest are invited to contact the Monitoring Officer or Democratic Services prior to the meeting.

(c) Declarations of interest will be recorded and included in the minutes of this meeting and it is therefore important that clear details are given by members and others in turn, to enable Democratic Services to record accurate information.

(4) Members' attention is drawn to the questions put to the Leader of the Council and the Chairmen of the Children & Young People's Committee, and Communities and Place Committee under paragraphs 33, 40 and 41 of the Procedure Rules, and the answer to which is included at the back of the Council book.

(5) Members are reminded that these papers may be recycled. Appropriate containers are located in the respective secretariats.

(6) Commonly used points of order – Budget meetings

90b – The Member has spoken for more than 20 minutes (on budget item)

49 – The Member has spoken for more than 10 minutes (non-budget items)

51 – The Member is not speaking to the subject under discussion

54 – The Member has already spoken on the motion

59 – Points of Order and Personal Explanations

78 – Disorderly conduct

(7) Time limit of speeches – budget meetings

Motions (budget)
90b – no longer than 20 minutes (subject to any exceptions set out in the Constitution)

Motions (non-budget)
49 – no longer than 10 minutes (subject to any exceptions set out in the Constitution)

(B) For Members of the Public

(1) Members of the public wishing to inspect "Background Papers" referred to in the reports on the agenda or Schedule 12A of the Local Government Act should contact:

Customer Services Centre 0300 500 80 80.

(2) The papers enclosed with this agenda are available in large print if required. Copies can be requested by contacting the Customer Services Centre on 0300 500 80 80. Certain documents (for example appendices and plans to reports) may not be available electronically. Hard copies can be requested from the above contact.

(3) This agenda and its associated reports are available to view online via an online calendar –
http://www.nottinghamshire.gov.uk/dms/Meetings.aspx

Meeting	COUNTY COUNCIL
Date	Thursday, 13 December 2018 (10.30 am – 4.39 pm)

Membership
Persons absent are marked with 'A'

COUNCILLORS

Mrs Sue Saddington (Chairman)
Kevin Rostance (Vice-Chairman)

	Reg Adair	Eric Kerry
	Pauline Allan	John Knight
	Chris Barnfather	Bruce Laughton
	Joyce Bosnjak	John Longdon
	Ben Bradley	Rachel Madden
	Nicki Brooks	David Martin
	Andrew Brown	Diana Meale
	Richard Butler	John Ogle
	Steve Carr	Philip Owen
	John Clarke	Michael Payne
	Neil Clarke MBE	John Peck JP
	John Cottee	Sheila Place
	Jim Creamer	Liz Plant
	Mrs Kay Cutts MBE	Mike Pringle
	Samantha Deakin	Francis Purdue-Horan
	Maureen Dobson	Mike Quigley MBE
	Dr John Doddy	Alan Rhodes
	Boyd Elliott	Phil Rostance
	Sybil Fielding	Andy Sissons
	Kate Foale	Helen-Ann Smith
	Stephen Garner	Tracey Taylor
	Glynn Gilfoyle	Parry Tsimbiridis
	Keith Girling	Steve Vickers
	Kevin Greaves	Keith Walker
	John Handley	Stuart Wallace
	Tony Harper	Muriel Weisz
	Errol Henry JP	Andy Wetton
	Paul Henshaw	Gordon Wheeler
	Tom Hollis	Jonathan Wheeler
	Vaughan Hopewell	Yvonne Woodhead
	Richard Jackson	Martin Wright
A	Roger Jackson	Jason Zadrozny

HONORARY ALDERMEN

Terence Butler
John Carter

OFFICERS IN ATTENDANCE

Anthony May	(Chief Executive)
David Pearson CBE	(Adult Social Care and Health)
Jonathan Gribbin	(Adult Social Care and Health)
Paul Johnson	(Adult Social Care and Health)
Sara Allmond	(Chief Executives)
Carl Bilbey	(Chief Executives)
Angie Dilley	(Chief Executives)
Martin Gately	(Chief Executives)
David Hennigan	(Chief Executives)
Anna O'Daly-Kardasinska	(Chief Executives)
Marjorie Toward	(Chief Executives)
Rob Shirley	(Chief Executives)
Nigel Stevenson	(Chief Executives)
James Ward	(Chief Executives)
Colin Pettigrew	(Children, Families and Cultural Service)
Adrian Smith	(Place)

OPENING PRAYER

Upon the Council convening, prayers were led by the Chairman's Chaplain.

MINUTE SILENCE

A minute silence was held in memory of former County Councillors Clifford Grove and Arthur Woodward.

1. MINUTES

RESOLVED: 2018/042

That the minutes of the last meeting of the County Council held on 20 September 2018 be agreed as a true record and signed by the Chairman.

2. APOLOGIES FOR ABSENCE

The following apology was submitted:-

- Councillor Roger Jackson – medical / illness

3. DECLARATIONS OF INTEREST

None

4. CHAIRMAN'S BUSINESS

AGENDA ORDER – WITHDRAWAL OF ITEM 9

The Chairman advised Members that item 9 had been withdrawn from the agenda.

(a) FORMER COUNTY COUNCILLORS CLIFFORD GROVE AND ARTHUR WOODWARD

The Chairman and Councillors John Clarke, Creamer, Cutts, Elliott and Rhodes spoke in memory of former County Councillors Clifford Grove and Arthur Woodward.

(b) PRESENTATION AND AWARDS

Games of Remembrance – Award for Silver Sponsor

Councillor Mrs Kay Cutts MBE introduced the certificate which was presented to the County Council as a Silver Sponsor of the Games of Remembrance which had taken place in November attracting over 14,000 people across the two events. The Chairman received the certificate from Councillor Cutts.

CHAIRMAN'S BUSINESS SINCE THE LAST MEETING

The Chairman updated the Chamber on the business she had carried out on behalf of the Council since the last meeting.

DAVID PEARSON'S LAST MEETING

The Chairman and Councillors Steve Carr, Mrs Kay Cutts MBE, Tony Harper, David Martin, Alan Rhodes, Kevin Rostance, Phil Rostance, Andy Sissons, Stuart Wallace, Muriel Weisz and Jason Zadrozny spoke to thank David Pearson for his hard work and dedication during his time at the Council; as the Corporate Director, Adult Social Care and Health and wished him well in the future.

5. CONSTITUENCY ISSUES

The following Member spoke for up to three minutes on issues which specifically related to their division and were relevant to the services provided by the County Council.

Councillor Bruce Laughton – regarding government investment in the A614

Councillor Joyce Bosnjak – regarding overdevelopment and its impact on local infrastructure in her division

6. PRESENTATION OF PETITIONS

The following petitions were presented to the Chairman as indicated below:-

(1) Councillor John Handley regarding parking issues on Broad Lane, Brinsley

(2) Councillor Bruce Laughton, on behalf of Councillor Roger Jackson requesting part time traffic lights at the junction of the A6097 with Main Street, Gunthorpe

(3) Councillor Steve Carr regarding a request from residents of Peveril Road to help to tackle nuisance parking

(4) Councillor Reg Adair regarding concerns about road safety around Stanford Hall

(5) Councillor Reg Adair regarding a request for a residents' parking scheme on Distillery Street, Ruddington

(6) Councillor Maureen Dobson regarding the future of the Newark number 67 bus service

(7) Councillor Boyd Elliott regarding a crossing in Calverton

(8) Councillor Nicki Books regarding a request for a new light controlled pedestrian crossing between Mill Field Close and Maris Drive, Burton Joyce

(9) Councillor John Peck regarding the opposition of fracking (shale gas extraction) in Edwinstowe

(10) Councillor Michael Payne on behalf of Gedling members, regarding the opposition of proposals for a unitary authority for Nottinghamshire from the residents of Gedling

(11) Councillor Sheila Place regarding the opposition of the construction of a waste to energy power generator in Harworth

(12) Councillor Andy Wetton regarding a request for a speed reduction t0 30mph on Forest Road, Warsop

(13) Councillor Andy Wetton regarding a request for 'siding up' works to be undertaken on part of the footpath on Forest Road, Warsop

(14) Councillor Andy Wetton regarding a request for a zebra crossing outside Sherwood Street Junior School, Warsop

(15) Councillor Tracey Taylor regarding junction improvements and signage at Town Street crossroads, Lound

(16) Councillor Vaughan Hopewell regarding parking on The Close, Rainworth

(17) Councillor Joyce Bosnjak regarding a call to reverse the new charges for adult social care in Nottinghamshire

(18) Councillor Martin Wright regarding a request to permanently close a footpath between The Mount and Clipstone Drive, Forest Town

RESOLVED: 2018/043

That the petitions be referred to the appropriate Committees for consideration in accordance with the Procedure Rules, with a report being brought back to Council in due course.

7. MEMBERS AND OFFICERS OF GROUPS

Councillor Richard Butler introduced the report and moved a motion in terms of resolution 2018/044 below.

The motion was seconded by Councillor Stephen Garner

RESOLVED: 2018/044

1) That the membership of the political groups be noted

2) That in accordance with the Procedure Rules, the Officers of the Groups be noted.

8. TREASURY MANAGEMENT MID-YEAR REPORT 2018/19

Councillor Richard Jackson introduced the report and moved a motion in terms of resolution 2018/045 below.

The motion was seconded by Councillor John Ogle

RESOLVED: 2018/045

1) That the actions taken by the Section 151 Officer to date as set out in the report be approved.

2) That the new policy relating to Pension Fund cash balances invested in money market funds be approved.

10. QUESTIONS

(a) QUESTIONS TO NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AUTHORITY

No questions were received

(b) QUESTIONS TO COMMITTEE CHAIRMAN

Six questions had been received as follows:-

1) from Councillor Jason Zadrozny concerning a 'Spice Summit' (Councillor Stuart Wallace replied)

2) from Councillor Liz Plant regarding establishing a Corporate Parenting Board (Councillor Philip Owen replied)

Council adjourned from 12.40pm to 1.46pm for lunch.

3) The question was withdrawn by Councillor Tom Hollis

   Question 4 and 5 were taken together

4) from Councillor Muriel Weisz concerning individual contributions to the cost of care (Councillor Stuart Wallace replied)

5) from Councillor David Martin regarding support for those effected by the changes to the individual contributions to the cost of care (Councillor Stuart Wallace replied)

As far as question five was concerned, following receipt of the answer from Councillor Stuart Wallace, Councillor David Martin moved:-

"That an adjournment debate take place on this question."

This was seconded by Councillor Muriel Weisz.

The full responses to the questions above are set out in set out in Appendix A to these minutes.

A motion to suspend standing order 33 to extend questions by a maximum of 45 minutes was moved by Councillor Steve Carr and seconded by Councillor Michael Payne. The Chairman put the motion to the meeting and after a show of hands the Chairman declared it was lost.

The requisite number of Members requested a recorded vote and it was ascertained that the following 31 members voted **'For'** the motion:-

Joyce Bosnjak
Nicki Brooks
Steve Carr
John Clarke
Jim Creamer
Samantha Deakin
Maureen Dobson
Sybil Fielding
Kate Foale
Glynn Gilfoyle
Kevin Greaves
Errol Henry JP
Paul Henshaw
Tom Hollis
Vaughan Hopewell
John Knight
Rachel Madden
David Martin
Diana Meale
Michael Payne
John Peck JP
Sheila Place
Liz Plant
Mike Pringle
Alan Rhodes
Helen-Ann Smith
Parry Tsimbiridis
Muriel Weisz
Andy Wetton
Yvonne Woodhead
Jason Zadzonzy

The following 33 Members voted **'Against´** the motion:-

Reg Adair
Chris Barnfather
Ben Bradley
Andrew Brown
Richard Butler
Neil Clarke MBE
John Cottee
Mrs Kay Cutts MBE
Dr John Doddy
Boyd Elliott
Stephen Garner
Keith Girling
John Handley
Tony Harper
Richard Jackson
Eric Kerry
Bruce Laughton
John Longdon
John Ogle
Philip Owen
Francis Purdue-Horan
Mike Quigley MBE
Kevin Rostance
Phil Rostance
Mrs Sue Saddington
Andy Sissons
Tracey Taylor
Steve Vickers
Keith Walker
Stuart Wallace
Gordon Wheeler
Jonathan Wheeler
Martin Wright

The Chairman declared that the motion was lost.

The time limit of 60 minutes allowed for questions was reached before the following questions were asked. A written response to the questions would be provided to the Councillors who asked the questions within 15 working days of the meeting and be included in the papers for the next Full Council meeting.

6) from Councillor Jim Creamer about projects and schemes which received EU funding (Councillor Mrs Kay Cutts MBE to reply)

7) from Councillor Helen-Ann Smith concerning the cost of cleaning up after travellers (Councillor John Cottee to reply)

8) from Councillor Errol Henry regarding SEND funding (Councillor Philip Owen to reply)

9) from Councillor Jason Zadrozny about the electrification of the Midland Mainline (Councillors Mrs Kay Cutts MBE to reply)

11. NOTICE OF MOTIONS

A Motion as set out below was moved by Councillor Jason Zadrozny and seconded by Councillor Tom Hollis:-

“This Council notes that according to our constitution… “Nottinghamshire County Council is committed to the principles of openness and accountability and encourages the public to attend meetings and take an active interest in how the Council works.”

This Council further notes that as guardians of public money, Nottinghamshire County Council is committed to the fundamental principles of openness and transparency. This is the greatest strength of local government, working with and for the people we represent to strive for the very best services and the most effective use of public money.

This Council therefore requests that the Monitoring Officer conduct a review of:

1) Any meetings including Council Members relating to Council functions and decision-making which are held in private.

2) Whether working groups of this County Council should be held in public.

3) To look into whether meetings should be streamed live on the Council’s website and Facebook page to ensure maximum transparency and coverage.

The review will be reported back to Governance and Ethics Committee to form an action plan ensuring the maximum amount of business is held in public and that meetings are scheduled at times which enable the widest possible access to elected councillors.”

An amendment to the Motion as set out below was moved by Councillor Chris Barnfather and seconded by Councillor Keith Girling:-

“This Council

- notes that according to our constitution… “Nottinghamshire County Council is committed to the principles of openness and accountability and encourages the public to attend meetings and take an active interest in how the Council works~~.~~”;

- **recognises that these principles were central to the decision of the Conservative administration to re-introduce a full committee system in place of the Leader/Cabinet model of governance from May 2012, and that the Labour administration maintained this system throughout their period of office 2012-2017;**

- **notes that only two borough/district councils in Nottinghamshire operate a committee system, namely Conservative-controlled Broxtowe Borough Council and Newark & Sherwood District Council, and would encourage other councils including Ashfield District Council to do the same;**

- ~~This Council further notes that~~ as **a** guardian~~s~~ of public money~~, Nottinghamshire County Council~~ is committed to the fundamental principles of openness and transparency~~. This is~~ **as** the greatest strength of local government, working with and for the people we represent to strive for the very best services and the most effective use of public money.

This Council therefore requests that the Monitoring Officer conduct a review of:

1) Any meetings including Council Members relating to Council functions and decision-making which are held in private.

2) Whether working groups of this County Council should be held in public.

3) ~~To look into w~~**W**hether meetings should be streamed live on the Council's website and Facebook page to ensure maximum transparency and coverage.

The review will be reported back to Governance and Ethics Committee to **decide**~~form~~ **if** an**y** action~~ plan~~ **is necessary to** ensur**e**~~ing~~ the maximum amount of business is held in public and that meetings are scheduled at times which enable the widest possible access to elected councillors."

Councillor Jason Zadrozny did not accept the amendment.

Following a debate, the amendment was put to the meeting and after a show of hands the Chairman declared it was carried.

Following a further debate, the Motion as amended was put to the meeting and after a show of hands the Chairman declared it was carried and it was:-

RESOLVED: 2018/046

This Council

- notes that according to our constitution… "Nottinghamshire County Council is committed to the principles of openness and accountability and encourages the public to attend meetings and take an active interest in how the Council works";

- recognises that these principles were central to the decision of the Conservative administration to re-introduce a full committee system in place of the Leader/Cabinet model of governance from May 2012, and that the Labour administration maintained this system throughout their period of office 2012-2017;

- notes that only two borough/district councils in Nottinghamshire operate a committee system, namely Conservative-controlled Broxtowe Borough Council and Newark & Sherwood District Council, and would encourage other councils including Ashfield District Council to do the same;

- as a guardian of public money is committed to the fundamental principles of openness and transparency as the greatest strength of local government, working with and for the people we represent to strive for the very best services and the most effective use of public money.

This Council therefore requests that the Monitoring Officer conduct a review of:

1) Any meetings including Council Members relating to Council functions and decision-making which are held in private.
2) Whether working groups of this County Council should be held in public.
3) Whether meetings should be streamed live on the Council's website and Facebook page to ensure maximum transparency and coverage.

The review will be reported back to Governance and Ethics Committee to decide if any action is necessary to ensure the maximum amount of business is held in public and that meetings are scheduled at times which enable the widest possible access to elected councillors.

12. ADJOURNMENT DEBATE

Following the motion by Councillor David Martin that an adjournment debate take place on question six, which was duly seconded, the motion was debated.

In accordance with the Constitution, no vote was taken.

The Chairman declared the meeting closed at 4.39 pm.

CHAIRMAN

APPENDIX A

COUNTY COUNCIL MEETING HELD ON 13TH DECEMBER 2018
QUESTIONS TO COMMITTEE CHAIRMEN

Question to the Chairman of the Adult Social Care & Public Health Committee from Councillor Jason Zadrozny

At a Full Council Meeting on 12th July, I asked you about whether there was a multi-agency, County-wide approach to deal with the problems caused by synthetic cannabinoid substances like Spice and Black Mamba.

I called for a 'Spice Summit' involving the County Council, the seven Districts, Nottingham City Council, the Police and NHS. You said at the meeting that you were happy to arrange this. I reminded you at the last Full Council Meeting on 20th September and have subsequently emailed you.

The use of these cannabinoid substances remains a huge problem – especially affecting our Town Centres.

Has any progress had been made to get this organised?

Response from Councillor Stuart Wallace, Chairman of the Adult Social Care & Public Health Committee

I certainly can recall you mentioning a "Spice Summit" even though it is not in the minutes of the meeting, though I do not specifically recall agreeing to arrange one. I think I did agree with your broader point - along the same lines - that all agencies must continue to work together to tackle this issue, and indeed we have, which includes me having discussions with the Police and Crime Commissioner to see whether or not a summit, for want of a better word, could be arranged.

Since July, work has been co-ordinated through the Safer Nottinghamshire Board to encourage and engage districts councils, Nottinghamshire Police, Public Health and the NHS.

A countywide event was hosted by Mansfield District Council on 4 October to showcase work being undertaken across districts in supporting these vulnerable adults, many of whom are homeless, have poor mental health and are using New Psychoactive Substances (NPS) as a consequence.

The Police and Crime Commissioner continues to fund the assertive outreach workers in Ashfield, Mansfield and Bassetlaw through the allocation to the Community Safety Partnerships, who are engaging with these vulnerable adults within town centres. Efforts continue to be focused on those districts where NPS use is most visible, where several stakeholders have commended the arrangements to support these vulnerable adults to access the full range of services they require.

Building on the success of this assertive outreach work, efforts are underway with key stakeholders across Nottinghamshire to submit a bid to the Ministry of Housing, Communities and Local Government Rough Sleeping Initiative Fund, to provide a multi-agency response for people who are rough sleeping or at risk of homelessness, including people who are intoxicated with NPS in public places. This initiative is part of the Government's manifesto ambition to halve rough sleeping by 2022 and end it by 2027. The bid will be designed to be flexible and responsive to individual district needs. It has the support from the Chief Executives of the District Councils and County Council, and the direct involvement of officers from the public health and community safety teams.

When we debated your motion on this subject in September I stated then, and I will reiterate, that the threat posed by New Pyschoactive Substances has to be seen in context, given the relatively small number of incidents compared with the prevalence of alcohol abuse or illnesses caused by tobacco, which really do outstrip and cause problems throughout all of our districts. However, Members should be left in no doubt that efforts to tackle the problems caused by synthetic cannaboid substances are ongoing, and are proportional to the scale of the problem.

The motion agreed in September stated that the Leaders of all Groups on the County Council would write a joint letter to Nottinghamshire MPs asking them to lobby the Home Secretary to consider all of the evidence for reclassifying drugs like Black Mamba and Spice to Class A. We duly did that, and the responses received to those letters so far have been circulated to Group Leaders, including yourself.

Indeed, one of the respondents, Councillor Ben Bradley, County Councillor for Hucknall North and Member of Parliament for Mansfield, personally met the Home Secretary to discuss policing issues, and repeated his own call for reclassification of these NPS drugs. I understand that on 6 November, the Minister recommended that the Advisory Council on the misuse of drugs should assess if Spice should be involved in a different class. We are still awaiting the results of that.

It was agreed in September that the Adult Social Care and Public Health Committee would receive regular reports on the numbers of referrals where NPS are identified, which would allow the reporting of further examples of the problems being caused by the misuse of these drugs across our County for users, residents and traders, and to discuss any further actions they require.

Question to the Chairman of Children and Young People's Committee from Councillor Liz Plant

Ofsted have identified an 'ambitious corporate parenting board' as a key building block for good outcomes for children in care. Does the Chairman agree with me that it was a mistake to remove the corporate parenting sub-committee and that it is time to reinstate it so we can focus effectively on the needs of our looked after children and ensure their voice is clearly heard?

Response from the Chairman of Children and Young People's Committee, Councillor Philip Owen

The concept and practice of 'Corporate Parenting' is vital. The term 'Corporate Parent' describes the collective responsibility of the council, elected members, employees, and partner agencies to provide the best possible care and safeguarding for children who are looked after by a local authority. Every member and employee of the council has the statutory responsibility to act for that child in the same way that a good parent would act for their own child.

As Chairman of the Children and Young People's Committee previously between 2009-13, and again now, I have regarded my own duty as a Corporate Parent with the utmost seriousness, and I expect the same of every other Member, Officer and partner agency. I have never for a second questioned Nottinghamshire County Council's responsibility and duty to be an excellent Corporate Parent to the children we look after, whose wellbeing depends on our diligence and support.

I did question, however, whether a Corporate Parenting Board or Panel as a sub-committee of the full Children and Young People's Committee represented the best way to carry out this duty. Yes, the words 'Corporate Parenting' are included in the title, but this doesn't guarantee that the action is being carried out as well as it could be. As a sub-committee it was by definition subservient to the full committee and therefore risked being seen as of less importance than those matters discussed at Children and Young People's Committee.

In my experience taking part in Corporate Parenting Panel meetings in the past, they were poorly attended and Members were often deluged with background paperwork that actually left you feeling a million miles away from the young people whose experiences and needs you were there to discuss.

Between 2013 and 2017 Councillor Peck was in the role of Chairman of the Children and Young People's Committee, and yet I do not recall him, although he may correct me, I do not recall him attending any meetings of the Corporate Parenting Panel in that time. In my opinion, this does not reflect a dereliction of his duty as a Corporate Parent, but rather, an implicit recognition in practice that the Panel, despite its title, was not actually critical or central to performing the duty to which it aspired.

So, under my leadership and direction, the duty of being a Corporate Parent and keeping in close touch with our children in care has been incorporated into the main Children & Young People's Committee, where not just I, but all Members of the committee 'own' this duty and responsibility. Councillor Plant will recall that when we endorsed the Looked After Children and Care Leavers Strategy 2018, not only did it come to the Full Committee, but I invited the Children in Care Council Chairman, Darren, not only into the Chamber to present the strategy but also to join me in signing the foreword. You'll further recall that we, as a full committee, were able to thank him personally and extend our best wishes as he left Nottinghamshire to take up his degree in Lincoln.

We have our Children in Care Council, attended as its name suggests by children in care, but also by my Vice Chairman, Councillor Tracey Taylor; with the Corporate Director for Children and Young People's Services; the Service Director for Education, Leaning and Skills; and the Service Director for Youth Families and Social Work. It is also supported by Terry Galloway, who based on his own experiences as a care leaver is a campaigner and advocate for children in care. He led such initiatives as the campaign for council tax exemption for care leavers, which Nottinghamshire County Council adopted and promoted as policy and which has been agreed by our local district councils. We are the first top tier local authority in England to achieve this in such a way.

With this high level involvement, the Children in Care Council encourages our young people to be directly engaged in shaping and feeding back on the services they receive. The Young People Looked After team helps children who want to take part by supporting them with these meetings and encouraging their direct involvement or input into different projects including:-

- inspecting residential homes;
- helping to organise and deliver events for fostered young people;
- training foster carers; and
- interviewing social workers and managers.

The Children in Care Council has a number of groups: 'Juniors' for ages 8 to 12; 'Seniors' for ages 13 to 18; and 'Care Leavers' for ages 16 to 21, or 25 if they have a disability or are in full time education or training. These all feed into the main Children in Care Council, the outcomes of which can in turn be fed back to the Children & Young People's Committee as appropriate.

We have a Care Leaver's Board, which works on shaping the packages for care leavers, again with involvement from Terry Galloway and the Service Directors I mentioned previously.

We are also building apprenticeship opportunities for care leavers, indeed we expect to have some of our care leaver apprentices at next January's Children & Young People's Committee meeting. Today we welcome Year 7 Looked After Children (LAC) to County Hall as part of their work experience, in a way that any good parent would wish to introduce their children to the world of work. In the New Year, I and other elected members and officers will take part in The Children's Commissioner for England's LAC "Takeover Day", when our children will shadow members and senior officers for the day.

Reports on the County Council's duties and performance with regard to foster carers are also now included on the main Children and Young People's Committee agenda, with Foster Carer Liaison Action Group meetings carefully scheduled to ensure that their representative on the main committee can feed back any issues foster carers wish to raise.

In my view, these practical initiatives, involving more direct contact between the young people receiving our services and the Members and Officers responsible for delivering them, allow the Council to carry out its duties as a Corporate Parent in a more meaningful way. Certainly more meaningful than a group of Officers and Members attending - or in some cases not attending - meetings where their knowledge of the experiences of the children for whom they are Corporate Parents comes from a large bundle of papers akin to a small encyclopaedia, and often much less intelligible.

We have turned Corporate Parenting from being an abstract, theoretical exercise into a hands-on practical exercise. The voices and needs of Looked After Children are clearly heard, and acted upon. Our children in care are now far less remote from contact with Children and Young People's leadership including the most senior officers and elected Members.

However we are coming up to Christmas and so I am in "listening mode" and it is apparent that Councillor Plant and perhaps some other members of the Children and Young People's Committees' do not understand this new and improved way of working, so I have therefore asked the Corporate Director for Children's Services to bring a paper and presentation to the January meeting of our committee, outlining the roles and responsibilities of Corporate Parenting and how we exercise these in Nottinghamshire. I would expect that our children and young people will not only shape that report and presentation but be part of the full committee.

THE FOLLOWING TWO QUESTIONS WERE TAKEN TOGETHER

Question to the Chairman of the Adult Social Care and Public Health Committee from Councillor Muriel Weisz

Following the media coverage of the devastating impact the decision to change the way the council calculates individual contributions to the costs of care has had on Nottinghamshire's most vulnerable residents, will the Chair reverse this decision?

Question to the Chairman of the Adult Social Care and Public Health Committee from Councillor David Martin

According to a recent statement issued by this Council about the new charges they will be implementing for users of adult social care:

"Nottinghamshire County Council has always been clear that anyone who needed support to understand and adapt to these changes would be able to talk to a Financial Assessment Officer from the Council's Adult Care Financial Services Team, who would help them to ensure that they are maximising the benefits for which they are eligible."

Could you tell me how many of the 862 disabled people or their families who are set to be affected by changes in how they pay for their care have sought advice from a Financial Assessment Officer employed at this Council?

Response from Councillor Stuart Wallace, Chairman of the Adult Social Care and Public Health Committee

Chairman, you might not expect me to welcome two questions together, but actually I do, because it enables me to correct the misrepresentation of some of my comments in recent weeks.

On 17 October, Nottinghamshire County Council's Policy Committee agreed changes to the way the authority calculates individual contributions towards the cost of care and support. This decision followed a consultation which started in late summer with service users; relatives, carers, friends of service users and the wider public. Service users were individually contacted by mail.

The revised contribution policy brings Nottinghamshire into line with many other local authorities, and also with the Department of Health and Social Care's guidance to councils on the benefits they can take into account when determining the amount people are asked to contribute to their care costs. The authorities which already follow this guidance are Lincolnshire, Northamptonshire, Leicestershire, Sheffield City Council, Wolverhampton, Manchester City, Kent, Warwickshire, Cornwall, Oxfordshire and Leicester City to name but a few. A number of others are thinking of following the same route.

As a personal point, I have never described the policy, anywhere, as a mistake. It was a necessary decision to ensure the fair distribution of funding support across all Nottinghamshire residents all of whom rely on our services. That position I do not move from.

Nottinghamshire County Council, like other councils with social care responsibilities, faces significant challenges in meeting increased demand for its care services, whilst absorbing significant reductions in the amount of funding we receive. Examples of those pressures that we will come under this coming year include:-

- Younger adults with disabilities are living longer with our support, which of course is good news and I congratulate everybody in that sort of care for managing to achieve it, but does increase the amount of money that we as a County need to invest in their care;
- Each year we see an increase of 4.5% in the number older people over the age of 85 living with long-term conditions and disabilities;
- We are supporting more people overall than ever before, whether they are in their own homes, in supported living or in care homes. Research published today stated that millions of elderly people risk going without care because of the demand councils are facing, as they struggle to meet that demand; and
- Next year there will be a further rise in costs, including £7.5 million for the National Living Wage, £3 million to support an increase in the number disabled adults under 65 and just over £1 million for older people.

All of these factors contribute to the Council's forecast budget shortfall of £64 million, as reported to Policy Committee last month, so irrespective of how we feel in our hearts, difficult decisions have to be made. And in this case, our decision is only to fall into line with what other councils are already doing, and with guidelines issued by the Government.

However Chairman, concerns have been expressed about the speed of implementation of the policy, which I feel are justified, and for that I have apologised. The wording of the letters sent out to service users in early November gave insufficient warning of when the revised contribution calculations would commence.

I think this was a mistake, and I apologise to any service users or carer who were unduly distressed by the suddenness of this notification.

In response to this problem, and with additional short-term flexibility provided by the Government's recent announcement of £9.5 million of additional one-off funding for the Council, we agreed at Adult Social Care and Public Health Committee on Monday a revised timescale for the implementation of the contributions policy, to give service users, their carers, their supporters more time to fully discuss their circumstances with the Council and to adjust to the changes.

Consequently, no-one will be expected to contribute more as a result of these changes until April 2019 at the earliest, after which the changes in contribution will be phased in gradually, so that full implementation will not be until November 2019. Our modelling shows that 42% of people will still not need to contribute to their care costs after these changes.

Nottinghamshire County Council has always been clear that anyone who needed support to understand or adapt to these changes will be able to talk to a Financial Assessment Officer from the Council's Adult Care Financial Services Team, who will help them to ensure that they are maximising the benefits for which they are eligible.

It is interesting to note that the Government last week released the facts that over £30 billion per year of benefits remain unclaimed.

Councillor Martin's question states that 862 people are affected, but this is the number who will begin to contribute because of the changes. There are a further 1,953 people who will make an additional contribution.

Up to the end of last week, Adult Care Financial Services had received 1,598 contacts from service users or their carers. Many of these simply involved clarification and information, with no additional advice required beyond the call. The circumstances of 445 people have been followed up with a review of their income and expenditure.

So, the professional support from the Council is there, and more time is now available to access that support. We will continue to work sensitively with people affected and their carers to review their needs and make adjustments to their contributions where necessary. We will provide support to ensure that they are receiving the correct benefits and that their income and expenditure means that they can afford their care costs.

Nottinghamshire County Council

Report to County Council

28 February 2019

Agenda Item: 5

REPORT OF THE CHAIRMAN OF THE FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE

ANNUAL BUDGET 2019/20
ADULT SOCIAL CARE PRECEPT 2019/20
COUNCIL TAX 2019/20
MEDIUM TERM FINANCIAL STRATEGY 2019/20 to 2022/23
CAPITAL PROGRAMME 2019/20 to 2022/23
CAPITAL STRATEGY 2019/20

Purpose of the Report

1. This report is seeking approval for the following:

- Annual budget for 2019/20.
- Amount of Adult Social Care Precept to be levied for 2019/20 to part fund increasing adult social care costs.
- Finance and Major Contracts Management Committee be authorised to make allocations from the General Contingency for 2019/20.
- Amount of Council Tax to be levied for County Council purposes for 2019/20 and the arrangements for collecting this from district and borough councils.
- Medium Term Financial Strategy for 2019/20 to 2022/23.
- Capital Programme for 2019/20 to 2022/23.
- Minimum Revenue Provision policy for 2019/20.
- Borrowing limits that the Council is required to set by Statute and that the Service Director (Finance, Infrastructure and Improvement) be authorised to raise loans within these limits in 2019/20.
- The Capital Strategy including the 2019/20 Prudential Indicators and Treasury Management Strategy.
- Treasury Management Policy for 2019/20.

Information

2. The County Council budget for 2019/20 has been prepared in the context of on-going funding reductions from Government. Local authorities continue to

face falling Government grants whilst experiencing increased demand for services as well as other cost pressures from inflation and new legislation.

3. A budget update report was submitted to Policy Committee on 14 November 2018 which set out the financial landscape within which the Council is operating and noted the anticipated budget shortfall of £63.9m over the three years to 2021/22.

4. Since November, the Council has carried out a full review of the budget pressures and underlying assumptions within the Medium Term Financial Strategy (MTFS). The Council has also received information on the level of funding it can expect in 2019/20. On 11 February 2019, a report to the Finance and Major Contracts Management Committee set out the forecast position and recommended that the level of Council Tax be increased by 2.99% and that an Adult Social Care Precept of 1.00% be implemented in 2019/20. This recommendation is incorporated within this report.

5. This report also seeks approval for the statutory borrowing limits that the Council is required to set in addition to its Treasury Management Strategy and Policy for 2019/20.

Nottinghamshire Residents Survey

6. As in previous years the 2018 Nottinghamshire Annual Residents' Satisfaction Survey was carried out using face to face interviews with residents who are representative of the Nottinghamshire population. The findings of the survey were reported to Policy Committee in February 2019.

Annual Budget 2019/20

7. The report to Policy Committee on 14 November 2018 outlined the financial position in which the Council is operating, the associated budget shortfall and the Council's strategic response to meeting the budget challenge. The report to Finance and Major Contracts Management Committee on 11 February 2019 provided a further update.

8. The final Local Government Settlement was announced on 30th January 2019. The final settlement remains broadly unchanged from allocations published at the time of the provisional settlement in December 2018.

9. This report brings together the Council's confirmed funding position. The total revenue budget for 2019/20 is £487.4m. A summary is shown in Table 1 with a more detailed breakdown shown in Appendix A.

Table 1 - Proposed County Council Budget 2019/20

Committee Analysis	Net Budget 2018/19 £m	Pressures £m	Savings £m	Pay, NI & Pensions increase £m	Budget Changes £m	Net Budget 2019/20 £m
Children & Young People	117.441	7.072	(0.547)	1.184	1.440	126.590
Adult Social Care & Public Health	204.427	18.105	(12.793)	1.366	(7.362)	203.743
Communities & Place	119.287	1.515	(0.690)	0.323	0.678	121.113
Policy	32.688	0.115	(0.568)	0.372	(0.048)	32.559
Finance & Major Contracts Mgt	2.902	-	(0.106)	0.109	(0.320)	2.585
Governance & Ethics	7.170	-	(0.014)	0.092	0.058	7.306
Personnel	15.304	-	(0.529)	0.526	(0.509)	14.792
Net Committee Requirements	**499.219**	**26.807**	**(15.247)**	**3.972**	**(6.063)**	**508.688**
Corporate Budgets	(3.288)	-	-	-	(12.374)	(15.662)
Use of Reserves	(14.701)	-	-	-	9.103	(5.598)
Budget Requirement	**481.230**	**26.807**	**(15.247)**	**3.972**	**(9.334)**	**487.428**

10. Table 1 shows the changes between the original net budget for 2018/19 and the proposed budget for 2019/20, including budget pressures, savings, pay inflation and other budget changes which include permanent contingency transfers approved in 2018/19 and transfers between Committees.

Corporate Budgets and Reserves

11. There are a number of centrally-held budgets that are not reported to a specific committee. They are detailed below with the budget analysis shown in Table 2:

- **Flood Defence Levy:** The Environment Agency issues an annual local levy based on the Band D equivalent houses within each Flood and Coastal Committee area. This helps to fund local flood defence priority works.
- **Pension Enhancements:** The cost of additional years' service awards, approved in previous years. This practice is no longer permitted following changes to the pension rules.
- **Contingency:** This is provided to cover redundancy costs, impact of the pay award, delays in efficiency savings, changes in legislation and other eventualities. Finance and Major Contracts Management Committee or the Section 151 Officer are required to approve the release of contingency funds.

- **Capital Charges (depreciation):** This represents the notional costs of using the Council's fixed assets. As such, budget provision is made within the service accounts and adjustments here relate to corresponding movements in the service accounts. However, statute requires that this amount is not a cost to the Council Tax payer, hence this is reversed out within corporate budgets and replaced with the actual cost that impacts on the Council's revenue budget, being the costs of borrowing, i.e. interest, and the Minimum Revenue Provision (MRP).
- **Interest and borrowing:** The level of borrowing undertaken by the Council is heavily influenced by the capital programme. Slippage can result in reduced borrowing in the year although this will be incurred at a later date. Interest payment budgets are based on an estimated interest rate which can fluctuate depending on the market rates that exist at the time. The level of borrowing will also increase as the Council's level of reserves declines because the ability to borrow internally reduces.
- **Trading Organisations:** This sum is required to cover the difference between the basic employer's pension contributions used in the trading accounts and the amounts actually charged, as required by the actuarial valuation.
- **Minimum Revenue Provision:** Local Authorities are required by law to make provision through their revenue account for the repayment of long term external borrowing and credit arrangements. This provision is made in the form of the Minimum Revenue Provision (MRP). The MRP policy can be seen in Appendix C.
- **Revenue Grants:** The New Homes Bonus, Business Rate Levy account and the Adult and Children's Social Care Support Grant are held centrally and are not ring-fenced. The additional winter pressures grant has been added to the Better Care Fund, as per regulation.
- **Use of Reserves:** This represents the Council's use of balance sheet reserves. This budget report is proposing to utilise £19.2m of reserves over the medium term with £5.6m being used to deliver a balanced budget in 2019/20. Further detail is provided in Appendix B.

Table 2 - Proposed Budget 2019/20
Corporate Budgets and Reserves

	Net Budget 2018/19 £m	Budget Changes £m	Net Budget 2019/20 £m
Flood Defence Levy	0.285	0.003	0.288
Pension Enhancements (Centralised)	2.100	-	2.100
Contingency	5.500	(0.850)	4.650
Pressures & Inflation Account	4.100	(4.100)	-
Capital Charges (Depreciation)	(40.055)	(2.804)	(42.859)
Interest & Borrowing	19.477	(0.838)	18.639
Trading Organisations	1.250	-	1.250
Minimum Revenue Provision (MRP)	8.300	1.366	9.666
New Homes Bonus Grant	(2.041)	0.313	(1.728)
Business Rates Levy Account	-	(1.643)	(1.643)
Adult Social Care Support Grant	(2.204)	2.204	-
Adults and Childrens Social Care Support Grant	-	(6.025)	(6.025)
Subtotal Corporate Budgets	**(3.288)**	**(12.374)**	**(15.662)**
Net Transfer (From)/To Other Earmarked Reserves	(13.172)	9.673	(3.499)
Transfer (From)/To General Fund Balances	(1.529)	(0.570)	(2.099)
Subtotal Use of Reserves	**(14.701)**	**9.103**	**(5.598)**

Council Tax Base 2019/20

12. The District and Borough Councils calculate a Council Tax base by assessing the number of Band D equivalent properties in their area, and then building in an allowance for possible non-collection. The notifications received forecast a total tax base of 250,189.61 as set out in Table 7, this represents growth of 1.17%. The increase in tax base has been taken into account in the calculation of the budget.

Council Tax Surplus/Deficit

13. Each year an adjustment is made by the District and Borough Councils to reflect the actual collection rate of Council Tax in the previous year. Sometimes this gives rise to a surplus, payable to the County Council, or a deficit which is offset against the future years' tax receipts. A weighted average is factored into the MTFS of £1,000,000 surplus. However, figures confirmed from the District and Borough Councils equate to a surplus of £536,971 for 2019/20, resulting in a shortfall of £463,029 for 2019/20. This reduction has been reflected in the MTFS.

Council Tax and Adult Social Care Precept 2019/20

14. The 2019/20 Provisional Local Government Settlement announced by the Government in December 2018 set out funding plans for councils in England to help them to deliver the services that their residents need. It was confirmed that the 2019/20 referendum threshold has been set in line with inflation, and so setting the core Council Tax referendum principle at 3%. This is in line with the threshold set in 2018/19.

15. As part of the Local Government Finance Settlement the Government affirmed the expectation that, in addition to the usual assumptions with regard to tax base growth, Councils would increase their Council Tax by 3%

16. Also in the announcement, it was confirmed that the Adult Social Care Precept will continue including the additional flexibility to raise the precept by up to 2% this year but by no more than 6% over the period 2017/18 to 2019/20.

17. In determining the local government settlement the Government has assumed that the Council would take the maximum Adult Social Care Precept of 6% over the period 2017/18 to 2019/20 and increase the Council Tax to the maximum level in 2019/20. It is proposed, therefore, that the Council fixes any increase to local taxes to that expected by the Government. So, for 2019/20, it is proposed that Council Tax is increased by 2.99% and the Adult Social Care Precept is implemented at 1%. Future Council Tax increases of 1.99% per annum have also been factored into the MTFS in line with inflationary expectations.

Requirement to Raise Local Tax

18. The Local Tax requirement is divided by the tax base to arrive at the Band D figure. This figure then forms the basis of the calculation of the liability for all Council Tax bands.

Table 3 – Local Tax Requirement Calculation

2019/20	**Amount £m**	**% Funding**
Initial Budget Requirement	487.428	100.0
Less National Non-Domestic Rates	(110.645)	22.7
Less Revenue Support Grant	(6.951)	1.4
Net Budget Requirement	**369.832**	
Less Estimated Collection Fund Surplus	(0.537)	0.1
Council Tax Requirement	**369.295**	**75.8**

Adult Social Care Precept Recommendation

19. It is recommended that County Council approves the implementation of a 1.00% Adult Social Care Precept for 2019/20 to part fund increasing costs associated with adult social care. The impact of this is shown in Table 4.

Table 4 – Impact of 1.00% Adult Social Care Precept on Local Tax Levels (County Council Element) 2019/20

Band	Value as at 1.4.91	No. of Properties	% No. of Properties	Ratio	County Council 2018/19 £	County Council 2019/20 £	Change £
A	Up to £40,000	143,920	39.6%	6/9	60.39	69.85	**9.46**
B	£40,001 to £52,000	74,930	20.6%	7/9	70.45	81.49	**11.04**
C	£52,001 to £68,000	62,050	17.1%	8/9	80.52	93.13	**12.61**
D	£68,001 to £88,000	41,430	11.4%	1	90.58	104.77	**14.19**
E	£88,001 to £120,000	23,200	6.4%	11/9	110.71	128.05	**17.34**
F	£120,001 to £160,000	11,160	3.1%	13/9	130.84	151.33	**20.49**
G	£160,001 to £320,000	6,080	1.7%	15/9	150.97	174.62	**23.65**
H	Over £320,000	480	0.1%	18/9	181.16	209.54	**28.38**

Local Tax Recommendation

20. It is recommended that Members agree an increase of 2.99% to local tax levels to ensure that the Council meets the local tax requirement. The impact of this is shown in Table 5 below.

Table 5 – Impact of 2.99% Increase on Local Tax Levels (County Council Element) 2019/20

Band	Value as at 1.4.91	No. of Properties	% No. of Properties	Ratio	County Council 2018/19 £	County Council 2019/20 £	Change £
A	Up to £40,000	143,920	39.6%	6/9	885.90	914.19	**28.29**
B	£40,001 to £52,000	74,930	20.6%	7/9	1,033.55	1,066.56	**33.01**
C	£52,001 to £68,000	62,050	17.1%	8/9	1,181.20	1,218.92	**37.72**
D	£68,001 to £88,000	41,430	11.4%	1	1,328.85	1,371.29	**42.44**
E	£88,001 to £120,000	23,200	6.4%	11/9	1,624.15	1,676.02	**51.87**
F	£120,001 to £160,000	11,160	3.1%	13/9	1,919.45	1,980.76	**61.31**
G	£160,001 to £320,000	6,080	1.7%	15/9	2,214.75	2,285.48	**70.73**
H	Over £320,000	480	0.1%	18/9	2,657.70	2,742.58	**84.88**

21. The total impact of implementing a 1.00% Adult Social Care Precept and a 2.99% increase in local tax levels is shown in Table 6.

Table 6 - Recommended levels of Council Tax and Adult Social Care Precept 2019/20

Band	Value as at 1.4.91	No. of Properties	% No. of Properties	Ratio	County Council 2018/19 £	County Council 2019/20 £	Change £
A	Up to £40,000	143,920	39.6%	6/9	946.29	984.04	**37.75**
B	£40,001 to £52,000	74,930	20.6%	7/9	1,104.00	1,148.05	**44.05**
C	£52,001 to £68,000	62,050	17.1%	8/9	1,261.72	1,312.05	**50.33**
D	£68,001 to £88,000	41,430	11.4%	1	1,419.43	1,476.06	**56.63**
E	£88,001 to £120,000	23,200	6.4%	11/9	1,734.86	1,804.07	**69.21**
F	£120,001 to £160,000	11,160	3.1%	13/9	2,050.29	2,132.09	**81.80**
G	£160,001 to £320,000	6,080	1.7%	15/9	2,365.72	2,460.10	**94.38**
H	Over £320,000	480	0.1%	18/9	2,838.86	2,952.12	**113.26**

22. The actual amounts payable by householders will also depend on:

- The District or Borough Council's own Council Tax decisions
- The Police and Crime Commissioner and the Combined Fire Authority Council Tax
- Any Parish precepts or special levies
- The eligibility for discounts and rebates

County Precept

23. District and Borough Councils collect the Council Tax for the County Council. This is then recovered from the Districts by setting a County Precept. The total Precept is split according to the Council Tax base for each District as set out in Table 7.

Table 7 – Amount of County Precept by District – 2019/20

District / Borough Council	Council Tax Base	County Precept
Ashfield	33,542.50	£49,510,743
Bassetlaw	34,794.99	£51,359,493
Browtowe	33,674.71	£49,705,892
Gedling	37,007.37	£54,625,099
Mansfield	29,219.90	£43,130,326
Newark & Sherwood	38,771.64	£57,229,267
Rushcliffe	43,178.50	£63,734,057
Total	**250,189.61**	**£369,294,877**

24. Discussions have been held with District and Borough Councils and the dates shown in Table 8 have been agreed for the collection of the precept:

Table 8 – Proposed County Precept Dates - 2019/20

2019	2020
18 April 29 May 3 July 7 August 12 September 17 October 21 November	2 January 6 February 13 March

25. The dates shown are those by which the County Council's bank account must receive the credit, otherwise interest is charged. Adjustments for net variations in amounts being collected in 2018/19 will be paid or refunded on the same dates.

Medium Term Financial Strategy (MTFS)

26. The Budget report to the February Council in 2018 forecast a budget gap of £54.2m for the three years to 2021/22. The Budget Update report to Policy Committee in November 2018 showed a revised budget shortfall of £63.9m. Since the December report, the MTFS has been rolled forward a year to reflect the four year term to 2022/23 and a rigorous review of the Council's MTFS assumptions has taken place. The impact of these is set out in the paragraphs below.

27. It should be noted that the four year settlement accepted by the Council concludes in 2019/20, this coincides with the end of the Government's Comprehensive Spending Review. Following this, there is much uncertainty as Councils await the outcomes from the Business Rates Retention and Fair Funding consultations. Other areas of uncertainty exist throughout the term of the MTFS such as the outcome of the Social Care Green Paper, the implications of Brexit and further political uncertainty. As such, the MTFS will continue to be reviewed regularly to ensure that it reflects the latest information available.

28. The MTFS on which this budget report is based assumes a Council Tax increase of 2.99% in 2019/20 with further increases of 1.99% in future years. In addition, an Adult Social Care Precept increase of 1.00% in 2019/20 is factored in.

29. Table 9 summarises the cumulative changes made to the MTFS since the report to February Council in 2018.

30. In summary, from 2020/21 onwards, the Council is currently projecting a budget shortfall of £34.2m across the duration of the MTFS. Proposals as to how the budget will be balanced for these three years will need to be made over the coming months.

Table 9 – Analysis of Changes to the Medium Term Financial Strategy 2019/20 – 2022/23

	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	Total £m
Year on Year Savings requirement (February Report)	**28.7**	**12.7**	**12.8**	**-**	**54.2**
Change in Pay / Pension Related Inflation	-	-	-	4.2	**4.2**
Additional Pressures / Inflation	8.6	4.0	-	13.8	**26.4**
Committee Approved Efficiencies	(6.9)	(0.9)	(0.8)	-	**(8.6)**
Adjustments to Savings / Base Budgets	(2.5)	(0.9)	(0.1)	1.6	**(1.9)**
Change in Grant Funding	(11.4)	11.4	-	(2.2)	**(2.2)**
Increase in Council Tax	(10.6)	(7.5)	(7.7)	(8.0)	**(33.8)**
Change in Council Tax Base assumptions	0.5	0.3	(0.2)	(4.7)	**(4.1)**
Use of / Contribution to Reserves	(6.2)	0.2	6.9	(0.9)	**-**
Miscellaneous	(0.2)	0.6	(0.5)	0.1	**-**
Revised Gap	**0.0**	**19.9**	**10.4**	**3.9**	**34.2**

31. The Council's year by year MTFS for the four years to 2022/23 is shown in Table 10. It shows that whilst the Council can deliver a balanced budget in 2019/20, further savings will need to be identified in each of the following three years to 2022/23, based on current assumptions.

Table 10 – Medium Term Financial Strategy 2019/20 – 2022/23

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Net Budget Requirement	487.4	513.7	518.6	526.9
Financed by :				
Business Rates	110.6	111.6	113.8	115.9
Revenue Support Grant	7.0	-	-	-
Council Tax	343.6	355.5	367.7	380.4
Adult Social Care Precept	25.7	25.7	25.7	25.7
Collection Fund Surplus / (Deficit)	0.5	1.0	1.0	1.0
Total Funding	**487.4**	**493.8**	**508.2**	**523.0**
Funding Shortfall	**-**	**19.9**	**10.4**	**3.9**
Cumulative Funding Shortfall	**-**	**19.9**	**30.3**	**34.2**

Capital Programme and Financing

32. Local authorities are able to determine their overall levels of borrowing, provided they have regard to the Prudential Code for Capital Finance in Local Authorities published by CIPFA. It is, therefore, possible to increase the capital programme and finance this increase by additional borrowing provided that this is "affordable, prudent and sustainable". This is in addition to capital expenditure funded from other sources such as external grants and contributions, revenue and reserves. The revenue implications of the capital programme are provided for and integrated within the revenue budget.

33. The Council's capital programme has been reviewed as part of the 2019/20 budget setting process. Savings and re-profiling with a total value of £20.9m have been identified in 2018/19 as part of this exercise. These savings, along with capital reserves and contingencies, will be used to fund new inclusions. The capital programme is monitored closely in order that variations to expenditure and receipts can be identified in a timely manner. Any subsequent impact on the revenue budget and associated prudential borrowing indicators will be reported to the Finance and Major Contracts Management Committee.

34. During the course of 2018/19, a number of variations to the capital programme have been approved by Policy Committee, Finance and Major Contracts Management Committee and by the Section 151 Officer in accordance with the Council's Financial Regulations. Following a review of the capital programme and its financing, some proposals have been made regarding both new schemes and extensions to existing schemes in the capital programme. These proposals are identified in paragraphs 35 to 49. Schemes will be subject to Latest Estimated Cost (LEC) reports in accordance with the Council's Financial Regulations.

Adult Social Care and Public Health (ASCPH)

35. As part of the 2014/15 Budget Report that was approved by Full Council (February 2014), a £3.0m programme was established, funded by borrowing, to develop good quality, secure accommodation for people with challenging needs. The objectives of this programme have been achieved by using Department of Health grants and other resources. It is therefore proposed that the borrowing element of this programme is re-allocated to fund other capital priorities across the Council.

    It is proposed that the Adult Social Care and Public Health capital programme is varied to reflect the re-prioritisation of capital resources towards key strategic priorities.

Children and Young People (CYP)

36. **School Building Improvement Programme** – The Department for Education has yet to announce the Schools Capital Maintenance (SCM) grant allocations for 2019/20 onwards. As such, it is proposed that an estimated SCM grant allocation of £5.0m is reflected in the capital programme for 2019/20 and then reduced by £0.5m per annum to reflect further school conversions to academy.

It is proposed that the Children and Young People capital programme is varied to reflect an estimated School Capital Maintenance Grant of £5.0m for 2019/20 with a reduction of £0.5m per annum in each of the future years.

37. **School Places Programme** – An analysis of school places sufficiency across Nottinghamshire is undertaken on a regular basis. The Authority will receive no 2019/20 Basic Need allocation but the Department for Education have announced that the Authority will receive a 2020/21 Basic Need grant of £8.6m. This funding has already been received by the Authority. It is proposed that estimated further School Places Grant of £2.0m per annum are included in both 2021/22 and 2022/23 of the Children and Young People's capital programme.

It is proposed that the Children and Young People capital programme is varied to reflect the 2020/21 allocation and estimated School Places Grant of £2.0m for 2021/22 and 2022/23.

38. **Special Schools Grant** – The County Council received an allocation of £2.5m (£0.8m per annum for three years commencing 2018/19) from the Specialist Provision Capital Grant fund. This funding has been made available to support local authorities to make capital investments in provision for pupils with special educational needs and disabilities. The outcome of a consultation on the use of this funding was reported to the Children and Young People's Committee in January 2018. Since then, the grant has been topped up by £0.6m as announced in May 2018 and a further indicative grant of £1.1m was announced in December 2018.

It is proposed that the Children and Young People capital programme is varied to incorporate the additional £1.7m Specialist Provision Capital Grant.

39. **Orchard Special School, Newark** – As part of the 2018/19 Annual Budget Report to Full Council, it was approved that the Authority would contribute £7.5m towards the cost of a project to rebuild the Orchard Special School in Newark. A latest estimated cost report was submitted to the Finance and Major Contracts Management Committee in September 2018 setting out the scheme objectives, including the replacement of Newark Day Centre, and total costs. It is proposed that the Children and Young People's capital programme is varied to reflect how this project is to be funded as follows:-

£m	2018/19	2019/20	2020/21	Total
Borrowing	-	7.4	0.1	**7.5**
School Places Programme	1.7	1.2	-	**2.9**
Specialist Provision Capital Grant	-	2.3	0.8	**3.1**
School Building Improvement Programme	-	0.9	-	**0.9**
Priority School Building Programme Grant	0.1	1.0	-	**1.1**
Total	**1.8**	**12.8**	**0.9**	**15.5**

It is proposed that the Children and Young People's capital programme is varied to reflect the total cost of the new Orchard Special School scheme in Newark.

40. **Watnall Road New School** – As reported to Finance and Major Contracts Management Committee in July 2018 a new school is to be constructed at the Watnall Road site in Hucknall. The total cost of the new school will total £3.7m, all of which is all funded from Section 106 contributions.

It is proposed that the Children and Young People's capital programme is varied to include the new school at Watnall Road in Hucknall, funded from external funding.

41. **The Mill Adventure Base** – It is proposed that the Children and Young People's capital programme is varied to reflect a £1.0m investment in the Mill Adventure Base. This investment will provide a new high ropes and climbing facility at the Base, including additional family orientated facilities to further develop the well-respected offer Nottinghamshire County Council has within the Kings Mill Reservoir Country Park.

It is proposed that the Children and Young People's capital programme is varied to reflect the investment in the Mill Adventure Base, funded from capital allocation.

Communities and Place

42. **Additional Highways Investment** – In the Communities and Place Committee, the Council has identified investment in the highways infrastructure across the county as an important strategic priority. As part of the 2018/19 Budget Report to Full Council the Authority contributed £20.0m of funding to enhance the Road and Maintenance and Renewals programme. As reported to Policy Committee in November 2018, the Council will be exercising the option of purchasing Corserv's shares in Via East Midlands Limited from existing budgets. Furthermore, the Department for Transport have recently announced an additional 2018/19 grant of £6.6m to further the investment in highways across the county. It is also estimated the Authority will receive a £2.5m Incentive Grant in 2019/20 and 2020/21 to fund highways improvement works.

It is proposed that the Communities and Place capital programme is varied to reflect the additional £6.6m DfT grant in 2018/19 as well as the indicative Incentive Grant for 2019/20 and 2020/21.

43. **Southwell Flood Mitigation Schemes** – As reported to the Communities and Place Committee in November 2018, the County Council has been successful in securing £4.3m external funding to carry out flood mitigation projects in Southwell. This funding, alongside a £0.7m contribution from the County Council funded Flood Alleviation and Drainage programme, will fund two projects as follows:

£m	External Funding	Borrowing	Total
Slowing the Flow	0.5	0.1	**0.6**
Other Southwell Flood Project	3.8	0.6	**4.4**

The proposed mitigation measures are scheduled to be completed by Spring 2021 and will benefit approximately 240 properties and 60 businesses.

It is proposed that the Communities and Place capital programme is amended to incorporate the £4.3m external funding secured to part fund the Southwell Flood Mitigation Scheme.

44. **Salix Funded Street Lighting** – A spend-to-save initiative to replace lanterns in street lights for lower energy options is already in the approved capital programme. The Council has been awarded additional Salix loans of £1.1m per annum in 2019/20 and 2020/21 to extend this programme.

It is proposed that a £1.1m allocation in 2019/20 and 2020/21, funded from borrowing, is incorporated into the Communities and Place capital programme to further the Salix Street Lighting programme.

45. **Carbon Management** – This energy saving capital programme, which is funded fully from external funding, has been extended and re-phased by the project team. The programme is now forecast to be profiled as follows:

2019/20 – £0.900m
2020/21 – £0.320m
2021/22 – £0.320m
2022/23 – £0.320m

It is proposed that the Communities and Place capital programme is varied to reflect the revised Carbon Management programme.

Policy

46. **Better Broadband for Nottinghamshire (BBfN)** – The Council has been successful in securing £1.0m of European Agricultural Fund for Rural Development funding. This grant will be used to further extend the superfast broadband coverage across Nottinghamshire.

It is proposed that the Policy Committee capital programme is varied to reflect the £1.0m European grant that will be used to further the BBfN programme.

47. **Site Clearance Programme** – It has been identified that there are a number of surplus properties held by the Authority that are costing a significant amount to guard and secure and are a target for vandalism and anti-social behaviour. As such, it is proposed that a programme is established to fund the clearance of these properties.

It is proposed that the Policy Committee capital programme is varied to reflect the £4.0m Site Clearance Programme, funded from capital allocations.

Capital Programme Contingency

48. The capital programme requires an element of contingency funding for a variety of purposes, including urgent capital works, schemes which are not

sufficiently developed for their immediate inclusion in the capital programme, possible match-funding of grants and possible replacement of reduced grant funding.

49. A number of capital bids described above are proposed to be funded from uncommitted contingency across the period to 2022/23. The levels of contingency funding remaining in the capital programme are as follows:-

2019/20	**£2.2m**
2020/21	**£2.2m**
2021/22	**£2.2m**
2022/23	**£2.2m**

Revised Capital Programme

50. Taking into account schemes already committed from previous years and the additional proposals detailed above, the summary capital programme and proposed sources of financing for the years to 2022/23 are set out in Table 11.

Table 11 – Summary Capital Programme

	Revised 2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	TOTAL £m
Committee:						
Children & Young People*	24.705	45.912	20.387	6.000	5.500	102.504
Adult Social Care & Public Health	3.523	2.180	-	-	-	5.703
Communities & Place	54.160	53.549	58.983	28.410	21.042	216.144
Policy	15.100	12.105	4.630	4.400	4.400	40.635
Finance & MCM	0.180	0.180	0.180	0.180	0.180	0.900
Personnel	0.007	0.249	-	-	-	0.256
Contingency	-	2.200	2.200	2.200	2.200	8.800
Capital Expenditure	**97.675**	**116.375**	**86.380**	**41.190**	**33.322**	**374.942**
Financed By:						
Borrowing	41.846	44.939	38.196	15.850	10.800	151.631
Capital Grants	52.496	69.368	46.584	24.240	21.422	214.110
Revenue / Reserves	3.333	2.068	1.600	1.100	1.100	9.201
Total Funding	**97.675**	**116.375**	**86.380**	**41.190**	**33.322**	**374.942**

* These figures exclude Devolved Formula Capital allocations to schools.

Capital Receipts

51. In preparing the capital programme, a full review has been carried out of potential capital receipts. The programme still anticipates significant capital receipts over the period 2019/20 to 2022/23. Any shortfall in capital receipts is likely to result in an increase in prudential borrowing. Forecasts of capital receipts are shown in Table 12.

Table 12 – Forecast Capital Receipts

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	TOTAL £m
Forecast Capital Receipts	**4.5**	**12.6**	**15.0**	**6.5**	**1.0**	**39.6**

52. Local authorities have been given the opportunity to use capital receipts to fund one off costs associated with transformation to 2021/22. This approach will be reviewed on an annual basis. It is proposed that capital receipts to 2021/22 are, in the first instance, used to fund transformational costs associated with the Programmes and Projects Team and the implementation of the IT Cloud platform. Any excess capital receipts will be set against previous years' borrowing thereby reducing the impact of the Minimum Revenue Provision on the revenue accounts.

53. One of the requirements of the Local Government Act 2003 is that the Council must set an "Authorised Limit" for its external borrowings. Any potential breach of this limit would require authorisation from the Council. There are a number of other prudential indicators that are required by The Prudential Code to ensure that the proposed levels of borrowing are affordable, prudent and sustainable. The values of the prudential indicators are proposed in Appendix D.

54. In accordance with the "CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes", it is proposed that the Council approves a Treasury Management Strategy and Policy for 2019/20. The Strategy is incorporated in to the Capital Strategy in Appendix D and the Policy is in Appendix E.

55. It is proposed that the Service Director – Finance, Infrastructure and Improvement be allowed to raise loans within the authorised limit for external borrowing, subject to the limits in the Treasury Management Strategy for 2019/20.

Statutory and Policy Implications

56. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Public Sector Equality Duty

57. It is essential that Members give due regard to the implications for protected groups in the context of their equality duty in relation to this decision. Public authorities are required by law to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation
- advance equality of opportunity between people who share protected characteristics and those who do not
- foster good relations between people who share protected characteristics and those who do not.

58. Decision makers must understand the effect of policies and practices on people with protected characteristics. Equality Impact Assessments are the mechanism by which the authority considers these effects.

59. Equality implications have been considered during the development of the budget, Capital Programme and MTFS and equality impact assessments were undertaken on each relevant proposal and approved by the appropriate Committee.

Recommendations

It is recommended that:	**Reference**
1) The Annual Revenue Budget for Nottinghamshire County Council is set at £487.428 million for 2019/20.	Para. 9
2) The principles underlying the Medium Term Financial Strategy are approved.	Table 9
3) The Finance and Major Contracts Management Committee be authorised to make allocations from the General Contingency for 2019/20.	Para. 11
4) That the 1.00% Adult Social Care Precept is levied in 2019/20 to part fund increasing adult social care costs.	Para. 19
5) The County Council element of the Council Tax is increased by 2.99% in 2019/20. That the overall Band D tax rate is set at £1,476.06 with the various other bands of property as set out in the report.	Para. 20/21

6)	The County Precept for the year ending 31 March 2020 shall be £369,294,877 and shall be applicable to the whole of the District Council areas as General Expenses.	Para. 23
7)	The County Precept for 2019/20 shall be collected from the District and Borough councils in the proportions set out in Table 7 with the payment of equal instalments on the dates set out in Table 8.	Table 7 Table 8
8)	The Capital Programme for 2019/20 to 2022/23 be approved at the total amounts below and be financed as set out in the report:	Table 11

Year	Capital Programme
2019/20	£116.375m
2020/21	£86.380m
2021/22	£41.190m
2022/23	£33.322m

9)	The variations to the Capital Programme be approved.	Para. 35-49
10)	The Minimum Revenue Provision policy for 2019/20 be approved.	Appx. C
11)	The Capital Strategy including the 2019/20 Prudential Indicators and Treasury Management Strategy be approved.	Appx. D
12)	The Service Director – Finance, Infrastructure and Improvement be authorised to raise loans in 2019/20 within the limits of total external borrowings.	Para. 55
13)	The Treasury Management Policy for 2019/20 be approved.	Appx. E
14)	The report be approved and adopted.	

COUNCILLOR RICHARD JACKSON
CHAIRMAN OF THE FINANCE AND MAJOR CONTRACTS MANAGEMENT COMMITTEE

Constitutional Comments (KK 11/02/2019)

The proposals within this report are within the remit of Full Council.

Human Resources Implications (GME 11/02/2019)

The human resources implications are implicit in the body of the report. Where there are employment implications arising from any of the identified actions outlined in this report, these will be consulted upon and implemented in line with the agreed employment policies and procedures of the Council.

Financial Comments of the Service Director – Finance, Infrastructure and Improvement (NS 04/02/2019)

The budget proposed has been prepared taking into account the four vision statements and twelve commitments set out in the County Council's new strategic plan for 2017–2021, entitled Your Nottinghamshire, Your Future (Council, 13 July 2017) and reflects all significant cost variations that can be anticipated.

The budget has been prepared in conjunction with the Corporate Leadership Team and other senior officers, and through significant Member engagement via relevant Committees and Finance and Major Contracts Management Committee. There has been robust examination and challenge of all spending pressures and savings proposals. In addition, Committee approved savings proposals are tracked and reported on by the Improvement and Change Sub-Committee.

As is the case in the current financial year, strict budgetary control will be maintained throughout 2019/20. Departments will be required to utilise any departmental underspends to offset unexpected cost increases that exceed the resources that have been provided to meet known cost pressures and inflation. To the extent that that this may be insufficient or that other unexpected events arise, the Council could potentially call on its General Fund balances.

The levels of reserves and balances have been reviewed and are considered to be adequate. The forecast reduction in Reserves and General Fund balances has been the result of using reserves to balance previous years' budgets and continued use in 2019/20. Whilst this has been in accordance with guidance from the Ministry for Housing, Communities and Local Government and will result in the Council still being above the level that is considered prudent, further reductions in Reserves and General Fund balances would need to be taken only after careful assessment and consideration of the overall level of financial risk.

Given the severity of the financial challenges facing the Council, the budget has been prepared on the basis of accepting an appropriate level of financial risk. The contingency budget will be used to mitigate the impact should any of the savings proposals be delayed or not deliver as planned. The risks and assumptions have been communicated to, and understood by, elected Members and the Corporate Leadership Team.

The budget is, in my opinion, robust and meets the requirements of the Local Government Finance Act 1992, the Local Government Act 2003 and the CIPFA Prudential Code. The proposals for 2019/20 fulfil the requirement to set a balanced budget.

Background Papers Available for Inspection:

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Budget Update Report - Policy Committee 14 November 2018
Budget Report – Finance and Major Contract Management Committee 11 February 2019

Electoral Division(s) and Member(s) Affected: All

Revenue Budget Summary 2019/20

	2018/19 Original Budget £'000	2019/20 Annual Budget £'000
Committee:		
Children & Young People	117,441	126,590
Adult Social Care & Public Health	204,427	203,743
Communities & Place	119,287	121,113
Policy	32,688	32,559
Finance & Major Contracts Management	2,902	2,585
Governance & Ethics	7,170	7,306
Personnel	15,304	14,792
Net Committee Requirements	**499,219**	**508,688**
Items Outside Committee:		
Flood Defence Levy	285	288
Pension Enhancements (Centralised)	2,100	2,100
Contingency	5,500	4,650
Pressures & Inflation Account	4,100	-
Capital Charges (included in Committees above)	(40,055)	(42,859)
Interest & Borrowing	19,477	18,639
Trading Organisations	1,250	1,250
Minimum Revenue Provision (MRP)	8,300	9,666
New Homes Bonus Grant	(2,041)	(1,728)
Business Rates Levy Account	-	(1,643)
Adult Social Care Support Grant	(2,204)	-
Adults & Childrens Social Care Support Grant	-	(6,025)
Total before use of Reserves	**495,931**	**493,026**
Use of Reserves:		
Net Transfer (From)/To Other Earmarked Reserves	(13,172)	(3,499)
Transfer (From)/To General Fund Balances	(1,529)	(2,099)
BUDGET REQUIREMENT	**481,230**	**487,428**
Funding Of Budget Requirement:		
Surplus on Council Tax Collection for Previous Years	726	537
National Non-Domestic Rates	106,934	110,645
Revenue Support Grant	22,553	6,951
Council Tax	328,897	343,625
Adult Social Care Precept	22,120	25,670
TOTAL FUNDING	**481,230**	**487,428**

Children & Young People Committee
Variation Summary 2018/19 to 2019/20

		£'000	£'000
1	**Original Budget 2018/19**		**117,441**
2	**Budgets Transferred between Committees**		**319**
3	**Additional Allocations/Reductions 2018/19**		**(123)**
4	**Capital Financing Budget Transfers**		**1,244**
5	**2019/20 Service Changes:**		
	Budget Pressures		
	Non Looked After Children (LAC) Placements	159	
	Social Work Staffing and Standards	778	
	LAC Placement Costs	277	
	Edn, Health & Care Plans (ICDS)	721	
	Youth Service & Outdoor Education ASDM	120	
	Market Factor Supplement	144	
	Flexible & Targeted Short Breaks	126	
	Re-basing External Placements Budget	3,848	
	National Living Wage - External	118	
	Basic Fostering Allowance	52	
	Contract Cost Inflation	660	
	Ex Schools Staff Pension Enhancements	69	
			7,072
	Pay Award, National Insurance & Pensions Increase		**1,184**
	Budget Savings		
	Early Years Sold Offer	(75)	
	Social Impact Bond for Edge of Care/ In Care	(250)	
	DCATCH Home Based Support	(50)	
	Market Management & Cost Control	(40)	
	Development of the Fostering Service	169	
	Social Care Middle Management	(42)	
	Reducing Partnership Support to Bodies	(25)	
	Ancillary Savings	(234)	
			(547)
6	**Annual Budget 2019/20**		**126,590**

Children & Young People Committee - Revenue Budget 2019/20

Original Budget 2018/19 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2019/20 £'000
	Schools Budget							
194,614	Schools Block - Distributed	-	-	-	**175,413**	-	-	**175,413**
18,285	High Needs Block - Distributed	-	-	-	**18,276**	-	-	**18,276**
20,330	Early Years Block - Distributed	-	-	-	**46,923**	-	-	**46,923**
72,175	Schools Budget - Centrally Retained	-	-	-	**55,357**	-	-	**55,357**
305,404	**Total Schools Expenditure Budget**	-	-	-	**295,969**	-	-	**295,969**
(305,404)	Dedicated Schools Grant (DSG)	-	-	-	**-**	(295,969)	-	**(295,969)**
-	Other ESFA grants for allocation to maintained schools	-	-	-	**25,125**	(25,125)	-	**-**
11,939	School Assets	-	-	12,694	**12,694**	-	-	**12,694**
	Youth, Families & Social Work							
3,907	Service Improvement	4,424	94	-	**4,518**	-	(19)	**4,499**
22,100	Regulated Services	16,623	12,631	-	**29,254**	(329)	(6,715)	**22,210**
1,685	Adoption Services (inc Regional Adoption Agency)	3,247	2,078	-	**5,325**	-	(3,467)	**1,858**
3,796	Childrens Disability Service & Assessment	3,571	598	-	**4,169**	-	-	**4,169**
14,098	Court Permanence & District Child Protection Teams	7,789	7,134	-	**14,923**	-	-	**14,923**
2,851	Multi Agency Safeguarding Hub & Emergency Duty Team	2,669	188	-	**2,857**	-	-	**2,857**
6,161	Early Help	10,875	1,521	-	**12,396**	(2,259)	(3,565)	**6,572**
54,598	**Total Youth, Families & Social Work**	**49,198**	**24,244**	**-**	**73,442**	**(2,588)**	**(13,766)**	**57,088**
	Education Standards & Inclusion							
5,386	Support to Schools Service	7,848	951	-	**8,799**	(119)	(2,764)	**5,916**
5,386	**Total Education Standards & Inclusion**	**7,848**	**951**	**-**	**8,799**	**(119)**	**(2,764)**	**5,916**

Children & Young People Committee - Revenue Budget 2019/20

Original Budget 2018/19 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2019/20 £'000
	Commissioning & Resources							
4,214	Safeguarding, Assurance & Improvement	3,205	1,402	-	**4,607**	-	(410)	**4,197**
3,563	Integrated Childrens Disability Service (ICDS)	3,667	996	-	**4,663**	(65)	(183)	**4,415**
9,734	Early Childhood Services	970	11,835	-	**12,805**	-	(3,612)	**9,193**
27,002	Placements & Commissioning	982	33,988	-	**34,970**	(734)	(2,644)	**31,592**
44,513	**Total Commissioning & Resources**	**8,824**	**48,221**	**-**	**57,045**	**(799)**	**(6,849)**	**49,397**
1,005	**Capital Charges**	-	-	1,495	**1,495**	-	-	**1,495**
117,441	**TOTAL CHILDREN & YOUNG PEOPLE COMMITTEE**	**65,870**	**73,416**	**14,189**	**153,475**	**(3,506)**	**(23,379)**	**126,590**

Please note that the previous years budget has been restated to reflect current reporting requirements.

Children & Young People Committee - Capital Programme 2019/20

	Revised 2018/19 £000	**Budget Year 2019/20 £000**	Indicative Figures 2020/21 £000	2021/22 £000	2022/23 £000
Children & Young People Capital Programme					
Beardall Street Primary	37	-	-	-	-
School Places Programme	7,941	17,138	11,763	2,000	2,000
Scholl Building Improvement Programme	6,786	7,773	6,500	4,000	3,500
School Access Initiative	888	247	-	-	-
Orchard Special School	1,854	12,734	940	-	-
Special School Grant	-	-	1,184	-	-
Replacement Bestwood Hawthorne Primary	2,316	3,117	-	-	-
Mill Adventure Base	385	1,043	-	-	-
Early Years Education Places	563	-	-	-	-
Young Peoples Centres	59	-	-	-	-
Clayfields House	2,778	1,129	-	-	-
Childrens Homes	98	-	-	-	-
Watnall Road New School	1,000	2,731	-	-	-
Gross Capital Programme	**24,705**	**45,912**	**20,387**	**6,000**	**5,500**
Funded from:					
Approved County Council Allocations	5,389	17,979	13,855	-	-
External Grants & Contributions	19,052	27,465	6,532	6,000	5,500
Revenue	125	-	-	-	-
Reserves	139	468	-	-	-
Total Funding	**24,705**	**45,912**	**20,387**	**6,000**	**5,500**

Adult Social Care & Public Health Committee
Variation Summary 2018/19 to 2019/20

		£000	£000
1	**Original Budget 2018/19**		**204,427**
2	**Budgets Transferred between Committees**		**(17)**
3	**Additional Allocations/Reductions 2018/19**		**(7,580)**
4	**Capital Financing Budget Transfers**		**235**
5	**2019/20 Service Changes:**		
	Budget Pressures		
	Younger Adults Aged 18-64 Years	4,606	
	Home Care & Direct Payments	3,052	
	Older Adults Demand	1,150	
	Fair Price for Care	1,814	
	National Living Wage - External	7,483	
			18,105
	Pay Award, National Insurance & Pensions Increase		**1,366**
	Budget Savings		
	Strategic Commissioning, Access & Safeguarding	(1,231)	
	North Nottinghamshire & Direct Services	(4,067)	
	Mid Nottinghamshire	(4,308)	
	South Nottinghamshire	(2,879)	
	Ancillary Savings	(308)	
			(12,793)
6	**Annual Budget 2019/20**		**203,743**

Adult Social Care & Public Health Committee - Revenue Budget 2019/20

Original Budget 2018/19 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2019/20 £'000
	Corporate Director & Departmental Costs							
214	Corporate Director	163	45	-	**208**	-	-	**208**
1,330	Countywide	1,600	822	-	**2,422**	(869)	(248)	**1,305**
1,544	**Total Departmental Costs**	**1,763**	**867**	**-**	**2,630**	**(869)**	**(248)**	**1,513**
	Strategic Commissioning, Access & Safeguarding							
146	Service Director	121	27	-	**148**	-	-	**148**
5,956	Strategic Commissioning	2,032	8,383	16	**10,431**	(1,801)	(3,254)	**5,376**
1,878	Access & Safeguarding	2,052	98	-	**2,150**	-	(118)	**2,032**
(33,416)	Quality & Market Management	2,993	1,368	391	**4,752**	-	(39,422)	**(34,670)**
(25,436)	**Total Strategic Commissioning, Access & Safeguarding**	**7,198**	**9,876**	**407**	**17,481**	**(1,801)**	**(42,794)**	**(27,114)**
	North Nottinghamshire & Direct Services							
27	Service Director	121	38	-	**159**	-	(130)	**29**
24,195	Direct Services	18,439	6,046	815	**25,300**	-	(3,069)	**22,231**
29,912	Bassetlaw	2,623	39,528	-	**42,151**	(4,113)	(8,147)	**29,891**
54,134	**Total North Nottinghamshire & Direct Services**	**21,183**	**45,612**	**815**	**67,610**	**(4,113)**	**(11,346)**	**52,151**

Adult Social Care & Public Health Committee - Revenue Budget 2019/20

Original Budget 2018/19 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2019/20 £'000
	Mid Nottinghamshire							
117	Service Director	177	3	-	**180**	(56)	-	**124**
29,871	Newark	3,837	40,140	-	**43,977**	(4,088)	(9,021)	**30,868**
58,321	Ashfield & Mansfield	6,156	76,111	-	**82,267**	(6,287)	(16,774)	**59,206**
7,578	Countywide	6,927	4,441	79	**11,447**	(1,326)	(1,614)	**8,507**
95,887	**Total Mid Nottinghamshire**	**17,097**	**120,695**	**79**	**137,871**	**(11,757)**	**(27,409)**	**98,705**
	South Nottinghamshire							
171	Service Director	173	2	-	**175**	-	-	**175**
73,480	Broxtowe, Gedling & Rushcliffe	9,124	94,885	-	**104,009**	(9,138)	(22,119)	**72,752**
4,647	Countywide	6,386	3,662	38	**10,086**	(3,005)	(1,520)	**5,561**
78,298	**Total South Nottinghamshire**	**15,683**	**98,549**	**38**	**114,270**	**(12,143)**	**(23,639)**	**78,488**
	Public Health							
6,030	Directorate Pay & Associated Costs	2,385	4,257	-	**6,642**	-	(49)	**6,593**
35,079	Commissioned Services	424	34,174	-	**34,598**	-	(1,168)	**33,430**
(41,109)	Public Health Grant	-	-	-	**-**	(40,023)	-	**(40,023)**
-	**Total Public Health**	**2,809**	**38,431**	**-**	**41,240**	**(40,023)**	**(1,217)**	**-**
204,427	**TOTAL ADULT SOCIAL CARE & PUBLIC HEALTH COMMITTEE**	**65,733**	**314,030**	**1,339**	**381,102**	**(70,706)**	**(106,653)**	**203,743**

Please note that the previous years budget has been restated to reflect current reporting requirements.

Adult Social Care & Public Health Committee - Capital Programme 2019/20

	Revised 2018/19 £000	**Budget Year 2019/20 £000**	Indicative Figures 2020/21 £000	2021/22 £000	2022/23 £000
Adult Social Care & Public Health Capital Programme					
Living at Home	2,060	1,880	-	-	-
Supported Living	569	-	-	-	-
ASC&H Strategy	295	-	-	-	-
Winterbourne Capital Grant	22	-	-	-	-
Disabled Facilities Grant	524	-	-	-	-
County Horticulture	53	300	-	-	-
Gross Capital Programme	**3,523**	**2,180**	**-**	**-**	**-**
Funded from:					
Approved County Council Allocations	2,408	2,180	-	-	-
External Grants & Contributions	1,115	-	-	-	-
Revenue	-	-	-	-	-
Reserves	-	-	-	-	-
Total Funding	**3,523**	**2,180**	**-**	**-**	**-**

Communities & Place Committee
Variation Summary 2018/19 to 2019/20

		£'000	£'000
1	**Original Budget 2018/19**		**119,287**
2	**Budgets Transferred between Committees**		**75**
3	**Additional Allocations/Reductions 2018/19**		**(827)**
4	**Capital Financing Budget Transfers**		**1,430**
5	**2019/20 Service Changes:**		
	Budget Pressures		
	Concessionary Travel	200	
	Local Bus & Home to School Contracts	40	
	SEND Transport Growth & Inflation	162	
	Highways Energy	248	
	Waste PFI Contract Growth & Inflation	865	
			1,515
	Pay Award, National Insurance & Pensions Increase		**323**
	Budget Savings		
	Preferred Travel - Transport Hub	(70)	
	Trading Standards - further income generation	(132)	
	Registration & Celebratory Services Savings	(13)	
	Waste Sustainable Services Delivery	(150)	
	Review & Recommission Fees & Income	(150)	
	Transport Base Budget Review	(130)	
	Ancillary Savings	(45)	
			(690)
6	**Annual Budget 2019/20**		**121,113**

Communities & Place Committee - Revenue Budget 2019/20

Original Budget 2018/19 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2019/20 £'000
	Highways							
18,146	VIA East Midlands Contract	-	19,112	-	**19,112**	-	(1,009)	**18,103**
21,686	NCC Highways Retained Client	1,533	8,534	18,375	**28,442**	-	(6,652)	**21,790**
39,832	**Highways Total**	**1,533**	**27,646**	**18,375**	**47,554**	**-**	**(7,661)**	**39,893**
	Transport							
11,115	Concessionary Fares	-	10,951	-	**10,951**	-	(35)	**10,916**
3,980	Local Bus Services	-	3,780	-	**3,780**	-	(100)	**3,680**
1,928	Other Transport Running Costs	3,457	4,042	469	**7,968**	(1,002)	(4,822)	**2,144**
11,077	SEND / Home to School Transport	-	14,615	-	**14,615**	(510)	(2,155)	**11,950**
28,100	**Transport Total**	**3,457**	**33,388**	**469**	**37,314**	**(1,512)**	**(7,112)**	**28,690**
	Waste & Energy							
25,993	Veolia PFI Contract	-	28,215	-	**28,215**	(2,040)	(12)	**26,163**
6,237	NCC Retained Client	698	5,556	1,706	**7,960**	-	(1,919)	**6,041**
32,230	**Total Waste & Energy**	**698**	**33,771**	**1,706**	**36,175**	**(2,040)**	**(1,931)**	**32,204**

Communities & Place Committee - Revenue Budget 2019/20

Original Budget 2018/19 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2019/20 £'000
	Other Communities & Place							
10,449	Libraries inc. Inspire Contract	72	12,583	1,350	**14,005**	(3,309)	-	**10,696**
390	Bestwood & Rufford Country Parks	-	393	-	**393**	-	(13)	**380**
544	National Watersports Centre	55	445	-	**500**	-	-	**500**
677	Planning, Policy & Development Management	932	111	-	**1,043**	-	(346)	**697**
891	HW Development Management & Transport Policies & Programmes	1,114	80	-	**1,194**	-	(188)	**1,006**
774	Conservation (Including Green Spaces)	625	203	-	**828**	-	(34)	**794**
748	Communities Staffing	524	30	-	**554**	-	-	**554**
1,763	Communities Grants	-	1,888	-	**1,888**	(198)	-	**1,690**
1,057	Trading Standards	1,568	90	3	**1,661**	-	(729)	**932**
244	Emergency Planning	290	23	-	**313**	-	(64)	**249**
816	Coroners	-	966	-	**966**	-	-	**966**
94	Registration of Births, Deaths & Marriages	1,346	284	1	**1,631**	-	(1,541)	**90**
332	Directorate	609	8	-	**617**	-	(150)	**467**
346	Recharges, Insurance & Internal Services	-	263	1,042	**1,305**	-	-	**1,305**
19,125	**Total Other Communities & Place**	**7,135**	**17,367**	**2,396**	**26,898**	**(3,507)**	**(3,065)**	**20,326**
119,287	**TOTAL COMMUNITIES & PLACE COMMITTEE**	**12,823**	**112,172**	**22,946**	**147,941**	**(7,059)**	**(19,769)**	**121,113**

Please note that the previous years budget has been restated to reflect current reporting requirements.

Communities & Place Committee - Capital Programme 2019/20

	Revised 2018/19 £000	**Budget Year 2019/20 £000**	Indicative Figures 2020/21 £000	2021/22 £000	2022/23 £000
Communities & Place Capital Programme					
Hucknall Town Centre Imp Scheme	500	-	-	-	-
Road Maintenance & Renewals	25,656	20,507	19,257	16,006	12,006
Street Lighting Renewals	391	1,000	1,000	1,000	1,000
Flood Alleviation & Drainage	700	784	900	900	600
Road Safety	318	350	350	350	350
Integrated Transport Measures	7,115	6,166	5,166	5,166	4,416
Safer Roads	1,249	-	-	-	-
Transport & Travel Services	2,941	750	750	750	750
Green Network	5	-	-	-	-
Rolls Royce Development	153	-	-	-	-
Gedling Access Road	3,000	10,900	25,421	-	-
A57 Roundabout	1,180	630	-	-	-
Salix Street Light Fund	2,259	1,100	1,100	-	-
Enhanced Rail Services	55	55	-	-	-
Average Speed Camera Equipment	40	-	-	-	-
Harworth Access Link	142	2,500	-	-	-
Southern Growth Corridor	30	-	-	-	-
Rushcliffe Recycling Centre	50	2,000	450	-	-
Environmental Improvement Schemes	200	-	-	-	-
Major Infrastructure Schemes	50	100	-	-	-
Permanent Barriers	600	250	-	-	-
Local Improvement Schemes	1,269	1,000	1,000	500	500
Carbon Management	900	320	320	320	320
Waste Management	1,675	1,100	1,100	1,100	1,100
Environmenal Weight Restrictions	50	-	-	-	-
Libraries Improvement Programme	400	815	-	-	-
Sherwood Forest Visitor Centre	1,572	1,092	-	-	-
Rufford Abbey	408	-	-	-	-
Kingsmill Reservoir	-	123	-	-	-
Sun Volt	72	-	-	-	-
Energy Saving Schemes	1,000	597	1,095	-	-
Southwell Flood Projects	100	950	1,000	2,318	-
Slowing the Flow	80	460	74	-	-
Gross Capital Programme	**54,160**	**53,549**	**58,983**	**28,410**	**21,042**
Funded from:					
Approved County Council Allocations	19,192	12,826	17,511	9,250	4,200
External Grants & Contributions	32,115	39,303	40,052	18,240	15,922
Revenue	1,501	1,100	1,100	600	600
Reserves	1,352	320	320	320	320
Total Funding	**54,160**	**53,549**	**58,983**	**28,410**	**21,042**

Policy Committee
Variation Summary 2018/19 to 2019/20

		£'000	£'000
1	**Original Budget 2018/19**		32,688
2	**Budgets Transferred between Committees**		(162)
3	**Additional Allocations/Reductions 2018/19**		(84)
4	**Capital Financing Budget Transfers**		198
5	**2019/20 Service Changes:**		
	Budget Pressures		
	Schools PFI Inflation		115
	Pay Award, National Insurance & Pensions Increase		372
	Budget Savings		
	Chief Executives Staffing Re-structure	(479)	
	Communications Savings	(35)	
	Ancillary Savings	(54)	
			(568)
6	**Annual Budget 2019/20**		32,559

Policy Committee - Revenue Budget 2019/20

Original Budget 2018/19 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2019/20 £'000
	Property							
4,573	Facilities Management - County Offices	1,194	2,797	726	**4,717**	-	(311)	**4,406**
4,746	Building & Planned Maintenance	-	4,746	-	**4,746**	-	-	**4,746**
5,106	Schools PFI Scheme / Academies / Joint Use	54	23,402	-	**23,456**	(12,337)	(5,912)	**5,207**
1,519	Property Asset Management / Compliance / Departmental Services / Estates	2,211	1,158	72	**3,441**	-	(1,673)	**1,768**
15,944	**Total Property**	**3,459**	**32,103**	**798**	**36,360**	**(12,337)**	**(7,896)**	**16,127**
	Corporate Services							
11,239	ICT Services	8,116	3,320	3,173	**14,609**	-	(3,180)	**11,429**
465	Directorate	251	37	-	**288**	-	(18)	**270**
1,296	Document Services	829	1,694	47	**2,570**	(27)	(1,262)	**1,281**
1,375	Performance & Improvement	1,118	265	-	**1,383**	-	(121)	**1,262**
1,287	Corporate Communications	1,026	283	23	**1,332**	-	(127)	**1,205**
15,662	**Total Corporate Services**	**11,340**	**5,599**	**3,243**	**20,182**	**(27)**	**(4,708)**	**15,447**
1,082	Economic Development	464	2,608	-	**3,072**	-	(2,087)	**985**
32,688	**TOTAL POLICY COMMITTEE**	**15,263**	**40,310**	**4,041**	**59,614**	**(12,364)**	**(14,691)**	**32,559**

Policy Committee -
Capital Programme 2019/20

	Revised 2018/19 £000	**Budget Year 2019/20 £000**	Indicative Figures 2020/21 £000	2021/22 £000	2022/23 £000
Policy Capital Programme					
Building Works	1,985	2,400	2,400	2,400	2,400
ICT Infrastructure	1,267	1,000	1,000	1,000	1,000
Microsoft Enterprise Agreement	1,099	1,042	1,000	1,000	1,000
ICT Strategy	1,880	-	-	-	-
IT Replacement	1,067	230	230	-	-
Lindhurst Project	225	-	-	-	-
Denewood	20	-	-	-	-
Customer Service Centre MASH	135	-	-	-	-
Business Reporting & Management Information (BRMI)	904	-	-	-	-
Demolition Programme	-	4,000	-	-	-
Rolleston Drive Demolition	9	-	-	-	-
Land Release Equity Fund	-	1,000	-	-	-
Economic Development Capital Fund	1,344	78	-	-	-
Turbine Centre	36	-	-	-	-
Superfast Broadband	2,488	2,200	-	-	-
Smarter Ways of Working	2,641	155	-	-	-
Gross Capital Programme	**15,100**	**12,105**	**4,630**	**4,400**	**4,400**
Funded from:					
Approved County Council Allocations	14,850	9,505	4,630	4,400	4,400
External Grants & Contributions	214	2,600	-	-	-
Revenue	-	-	-	-	-
Reserves	36	-	-	-	-
Total Funding	**15,100**	**12,105**	**4,630**	**4,400**	**4,400**

Finance & Major Contracts Management Committee
Variation Summary 2018/19 to 2019/20

		£'000	£'000
1	**Original Budget 2018/19**		**2,902**
2	**Budgets Transferred between Committees**		**1**
3	**Additional Allocations/Reductions 2018/19**		**(321)**
4	**Capital Financing Budget Transfers**		**-**
5	**2019/20 Service Changes:**		
	Pay Award, National Insurance & Pensions Increase		**109**
	Budget Savings		
	Efficiency Savings - Financial Services	(90)	
	Ancillary Savings	(16)	
			(106)
6	**Annual Budget 2019/20**		**2,585**

Finance & Major Contracts Management Committee - Revenue Budget 2019/20

Original Budget 2018/19 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2019/20 £'000
2,910	Finance Services & Procurement	4,119	412	-	**4,531**	-	(1,676)	**2,855**
262	Commercial Development Unit	-	-	-	**-**	-	-	**-**
	Contribution from Trading Services:							
-	County Supplies	808	472	-	**1,280**	-	(1,280)	**-**
(270)	Catering	10,920	9,580	-	**20,500**	-	(20,770)	**(270)**
-	Cleaning & Landscape	12,201	2,266	-	**14,467**	-	(14,467)	**-**
2,902	**TOTAL FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE**	**28,048**	**12,730**	**-**	**40,778**	**-**	**(38,193)**	**2,585**

Finance & Major Contracts Management Committee - Capital Programme 2019/20

	Revised 2018/19 £000	**Budget Year 2019/20 £000**	Indicative Figures 2020/21 £000	2021/22 £000	2022/23 £000
Finance & Major Contracts Management Capital Programme					
Risk Management	150	150	150	150	150
Landscape Services	30	30	30	30	30
Gross Capital Programme	**180**	**180**	**180**	**180**	**180**
Funded from:					
Approved County Council Allocations	-	-	-	-	-
External Grants & Contributions	-	-	-	-	-
Revenue	-	-	-	-	-
Reserves	180	180	180	180	180
Total Funding	**180**	**180**	**180**	**180**	**180**

Governance & Ethics Committee
Variation Summary 2018/19 to 2019/20

		£'000	£'000
1	**Original Budget 2018/19**		**7,170**
2	**Budgets Transferred between Committees**		**(10)**
3	**Additional Allocations/Reductions 2018/19**		**68**
4	**Capital Financing Budget Transfers**		**-**
5	**2019/20 Service Changes:**		
	Pay Award, National Insurance & Pensions Increase		**92**
	Budget Savings		
	Ancillary Savings	(14)	
			(14)
6	**Annual Budget 2019/20**		**7,306**

Governance & Ethics Committee - Revenue Budget 2019/20

Original Budget 2018/19 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2019/20 £'000
584	Democratic Services	608	153	-	**761**	(62)	(68)	**631**
1,727	Members Allowances	-	1,827	-	**1,827**	-	-	**1,827**
329	Councillors Divisional Fund	-	329	-	**329**	-	-	**329**
4,530	Legal Services	3,225	1,530	-	**4,755**	-	(236)	**4,519**
7,170	**TOTAL GOVERNANCE & ETHICS COMMITTEE**	**3,833**	**3,839**	**-**	**7,672**	**(62)**	**(304)**	**7,306**

Personnel Committee
Variation Summary 2018/19 to 2019/20

		£'000	£'000
1	**Original Budget 2018/19**		**15,304**
2	**Budgets Transferred between Committees**		**(206)**
3	**Additional Allocations/Reductions 2018/19**		**-**
4	**Capital Financing Budget Transfers**		**(303)**
5	**2019/20 Service Changes:**		
	Pay Award, National Insurance & Pensions Increase		**526**
	Budget Savings		
	Business Support Service Re-structure	(300)	
	Business Support Centre - Efficiencies	(150)	
	Ancillary Savings	(79)	**(529)**
6	**Annual Budget 2019/20**		**14,792**

Personnel Committee - Revenue Budget 2019/20

Original Budget 2018/19 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2019/20 £'000
2,516	Corporate Human Resources	3,850	1,565	-	**5,415**	-	(2,855)	**2,560**
7,761	Business Support	9,602	242	-	**9,844**	(22)	(2,297)	**7,525**
2,288	Business Support Centre	4,458	5,382	228	**10,068**	-	(8,143)	**1,925**
2,739	Customer Services Centre	2,738	258	117	**3,113**	-	(331)	**2,782**
15,304	**TOTAL PERSONNEL COMMITTEE**	**20,648**	**7,447**	**345**	**28,440**	**(22)**	**(13,626)**	**14,792**

Personnel Committee - Capital Programme 2019/20

	Revised 2018/19 £000	**Budget Year 2019/20 £000**	Indicative Figures 2020/21 £000	2021/22 £000	2022/23 £000
Personnel Capital Programme					
Customer Services Centre	7	-	-	-	-
Business Management System	-	249	-	-	-
Gross Capital Programme	**7**	**249**	**-**	**-**	**-**
Funded from:					
Approved County Council Allocations	7	249	-	-	-
External Grants & Contributions	-	-	-	-	-
Revenue	-	-	-	-	-
Reserves	-	-	-	-	-
Total Funding	**7**	**249**	**-**	**-**	**-**

ROBUSTNESS OF BUDGET ESTIMATES AND THE ADEQUACY OF THE COUNTY COUNCIL'S RESERVES

1. The County Council has always taken a prudent approach regarding its reserves, which are specifically set aside to meet future, or potential future, expenditure. The Council's current position is therefore relatively robust.

2. There are four main types of reserve held by the County Council:

   - The General Fund Balance is a non-earmarked reserve, consisting of the accumulated surpluses. A balance on the General Fund is maintained to cushion the impact of uneven cash flows and as a contingency to reduce the impact of unexpected events or emergencies.
   - Earmarked Reserves are held to meet specific planned expenditure, for example, that relating to PFI schemes.
   - Schools Statutory Reserve represents monies held on behalf of Schools under the Financial Management of Schools scheme.
   - Capital Grants have been received in advance but have not yet been applied.

<u>Forecast Level of Reserves</u>

3. Given the continuing financial challenges facing local authorities, central government have encouraged councils to be innovative regarding the deployment of existing reserves to meet one-off costs of transformation. This budget report is proposing to utilise £19.2m of reserves over the medium term with £5.6m being used to deliver a balanced budget in 2019/20.

4. As in previous years the County Council has undertaken a review of all of its reserves; forecasts based on latest estimates for the current and following year are shown in Table B1 below.

Table B1 – County Council Reserves Forecast to 31st March 2020

Reserve	Actual Balance as at 31/03/2018 £'m	Projected balance at 31/03/2019 £'m	Forecast balance at 31/03/2020 £'m
General Fund Balance	**30.9**	**23.7**	**21.6**
Earmarked Reserves			
General Insurance Reserve	21.0	27.0	28.0
Trading Activities	1.7	1.3	1.3
Earmarked for Services	11.7	6.7	6.7
Revenue Grants	17.1	14.1	14.1
Section 256 Grants	18.3	17.7	17.7
Earmarked Reserve	3.4	3.0	3.0
CapitalProjects Reserve	12.5	8.4	8.4
NDR Pool Reserves	8.1	5.1	5.1
East Leake PFI	3.2	3.2	3.2
Bassetlaw PFI	0.7	0.7	0.7
Waste PFI	25.6	25.7	25.8
Workforce Reserve	8.2	8.7	8.7
IICSA Reserve	2.8	0.0	0.0
Strategic Development Fund	2.9	2.9	2.9
Subtotal Earmarked Reserves	**137.2**	**124.5**	**125.6**
Schools Statutory Reserve	**19.9**	**18.6**	**18.6**
Capital Grants Unapplied	**3.9**	**3.9**	**3.9**
Total Usable Reserves	**191.9**	**170.7**	**169.7**

5. Certain assumptions have been made in predicting closing balances and the timing of when movements on balances will occur. These are outlined below.

- A full external review of the Council's Reserves Strategy was undertaken in 2015 and subsequently built upon. Given the uncertain future economic outlook and the risks surrounding the MTFS, the Council is maintaining a risk based General Fund Balance. Although the General Fund reserve has fluctuated over the previous three years, the position is relatively strong in terms of risk cover when compared with other County Councils. This is a prudent approach given the uncertainty that currently exists within Local Government Finance. A risk based assessment of the required level of General Fund Reserve has been undertaken and can be seen in the table below:

Risk	Impact	Probability (low, medium or high)	Mitigation	Proposed level of reserve cover for 2019/20 £m
Major funding stream variations	If an in-year correction or top-slice is made to external funding during 2019/20 this would reduce the Council's ability to fund its Budget (say 0.5% of RSG+BR)	Medium	The government settlement has been announced, however, there have been in-year changes previously.	£0.6
Major variations in budget assumptions e.g. inflation	If inflationary expectations are too low, it could have a greater impact on the Council's expenditure than expected.	Low	The Service Director – Finance, Infrastructure & Improvement monitors the economic environment and takes forecasts from reliable sources	£1.5
Major expenditure and income variations	If expenditure is higher than budgeted or income lower than budgeted in any service, this will lead to a service overspend and potentially an overall overspend in Budget (say 1.5% of net committee requirements of £508.688m)	Medium	The Council's Management Team control the budget through a robust monthly budget management process, however, there are ongoing risks in Children's and Adults Services where safeguarding takes priority	£7.6
Delay in and/or non-delivery of savings	If planned savings are delayed or are found to be undeliverable this will have a significant impact on the Council's ability to deliver its Budget (say, 10% non-delivery in-year of £14.497m to be saved)	High	The Council's Management Team control the delivery of the savings programme through a robust monthly budget management process, however, this becomes more difficult year-on-year given the savings already delivered to date and the complexity of building change on change	£1.5
Major disaster implications	The Council could face unplanned expenditure if faced with a major disaster e.g. freak weather conditions	Medium	The Council may receive central government support but it is not certain that this would cover all required expenditure, there is also robust major emergency plans in place	£1.0

Risk	Impact	Probability (low, medium or high)	Mitigation	Proposed level of reserve cover for 2019/20 £m
Health and safety breaches	The Council could be faced with a fine if it was found to be in breach of health and safety requirements	Low	The Council has very good health and safety procedures and records in place and these are reviewed and updated on a regular basis. A mandatory training programme is also in place.	£0.5
Security breaches	The Council could be liable for a penalty from the Information Commissioner's Office with regard to the new General Data Protection Regulations.	Low	The establishment of an Information Governance Framework was approved at Policy Committee in March 2018. A mandatory training programme is also in place.	£3.0
ICT failure	The reliance on ICT for the Council is significant and growing, which means that there could potentially be a significant impact if one or more of the Council's main systems failed	Low	The Council has an ICT Strategy in place, which includes a disaster recovery plan and business continuity plans are in place for all services	£1.0
Impact of litigation	The Council may be faced with litigation related to the services that it provides e.g. related to safeguarding in Children's and Adults Services	Low	The services have strong procedures in place for the delivery of services and are fully conversant with the requirements of the legislation relevant to each service area	£1.0
Employment matters	The Council could be faced with costs associated with industrial action or individual tribunal cases	Low	The Council has good employee and union relations, including early consultation for major policy implications and major service changes	£0.5
Third party failure	The Council could have a significant negative financial impact of one or more of its major suppliers or trading operations failed	Low	The Council has strong governance and contract controls in place, with major contracts reviewed and monitored closely as part of the operation of each Council service	£1.0

Risk	Impact	Probability (low, medium or high)	Mitigation	Proposed level of reserve cover for 2019/20 £m
Contingency – unforeseen events	The above risks are intended to cover all foreseen situations that the Council could face, however, there could be future major policy changes or unforeseen incidents that could significantly impact on the Council's financial stability (say 0.5% of Net Budget Requirement £487.428m)	Low	In the current uncertain times associated with Local Government Finance changes, volatility in the global economy and the implications of Brexit and future political uncertainty it is advisable for the Council to hold a contingent level of reserves	£2.4
Risk assessed minimum level of General Fund Reserve				**£21.6**
% of net revenue expenditure (based on £508.688m)				**4.2%**

- The latest budget monitoring report, which covers the first three quarters of the current financial year, predicts an overspend in the region of £5.7m although there may still be fluctuations in the forecast before year end. It is proposed that any in-year overspend is funded from General Fund balances.
- PFI Reserves are built up using funding surpluses which are held for use in later years of the contract, when the planned withdrawal of government funding will leave a funding shortfall.
- It is proposed to combine the reserves for Surplus Pension Contributions and Corporate Redundancy into a wider ranging Workforce Reserve. This expanded reserve will cover potential pay protection, National Living Wage increases and Pension Strain, as well as covering Pension Contributions and Redundancy.
- A full review of services reserves has also been undertaken and where funds have been identified as no longer required, transfers have been actioned. A further review will be undertaken to assess planned use against the need to support County Council priorities. The Earmarked for Services reserves also include revenue grants that are received in advance, these will be spent in accordance with the grant conditions.
- In previous years a Strategic Development Fund was established to deliver the Councils revised operating model, invest in IT and realise the savings agreed in the proposed Options for Change. It is proposed that,

from 2019/20 to 2021/22, these transformational costs continue to be funded from the extension to the capital flexibility opportunity as announced in the 2018/19 provisional Local Government Finance Settlement.

- The Trading Organisations Reserve is money set aside by the Trading Units e.g. Catering, Cleaning, Landscape and County Supplies to fund future replacement equipment.
- The Schools Statutory Reserve comprises money that schools have set aside from their Dedicated Schools Grant and these funds are not available for general authority use. As such it is not possible to accurately predict future balances although they are likely to reduce as schools transfer to Academy status.

Adequacy of Proposed Reserves

6. CIPFA do not advocate the introduction of a statutory minimum level of reserves as 'there is a broad range within which authorities might reasonably operate depending on their particular circumstances'. Imposing a statutory minimum would also be against the promotion of local autonomy and would conflict with the increased financial freedoms that are being introduced in local authorities. Indeed, guidance suggests that 'local authorities, on the advice of their finance directors, should make their own judgement on such matters taking into account all the relevant local circumstances'.

7. Further, in previous responses to media coverage of Council reserve balances, CIPFA have supported the flexible management of reserves 'If local councils are trying to manage their reserves to protect the public from future financial problems this is good financial management and should be applauded. In fact it is encouraging that the majority of councils are exercising prudence in their reserves management, providing crucial capacity to invest in service transformation and protect against future unexpected shortfalls.' The CIPFA Resilience Indicator for local authorities provides a useful broad dashboard indicator of the financial risks and mitigations within the budget approved for the current year. The Resilience Indicator for Nottinghamshire does not highlight any undue risk to the Authority.

8. Ultimately it is the responsibility of the County Council's Section 151 Officer to recommend a strategy for the management of reserves based on their professional opinion.

Risk Management Measures

9. The Council has developed a strategic approach to risk management that seeks to identify potential risks at an early stage so that remedial action can be taken. This supports the general arrangements the authority has in place for managing risk, and is underpinned by:

- The External Auditors annual review of the Councils financial arrangements and assessment of the Council's financial health, which are then formally reported in their Annual Audit Letter.

- The Council's positive track record in sound and effective financial management.

Professional Opinion of the County Council's Section 151 Officer

10. The 2003 Local Government Act stipulates that the County Council's Section 151 Officer should report to Members on the robustness of budget estimates and the adequacy of proposed reserves. A summary of the total usable reserves available to the County Council is shown in Table B1 above. The table includes estimates of future reserve levels based on latest estimates of plans and commitments.

11. The strategy proposed in this report is to utilise up to £5.6m of General Fund and earmarked reserves in 2019/20 to help deliver a balanced budget for 2019/20.

12. My conclusion is that the budget as set out in this report is legal, robust and sustainable. However, given the on-going financial uncertainties and challenges, the need for robust financial management, strict budgetary control and the on-going monitoring of savings delivery plans, will be of paramount importance.

Recommendations

13. The level of proposed General Fund balances in 2019/20 be regarded as acceptable cover for any reasonable level of unforeseen events.

14. The report be noted.

NIGEL STEVENSON CPFA

SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE AND IMPROVEMENT

ANNUAL MINIMUM REVENUE PROVISION (MRP) STATEMENT

Local authorities are required by law to make provision through their revenue account for the repayment of long term external borrowing and credit arrangements. This provision is made in the form of the Minimum Revenue Provision charge to the Council's General Fund.

The Council is under a statutory duty "to determine for the current financial year an amount of MRP which it considers to be prudent". Local authorities are asked by the Secretary of State "to prepare an annual statement of their policy on making MRP for submission to their Full Council".

It is proposed that the following policy, approved by Full Council (28 February 2018) for 2018/19, is continued for 2019/20:

- That MRP for capital expenditure financed by borrowing prior to 1 April 2007 is based on a fixed, straight line method over a period of 50 years commencing in 2016/17;
- That MRP for capital expenditure financed by borrowing after 1 April 2007 is based on the annuity method over the estimated life of assets;
- That for "on Balance Sheet" PFI contracts and finance leases, the MRP requirement is regarded as being met by a charge equal to the element of the rent that goes to write down the Balance Sheet liability.

As part of the MRP report to Finance and Property Committee in February 2016, it was identified that applying the previous policy had led to MRP charges that exceeded what prudence required during the period from 1 April 2007 to 31 March 2016. There was a realignment of MRP charged to the revenue account in 2017/18 and this will continue into future years to recognise this excess sum. Total MRP after applying realignment will not be less than zero in any financial year.

The critical consideration of the MRP Policy is prudence. The proposed policy detailed above ensures responsible economic foresight and is consistent with the methods prescribed by statutory guidance.

NIGEL STEVENSON CPFA

SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE & IMPROVEMENT

Nottinghamshire County Council Capital Strategy

Purpose and Aims

1. The Prudential Code for Capital Finance in Local Authorities was updated by the Chartered Institute of Public Finance and Accountancy in December 2017. The framework established by the Prudential Code supports local strategic planning, local asset management planning and proper option appraisal.

2. The objectives of the Prudential Code are to ensure that the capital expenditure plans of local authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved.

3. The Prudential Code requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are made with sufficient regard to the long run financing implications and potential risks to the authority.

4. The Prudential Code sets out that in order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy. The capital strategy should set out the long term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

5. This capital strategy sets out a framework for the self-management of capital finance and examines the following areas:

    - Capital expenditure and investment plans
    - Prudential Indicators
    - External debt
    - Treasury Management

National Context

6. It is important to set out the external environment in which Nottinghamshire County Council is currently operating. Some of the key factors that impact directly on the capital programme are outlined below:

    - Financial stability and tackling public debt continue to be key drivers for Central Government over this parliamentary term. This is resulting in reduced direct funding for local government, particularly relating to revenue support. Over the medium term Nottinghamshire County Council's revenue budget is being cut further on top of previous years' reductions. This impacts upon the Council's ability to self-fund capital investment.

- The Government has chosen to prioritise high-value investment, specifically in infrastructure and innovation that will directly contribute to raising Britain's productivity.

- Mechanisms for distributing government funding continue to evolve through the Government's devolution agenda specifically through the Local Growth Fund (LGF) and the increased role of Local Enterprise Partnerships (LEPs) in the strategic oversight of regional areas.

- The LGF now totals over £12 billion (including devolution deals) of capital investment. This presents both opportunities and risks to existing levels of government service delivery and investment, as LEPs with the strongest Strategic Plans will gain the greatest share.

Managing the Future – Nottinghamshire County Council's Strategic Response

7. "Your Nottinghamshire, Your Future", the new County Council Plan which sets out the strategic ambition for the future of Nottinghamshire County Council was approved at Full Council in July 2017.

8. "Your Nottinghamshire, Your Future" is structured around four vision statements:

   - A great place to bring up your family
   - A great place to fulfil your ambition
   - A great place to enjoy your later life
   - A great place start and grow your business

9. In addition, four detailed departmental strategies have been designed to offer the best possible services whilst making the most efficient use of the Council's resources. Each of these strategies were approved at Policy Committee in January 2018. They outline the priorities and programmes of activity that will be pursued in the coming year to achieve delivery of the overall Council Plan.

10. To help the Council deliver the departmental strategies and hence the Council Plan it is essential that necessary long term fixed assets continue to be made available. The provision of long term assets is further defined as being capital expenditure.

11. There are a number of local influences that help shape the need for capital investment across the county as follows:

    - Nottinghamshire remains an area that is experiencing significant population growth. This is contributing to significant pressure being placed on school places and infrastructure.
    - There is pressure on budgets to keep pace with the deterioration of roads from exceptional weather conditions and increased usage.
    - In line with the national context, safeguarding of children remains a challenging area for all local authorities.

- The Council is committed to investing to stimulate the Nottinghamshire economy in order to place the county at the forefront of business, commerce, jobs and economic prosperity.

Corporate Property Strategy

12. The Council is currently going through a Property Transformation Programme which aims to establish a high preforming Property function for Nottinghamshire County Council that sits at the heart of the council's growth and prosperity agenda. As part of this exercise the Council's Corporate Property Strategy was approved at the Policy Committee meeting in October 2018.

13. A Property Asset Management Plan, aligned to the Corporate Property Strategy, is currently in development and will set out how the Council will deliver each of the priorities including governance arrangements, resources, tools, policies and systems that will underpin strategic decision making at Corporate Landlord level across the Council.

14. In addition, Service Asset Management Plans are also in development which will be used to clearly articulate each services land and property need. It is anticipated that the development of Service Asset Management Plans will inform future Capital Strategies with regard to the condition, suitability and sufficiency of assets and feed into a longer term capital programme.

What is Capital Expenditure?

15. An understanding of what constitutes capital expenditure is fundamental to realising the benefits that an authority can obtain under the Prudential framework. Unless expenditure qualifies as capital it will normally fall outside the scope of the framework and be charged to revenue in the period that the expenditure is incurred. If expenditure meets the definition of capital, there may be opportunities to finance the outlay from capital receipts or by spreading the cost over future years' revenues.

16. There are three ways in which expenditure can qualify as capital under the framework:-

    - The expenditure results in the acquisition, construction or enhancement of fixed assets (tangible and intangible) in accordance with 'proper practices'.
    - The expenditure meets one of the definitions specified in regulations made under the 2003 Local Government Act.
    - The Secretary of State makes a direction that the expenditure can be treated as capital expenditure.

Approach to Capital Investment

17. Nottinghamshire County Council's Capital Strategy defines and outlines the Council's approach to capital investment and is fundamental to the Council's financial planning processes. It aims to ensure that:

- Capital expenditure contributes to the achievement of the Council's strategic plan.
- An affordable and sustainable capital programme is delivered.
- Use of resources and value for money is maximised.
- A clear framework for making capital expenditure decisions is provided.
- A corporate approach to generating capital resources is established.
- Access to sufficient long term assets to provide services are acquired and retained.
- Invest to save initiatives to make efficiencies within the Council's revenue budget are encouraged.
- An appraisal and prioritisation process for new schemes is robust.

Governance Arrangements

Capital Programme Approvals

18. The Authority's constitution and financial regulations govern the capital programme as set out below:

- All capital expenditure must be carried out in accordance with the financial regulations and the Council's Constitution.
- The expenditure must comply with the statutory definition of capital purposes as defined within this document and wider financial standards.
- The Capital Programme approved by Full Council as part of the Council's annual budget report sets the capital funding availability for the Council, the prioritisation of funding and the schemes receiving entry into the Capital Programme.
- All schemes are formally approved into the capital programme by following a process as set out in the financial regulations.
- Officers are not authorised to commit expenditure without prior formal approval as set out in the financial regulations.
- Each scheme must be under the control of a responsible person/project manager.
- Corporate Directors must take a Latest Estimated Cost report to Finance and Major Contracts Management Committee where the capital cost is over £1 million.
- Any agreements (such as section 106) which contractually commit to procure capital schemes will need to follow the same approval process as other capital expenditure before it can be formally incorporated into the capital programme.

Capital Programme Bodies

19. The main internal bodies that are responsible for the governance and management of the capital programme are the Full Council, Policy Committee, Finance and Major Contracts Management Committee and the Corporate Asset Management Group.

20. **Full Council:**

- Approves the capital programme as part of the Annual Budget Report within the strategic boundaries set by the Council.
- Approves capital schemes into the approved capital programme to enable commencement of delivery and schemes to start to incur expenditure.

21. **Policy Committee / Finance and Major Contracts Management Committee:**

- Approves additional schemes into the capital programme and cost variations to existing schemes.
- Receives Latest Estimated Cost reports where the capital costs are in excess of £1m.

22. **Corporate Asset Management Group (CAMG)** – CAMG is a cross-service group of officers with a finance, service and property management background. It is responsible for ensuring that the County Council has a clear and cohesive strategy for managing its physical assets and to oversee the development and delivery of the County Council's capital programme in support of that strategy.

Funding Streams

23. Nottinghamshire County Council's Capital Programme is funded from a mix of sources including:-

- **Prudential Borrowing** – The introduction of the Prudential Code in 2004 allowed the Council to undertake unsupported borrowing itself. This borrowing is subject to the requirements of the Prudential Code for Capital Expenditure for Local Authorities. The Council must ensure that unsupported borrowing is affordable, prudent and cost effective. This funding can also be used as an option to front fund development to stimulate growth. This has provided the Council with the flexibility to raise capital funding as demand and business need have dictated. This type of borrowing has revenue implications for the Council in the form of financing costs.

- **External Grants** – The largest form of capital funding comes through as external grant allocations from central government departments such as the Department for Transport and Department for Education.

- **Section 106 and External Contributions** – Elements of the capital programme are funded by contributions from private sector developers and partners. Growth in Nottinghamshire has resulted in Section 106 contributions from developers accounting for significant elements of funding of the capital programme in recent years.

- **Revenue Funding** – The Council can use revenue resources to fund capital projects on a direct basis and this funding avenue has been used in the past. However, the impact of austerity on the Council's revenue budget has reduced options in this area and therefore the preference is for Invest to Save options to be adopted where feasible.

- **Capital Receipts** – The Council is able to generate capital receipts through the sale of surplus assets such as land and buildings. The Council seeks to maximise the level of these resources which will be available to support the Council's plans.

24. The size of the Capital Programme will be influenced by funding sources and financing costs. The main limiting factor on the Council's ability to undertake capital investment is whether the revenue resource is available to support in full the implications of capital expenditure, both borrowing costs and running costs, after allowing for any support provided by central government, now mainly through capital grants.

Overview of the Capital Programme

25. The following table shows Nottinghamshire County Council's overall Capital Programme by Committee and how it is funded from 2018/19 to 2022/23:-

Table D1 - Capital Programme by Committee

	Revised 2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	TOTAL £m
Committee:						
Children & Young People*	24.705	45.912	20.387	6.000	5.500	102.504
Adult Social Care & Public Health	3.523	2.180	-	-	-	5.703
Communities & Place	54.160	53.549	58.983	28.410	21.042	216.144
Policy	15.100	12.105	4.630	4.400	4.400	40.635
Finance & MCM	0.180	0.180	0.180	0.180	0.180	0.900
Personnel	0.007	0.249	-	-	-	0.256
Contingency	-	2.200	2.200	2.200	2.200	8.800
Capital Expenditure	**97.675**	**116.375**	**86.380**	**41.190**	**33.322**	**374.942**
Financed By:						
Borrowing	41.846	44.939	38.196	15.850	10.800	151.631
Capital Grants	52.496	69.368	46.584	24.240	21.422	214.110
Revenue / Reserves	3.333	2.068	1.600	1.100	1.100	9.201
Total Funding	**97.675**	**116.375**	**86.380**	**41.190**	**33.322**	**374.942**

*This table excludes funding that is given directly to schools.

Description of Major Schemes

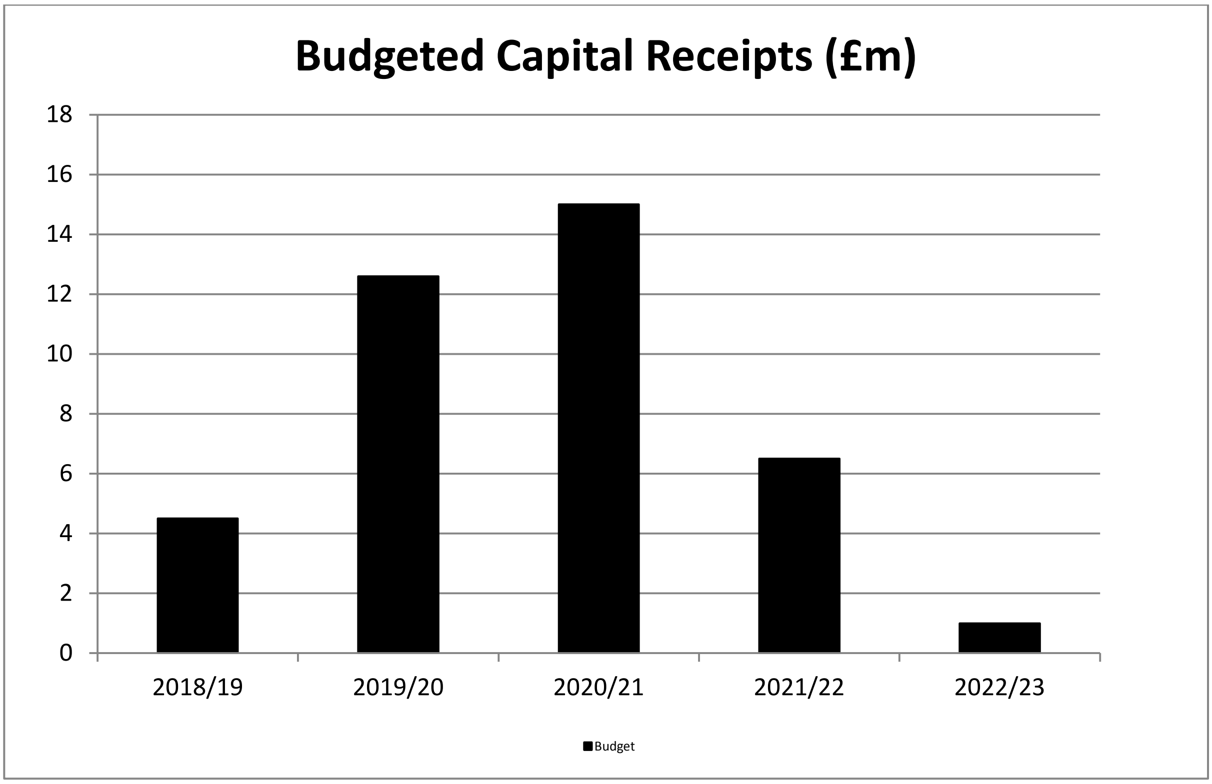
26. The main capital projects / programmes of work that are incorporated into the Authority's capital programme are identified below:

- **Schools Building Improvement Programme (SBIP) –** The SBIP focuses on the most immediate condition issues relating to heating, lighting and power, windows and roofing of the County Councils' maintained school building stock.
- **School Places Programme** - The School Places Programme focuses on the Council's statutory duty to provide sufficient school places. This applies to sufficiency planning across all schools, including academies. It is expected that local authorities will work closely with academies and the voluntary aided sector to meet this statutory responsibility and function. The fulfilment of this duty is described as meeting Basic Need. Children and Young People's Services analyse the pupil projection data available to identify schools which would be best suited to fulfil the Basic Need requirement and secure diversity of provision and increase the opportunity for parental preference.
- **Replacement Schools** – As part of the programme to ensure that there are sufficient school places across the county three new replacement schools are to be built in Bestwood, Newark and Hucknall.
- **Roads Maintenance and Renewals -** This major programme of work supports local highway maintenance across the County and is funded mainly from Department for Transport grant with a local top up funded from capital allocation.
- **Integrated Transport Measures (ITM) -** The ITM is a package of capital schemes developed to support the Local Transport Plan and is funded mainly by direct grant from Government with a local top up funded from capital allocation.
- **Gedling Access Road (GAR) -** This major transport scheme will enable the realisation of a key strategic development site in Gedling. It will also fulfil the long term proposal to provide a bypass around Gedling village. The project is to be delivered by key public sector partners working jointly towards achieving common objectives for the future redevelopment of the former Gedling Colliery site.
- **Building Works -** The building works capital budget funds essential capital works to maintain the condition of the Council's property portfolio.
- **Superfast Broadband** - The Council has contributed to and secured external funding from Broadband Deliver UK, European Regional Development Fund, Local Growth Fund and other local authorities to enable Superfast Broadband to be rolled out to 97% of Nottinghamshire premises.

Capital Receipts / Disposals

27. Anticipated capital receipts are reviewed on a regular basis by the Finance and Major Contracts Management Committee. All forecasts are based on estimated disposal values of identified properties and prudently assume a slippage factor based on risks associated with each property.

28. The chart below shows the budgeted capital receipts for the four years to 2022/23:



29. Local authorities have been given the opportunity to use capital receipts to fund one off costs associated with transformation to 2021/22. This approach will be reviewed on an annual basis. It is proposed that capital receipts to 2021/22 are, in the first instance, used to fund transformational costs associated with the Programmes and Projects Team and the implementation of the IT Cloud platform. Any excess capital receipts will be set against previous years' borrowing thereby reducing the impact of the Minimum Revenue Provision on the revenue accounts.

2019/20 PRUDENTIAL INDICATORS FOR CAPITAL FINANCE

30. This section of the capital strategy sets out the prudential indicators and outlines how expenditure will be financed by borrowing in an affordable, prudent and sustainable way.

Information and Advice

31. The Local Government Act 2003 enables local authorities to determine their programmes for capital investment and associated borrowing requirements, provided they have regard to the Prudential Code for Capital Finance in Local Authorities developed by CIPFA and also take advice from the Section 151 Officer.

32. The Executive Summary of the Code states that "The framework established by the Prudential Code should support local strategic planning, local asset management planning and proper option appraisal. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice."

33. The Code sets out a number of prudential indicators designed to support and record local decision making and it is the duty of the Service Director – Finance, Infrastructure and Improvement (the Council's Section 151 Officer) to ensure that this information is available to Members when they take decisions on the County Council's capital expenditure plans and annual budget. Key issues to be considered are:

- Affordability (e.g. implications for Council Tax)
- Prudence and sustainability (e.g. implications for external borrowing and whole life costing)
- Value for money (e.g. option appraisal)
- Stewardship of assets (e.g. asset management planning)
- Service objectives (e.g. alignment with the Council's Strategic Plan)
- Practicality (e.g. whether the capital plans are achievable).

Affordability

34. The fundamental objective in the consideration of the affordability of the Authority's capital plans is to ensure that the level of investment in capital assets proposed means that the total capital investment of the authority remains within sustainable limits.

35. In considering the affordability of its capital plans, the Authority is required to consider all of the resources currently available to it and estimated for the future, together with the totality of its capital plans, income and expenditure forecasts.

36. The costs of financing capital expenditure are:

- Interest payable to external lenders less interest earned on investments; and
- Amounts set aside for repayments of amounts borrowed (including repayments of amounts relating to PFI schemes and other finance lease liabilities).

The relevant figures from the 2017/18 Accounts are as follows.

Table D2 – 2017/18 Capital Financing Costs and Net Revenue Stream

Capital Financing Costs	**£m**
Interest Payable (incl. PFI/Finance Leases)	34.573
Interest and Investment Income	(1.226)
Repayment of Previous Years' Borrowing	0.448
Repayment of PFI/Finance Lease Liabilities	4.468
Other Amounts Set Aside for Repaying Debt	1.400
Total Capital Financing Costs	**39.663**

Net Revenue Stream	**557.637**

37. The Capital Financing Costs as a proportion of Net Revenue Stream for 2017/18 and future years are shown in the table below:

Table D3 – Capital Financing Costs as a Proportion of Net Revenue Stream

Capital Financing Costs as a proportion of Net Revenue Stream		
Actual	2017/18	7.1%
Estimates	2018/19	8.3%
	2019/20	8.6%
	2020/21	10.9%
	2021/22	9.7%
	2022/23	9.3%

38. As a result of significantly lower Minimum Revenue Provision (MRP) charges in 2017/18 to 2019/20, following the MRP Review and associated changes to the MRP methodology, the proportions are relatively small during this period. The increase in future years proportions relates mainly to the reducing forecast Net Revenue Spend, re-instatement of full MRP charges as well as the variation in the levels of capital receipts available to set against amounts previously borrowed. The proportion of capital financing costs to net revenue stream will be kept under review.

Prudence and Sustainability

39. The Prudential Code requires that the Authority shall ensure that all of its capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so it will take into account its arrangements for the repayment of debt and consideration of risk and the impact on the Authority's overall fiscal sustainability.

40. The Authority is required to make reasonable estimates of the total capital expenditure that it plans to incur in the forthcoming financial year and at least the following two financial years. These indicators, together with anticipated sources of finance, are as follows.

Table D4 – Estimates of Capital Expenditure

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Capital Expenditure	**116.375**	**86.380**	**41.190**	**33.322**
Funded from:				
Borrowing	44.939	38.196	15.850	10.800
Grants and Contributions	69.368	46.584	24.240	21.422
Revenue / Reserves	2.068	1.600	1.100	1.100
Total Capital Financing Costs	**116.375**	**86.380**	**41.190**	**33.322**

41. The proposed level of borrowing under the Prudential Code for 2019/20 is £44.9m.

42. One of the features of the Prudential Code arrangements is the need to calculate the Capital Financing Requirement. This figure covers capital expenditure which has not yet been permanently financed through the revenue account. It is derived by consolidating a number of Balance Sheet items as follows.

Table D5 – Capital Financing Requirement 2017/18

	£m
Fixed Assets	1,400
Short-term Assets Held For Sale	1
Capital Adjustment Account	(417)
Revaluation Reserve	(244)
Capital Financing Requirement as at 31/3/18	**740**

43. The Code states that "In order to ensure that over the medium term net debt will only be for a capital purpose, the local authority should ensure that net debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years." This is a key indicator of prudence.

44. The Capital Financing Requirement needs to be rolled forward to the estimated position at the end of 2018/19:

Table D6 – Estimated Capital Financing Requirement 2018/19

	£m
Capital Financing Requirement 2017/18	**740**
Borrowing in 2018/19	42
Additional PFI/Finance Lease Liabilities in 2018/19	-
Repayment of PFI/Finance Lease Liabilities in 2018/19	(7)
Capital Receipts set against previous borrowing in 2018/19	(1)
Other amounts set aside for Repayment of Debt in 2018/19	(4)
Estimated Capital Financing Requirement 2018/19	**770**

45. The additional Capital Financing Requirements for the next 3 years are:

Table D7 – Estimated Capital Financing Requirements 2019/20 - 2021/22

	2019/20 £m	2020/21 £m	2021/22 £m
New Borrowing	45	38	16
Additional PFI/Finance Lease Liabilities	-	-	-
Repayment of PFI/Finance Lease Liabilities	(3)	(6)	(6)
Capital Receipts set against previous borrowing	(8)	(13)	(3)
Other amounts set aside for Repayment of Debt	(4)	(5)	(7)
Capital Financing Requirement Net Additions	**30**	**22**	**-**
Estimated Capital Financing Requirement	**800**	**822**	**822**

46. As such there is a requirement to ensure that net debt (the sum of borrowing and other long-term liabilities, net of investments) in 2019/20 does not, except in the short term, exceed £822m (i.e. the estimated CFR for 2020/21).

External Debt

47. The Local Government Act 2003 requires the County Council to set two borrowing limits for next year and the following two years with respect to external borrowing.

48. Operational Boundary – has to be set for both borrowing and long term liabilities. This measure encompasses all borrowing and is used in-year as a tool for monitoring the Council's prudent borrowing requirements. The operational boundary is calculated by taking account of existing borrowing and long term liabilities, planned new borrowing, net change in long term liabilities and any amounts set aside for repayment of debt.

49. Authorised Limit – this higher measure, is the upper limit on the level of gross indebtedness which must not be breached without County Council approval. If it appears that the Authorised Limit might be breached, the Service Director –

Finance, Infrastructure and Improvement has a duty to report this to the County Council for appropriate action to be taken.

50. The Operational Boundary for external debt for the next three years is built up from the existing level of external borrowing, which was £472m, and the level of relevant liabilities (including finance lease liabilities), which was £123m, on the Balance Sheet at 31 March 2018.

51. These figures can be rolled forward to provide the proposed Operational Boundaries for 2019/20 and subsequent years.

Table D8 – Operational Boundaries 2019/20 – 2021/22

	Borrowing £m	Other Long-Term Liabilities £m	TOTAL £m
External borrowing at 31 March 2018	466	-	466
Other Long-Term Liabilities at 31 March 2018	-	123	123
Net new borrowing in 2018/19	6	-	6
Net change in PFI/finance lease liabilities	-	(6)	(6)
Estimated external borrowing at 31 March 2019	472	117	**589**
Capital expenditure financed by borrowing 2019/20	45	-	45
Amounts set aside for repayment of debt	(13)	-	(13)
Net change in PFI/finance lease liabilities	-	(3)	(3)
Contingency for changes in cash flow forecast	37	-	37
Operational Boundary 2019/20	541	114	**655**
Capital expenditure financed by borrowing 2020/21	38	-	38
Amounts set aside for repayment of debt	(20)	-	(20)
Net change in PFI/finance lease liabilities	-	(6)	(6)
Contingency for changes in cash flow forecast	37	-	37
Operational Boundary 2020/21	596	108	**704**
Capital expenditure financed by borrowing 2021/22	16	-	16
Amounts set aside for repayment of debt	(12)	-	(12)
Net change in PFI/finance lease liabilities	-	(6)	(6)
Contingency for changes in cash flow forecast	37	-	37
Operational Boundary 2021/22	637	102	**739**

52. The Authorised Limits should not need to be varied during the year, bar exceptional purposes. It is proposed to add a further £25m to the Operational Boundaries for Borrowing to provide sufficient headroom for events such as unusual cash movements. The proposed Authorised Limits are:

Table D9 – Authorised Limits 2019/20 – 2021/22

	Authorised Limit		
	Borrowing £m	Other Long-Term Liabilities £m	Borrowing and Other Long-Term Liabilities £m
2019/20	566	114	680
2020/21	621	108	729
2021/22	662	102	764

53. Both the Authorised Limits and Operational Boundaries are less than the Capital Financing Requirement because best practice in treasury management means that actual borrowing is below the notional underlying borrowing requirement.

54. The Prudential Code indicator in respect of treasury management is the adoption of the CIPFA Treasury Management Code of Practice. The County Council has formally adopted the code and approves an annual Treasury Management Policy and Strategy. This includes setting the treasury indicators:

- upper limits for fixed and variable interest rate exposures
- upper limit for investments over 364 days
- upper and lower limits for the maturity structure of borrowing.

Value for money – option appraisal

55. The County Council's Capital Programme is driven by the desire to provide high quality, value for money public services and is monitored by the CAMG. Business cases for proposed new capital schemes are reviewed by this group against an agreed prioritisation criteria. The results of this exercise are presented to Finance and Major Contracts Management Committee.

Stewardship of Assets

56. The Council's Asset Management Plan sets out the condition of its assets and the arrangements for managing these effectively. The Council's Corporate Property Strategy enhances these arrangements, including increasing the awareness that efficient use of property is an important element of maximising the value obtained from the Council's overall resources.

Service Objectives

57. The option appraisal of proposed capital schemes overseen by CAMG considers, amongst other factors, the following:

- How the proposal help achieve the objectives and priorities set out in the Council's Strategic Plan 2017-2021.
- How the proposal will help achieve objectives set out in Departmental Strategic Plans.
- The service improvements and other anticipated benefits expected to be delivered from the investment.

58. **Practicality / Monitoring**

- Capital budget holders are responsible for providing monthly forecasts to the Financial Strategy and Accounting Team. Any slippage on schemes is identified as soon as possible.
- All forecasts are collated by the Financial Strategy and Accounting Team and reported to Finance and Major Contracts Management Committee on a monthly basis.

Recommendation

59. It is recommended that the Prudential Indicators in Table D10 are approved as part of the 2019/20 budget.

Table D10 – Prudential Indicators 2019/20 – 2021/22

	2019/20	2020/21	2021/22
Estimated capital expenditure	£116.4m	£86.4m	£41.2m
Estimated Capital Financing Requirement	£800m	£822m	£822m
Authorised limit for external debt	£680m	£729m	£764m
Operational boundary for external debt	£655m	£704m	£739m
Financing costs as a % of net revenue stream	8.6%	10.9%	9.7%

Report of the Service Director (Finance, Infrastructure & Improvement)

Treasury Management Strategy 2019/20

Introduction

60. Treasury Management is defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) as:

"the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

61. The Local Government Act 2003 (the Act) requires local authorities "to have regard:
   (a) to such guidance as the Secretary of State may issue, and
   (b) to such other guidance as the Secretary of State may by regulations specify for the purposes of this provision."

62. The Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 state that:

"In carrying out its capital finance functions, a local authority must have regard to the code of practice in 'Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes' (regulation 24)."

63. The 2003 regulations further require local authorities to have regard to the code of practice entitled the 'Prudential Code for Capital Finance in Local Authorities' (published by CIPFA), when considering how much they can afford to borrow. Both the Treasury Management Code (the Code) and the Prudential Code were updated in December 2017.

64. With regard to investment of funds, the Secretary of State issued revised guidance in 2010 that requires local authorities to prepare an annual investment strategy which has the key objectives of security and liquidity of funds.

65. The Code has 3 key principles which are:

- the establishment of 'comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury activities'.
- the effective management and control of risk are prime objectives and that responsibility for these lies clearly within the organisation.
- the pursuit of value for money and the use of suitable performance measures are valid and important tools.

66. In accordance with the CIPFA Code, the Council adopts the following:

(a) The Council will create, and maintain, as the cornerstones for effective treasury management:

- a Treasury Management Policy Statement, stating the policies, objectives and approach to risk management of its treasury management activities
- suitable Treasury Management Practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject to amendment only where necessary to reflect the particular circumstances of the Council. Such amendments will not result in the Council materially deviating from the Code's key principles.

(b) The Council will receive reports on its treasury management policies, practices and activities, including an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

(c) The Council delegates responsibility for the implementation, scrutiny and monitoring of its treasury management policies and practices to the Treasury Management Group, comprising:

- Service Director (Finance, Infrastructure & Improvement)
- Group Manager (Financial Services)
- Senior Accountant (Financial Strategy & Accounting)
- Senior Accountant (Pensions & Treasury Management)

The responsible officer for the execution and administration of treasury management decisions is the Senior Accountant (Pensions & Treasury Management), who will act in accordance with the policy statement and TMPs.

67. This Treasury Management Strategy has been prepared in accordance with regulations, guidance and codes of practice to support the Council's Medium Term Financial Strategy and in particular the financing of the capital programme and the management of cash balances. In addition to this strategy there is a Treasury Management Policy Statement in Appendix E that underpins the strategy, together with the TMPs that govern treasury management operations.

68. The strategy covers:

- Current treasury position
- Borrowing requirement
- Treasury Indicators
- Interest rate forecasts
- Borrowing strategy
- Investment strategy

Current Treasury Position

69. The table below shows the Council's forecast treasury position as at 31 March 2019:

Table D11 – Forecast Treasury Position as at 31 March 2019

	Total £m	Average Interest Rate
External Borrowing		
Fixed Rate - PWLB	381.8	4.32%
Fixed Rate - Market Loans	90.0	3.83%
Total External Borrowing	**471.8**	**4.22%**
Other Long Term Liabilities	115.7	
Total Gross Debt	**587.5**	
Less:- Investments	(35.9)	
Total Net Debt	**551.6**	

Note 1: PWLB = Public Works Loans Board
Note 2: Figures exclude accrued interest

Borrowing Requirement

70. Under the Prudential Code, the Council is required to calculate the 'Capital Financing Requirement' (CFR). This represents the Council's underlying need to borrow for the approved capital programme. New capital expenditure, financed by borrowing or by credit arrangements such as finance leases and private finance initiative schemes, increases the CFR.

71. The Council also sets aside an amount each year as a provision for the repayment of debt. This is known as the Minimum Revenue Provision (MRP) and is, in effect, the principal repayment for the borrowing expected to be undertaken by the Council to finance its capital programme. MRP set aside reduces the CFR.

72. The difference between the CFR and the total of long-term liabilities and existing and new borrowing indicates that the Council has made temporary use of internal cash balances (from its own earmarked reserves and working capital) to finance the capital programme. This is known as "internal borrowing". Internal borrowing is a way of making short-term savings and avoiding the risks associated with holding large cash balances and is explained further in the "Borrowing Strategy" section below.

73. The Local Government Act 2003 and supporting regulations requires the Council to determine and keep under review how much it is prepared to borrow, termed the "Authorised Limit". This limit is determined for external borrowing (including both long-term and temporary borrowing and other forms of long-term liability,

such as credit arrangements). This limit reflects the need to borrow for capital purposes. The Authorised Limit is set for at least the forthcoming financial year and two successive financial years. The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that its total capital investment is 'affordable, prudent and sustainable'.

74. In practice during the year the level of borrowing will be monitored against the "Operational Boundary". This represents the planned level of borrowing for capital purposes and, as shown in Table D8, is made up as follows:

- Existing borrowing and other long-term liabilities
- Increased by:
  - planned new borrowing
  - net change in long-term liabilities
- Reduced by amounts set aside for repayment of debt (referred to as Minimum Revenue Provision or MRP).
- Contingency for changes to reserves forecast

75. The Operational Boundary is set for the forthcoming financial year and next two financial years. Any breach of this indicator would provide an early warning of a potential breach of the Authorised Limit and allow time for the Council to take appropriate action.

76. There are two main reasons why planned actual borrowing may be lower than that shown as being required to finance the capital programme. These are slippage in capital schemes and the Council temporarily making use of its cash reserves to delay external borrowing (the internal borrowing referred to above). The main components involved in calculating planned actual borrowing over the next three years are shown in the table below.

Table D12 – Cumulative Minimum Borrowing Requirement

	2017/18 Actual £m	2018/19 Est. £m	2019/20 Est. £m	2020/21 Est. £m	2021/22 Est. £m
Closing Capital Financing Requirement	740.0	770.0	800.0	822.0	822.0
Less:					
- Long-term liabilities	(122.1)	(115.7)	(114.0)	(108.0)	(102.0)
- Existing borrowing	(456.1)	(471.8)	(457.8)	(445.2)	(434.4)
- Cap Ex to be financed by borrowing (C)			(44.9)	(38.2)	(15.9)
- Replenishment/Replacement borrowing (D)			38.4	(9.0)	(48.1)
Internal borrowing (A)	**161.8**	**182.5**	**221.7**	**221.6**	**221.6**
Cash and cash equivalents	49.1	60.0	20.0	20.0	20.0
Fixed investments	4.5	-	-	-	-
Y/E investment balances (B)	**53.6**	**60.0**	**20.0**	**20.0**	**20.0**
Cash deployed (A+B)	**215.4**	**242.5**	**241.7**	**241.6**	**241.6**
Cumulative minimum borrowing requirement (C+D)			**6.5**	**47.2**	**64.0**

77. The table above shows that, after factoring in internal borrowing, the Council is expecting to borrow approximately £64m from the financial markets over the next 3 years. This is a minimum and should not result in any surplus cash that could be held as long-term investments by the Council. Therefore, if reserve balances are used quicker than forecast, or if working capital is reduced, additional borrowing – up to the Capital Financing Requirement - will be necessary.

78. The new borrowing taken in 2018/19 is forecast to be £40m, and this is slightly below the expected £45m reported in the 2018/19 Strategy Report. It should also be noted that in November 2018 there was an early redemption of a £10m Lender Option Borrower Option (LOBO) loan from Royal Bank of Scotland (RBS).

79. Under the capital finance regulations, local authorities are permitted to *fully borrow* up to three years in advance of need as determined by the Capital Financing Requirement. This will only be done if cashflow dictates or if market conditions indicate that it is the best course of action. One of the reasons for borrowing more than the minimal amount is to take advantage of, and lock in, low long-term interest rates, make long-term savings and also reduce the Council's exposure to variable interest rate risk. However, there will almost certainly be a short-term 'carry cost' to borrowing in advance of need when current investment rates are lower than long-term borrowing rates. This would be fully evaluated before any decision is taken.

80. Borrowing in advance of need also increases the level of temporary investments and makes the security of those funds even more important. However, the

Council's treasury management practices ensure that the risks of investing funds are minimised.

81. A summary of the proposed Treasury Management Indicators for 2019-22 are set out in the tables below. Please note that the 'Authorised Limit and 'Operational Boundary' are detailed in paragraphs 48 and 49 above.

Table D13 – Treasury Indicators

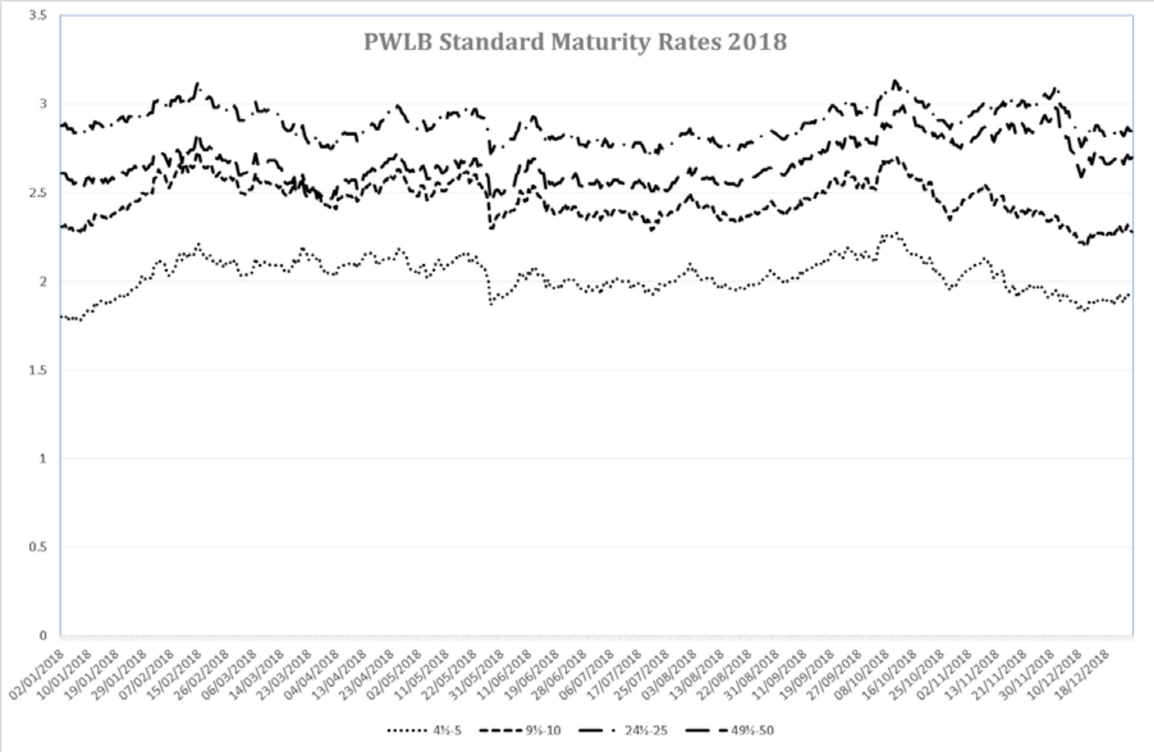
TREASURY INDICATORS	**Proposed 2019/20 £m**	**Proposed 2020/21 £m**	**Proposed 2021/22 £m**
Upper limit for Rate Exposure (fixed-term investments)			
Fixed Rate	100%	100%	100%
Variable Rate	75%	75%	75%
Upper limit for principal sums invested for over 364 days	Higher of £20m or 15%	Higher of £20m or 15%	Higher of £20m or 15%

Table D14 – Structure of Fixed Term Borrowing

Maturity structure of fixed rate borrowing	**Lower limit**	**Upper limit**
under 12 months	0%	25%
12 months and within 24 months	0%	25%
24 months and within 5 years	0%	75%
5 years and within 10 years	0%	100%
10 years and above	0%	100%
Adoption of CIPFA's Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes	Adopted	

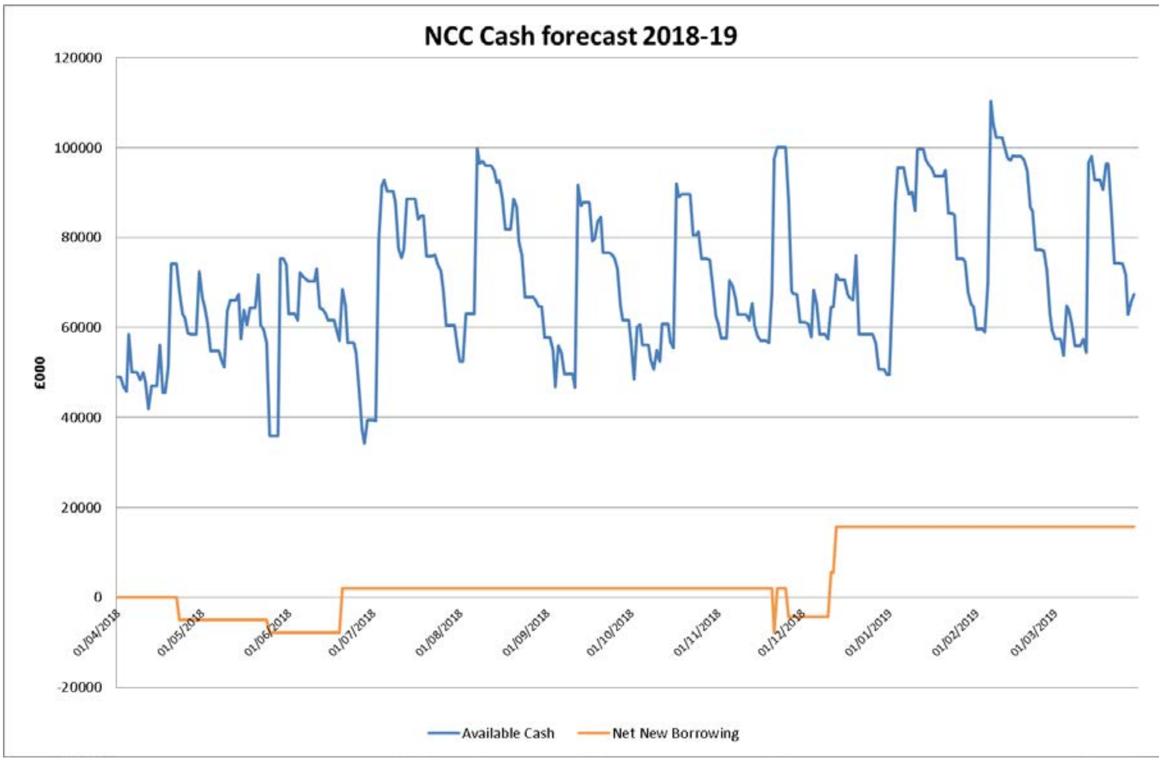
Borrowing Strategy

82. Over the course of 2018 PWLB rates were broadly stable with occasional fluctuations depending mainly on the market's view of Brexit negotiations. The rates are shown in the chart below:



83. The chart below shows how the Council's instant-access cash position has progressed over the financial year to January 2019 and how it is forecast to progress until the year-end. This position varies over the course of the year but averages about £70m. The line reflects the cumulative profile of the Council's revenue and capital expenditure, grant and precept income, together with any borrowing or fixed-term lending decisions made by the Council's treasury management team.

84. The lower line shows the Council's net new borrowing over the course of the year. It can be seen that for 2018/19 this was approximately £16m (that is, new borrowing of £40m and £24m of loan maturities).



85. Over the past several years the Council has financed the capital programme (on a temporary basis) mainly by using its cash balances. These are essentially earmarked reserves, general fund reserves and net movement on current assets. As the cash in these reserves is not required in the short term for the reserves' specific purposes, it has been utilised in order to reduce external borrowing, and is known as 'internal borrowing'.

86. The advantage to the Council of internal borrowing is that it costs less than external borrowing, the cost being the opportunity cost of interest foregone by not investing the cash (investment rates are typically around 0.8% for short-term deposits). It therefore generates short-term savings for the Council. Another advantage is that counterparty risk is reduced by having less cash to invest.

87. On the other hand, by postponing its long-term borrowing the Council is in effect increasing its exposure to interest rate risk, as rates will fluctuate in the intervening period until long-term fixed rate borrowing is taken. Treasury management staff monitor this risk, and regularly review interest rates.

88. As a result of all this, the borrowing strategy needs to provide funds not only to finance the capital programme but also funds (i) to replenish reserves as and when these are required and (ii) to cover principal repayments on any maturing debt. If long-term borrowing is not taken to cover these outflows of cash then the Council would need to consider other sources of finance (such as an ongoing bank overdraft facility or a series of short-term loans).

89. These strategic factors drive the Council's objective need to secure long-term debt finance, but there are a number of day-to-day factors – relating to market conditions and the Council's own revenue budget - that must be taken into account when deciding precisely when to borrow.

90. It remains the case that short-term PWLB debt is around 1% cheaper than long-term debt. However, there would be a risk if the Council were to take only short-term debt. This is because short-term loans need more frequent refinancing and at such points the Council would find itself exposed to whatever the prevailing interest rates were at the time. If this happened the Council could find itself facing considerably higher interest rates, which would quickly undermine any saving made by taking short-dated debt.

91. Given that the Council's current portfolio of PWLB loans average 4.32% the long-term rates being offered by PWLB remain relatively attractive. Occasionally, however, long-term loans offered by the market or by other local authorities can be a competitive alternative to PWLB loans, and these may also be worth considering.

92. In practice, a balanced portfolio will include a mix of:

- Temporary use of the Council's cash reserves
- Short-term debt provided by the market/other local authorities
- Short-term or variable rate debt provided by PWLB
- Long-term debt provided by PWLB
- Long-term debt provided by the market or other local authorities

93. Given these contingencies the amount, type, period, rate and timing of new borrowing will be an operational matter falling under the responsibility of the Service Director (Finance, Infrastructure & Improvement) exercised by the Senior Accountant (Pensions & Treasury Management) within the approved borrowing strategy, taking into account the following factors:

- expected movements in interest rates as outlined above.
- current debt maturity profile.
- the impact on the medium term financial strategy.
- the capital financing requirement.
- the operational boundary.
- the authorised limit.

94. Opportunities to reschedule debt will be reviewed periodically throughout 2019/20 but the current structure of repayment rates from the PWLB indicate significant premiums to be paid on the premature repayment of existing loans which would not be compensated by lower rates available for new loans. Any decision to restructure LOBO debt can only be initiated by the lender.

Investment Strategy

95. During 2019/20 it is intended to keep cash balances at a low level with the aim of maintaining a minimal working cash balance of around £20m. This will provide a level of liquidity without recourse to temporary borrowing, ie. having to seek funds at short notice when availability may be restricted and therefore expensive.

96. The Council manages counterparty risk by monitoring the ratings of the institutions in which it could invest. Exposure to the Eurozone is limited by investing in UK banks and high credit quality overseas banks. The criteria for selecting counterparties are detailed in TMP 1 in Appendix E.

97. A further measure to ensure security of the Council's cash investments is to maintain the Council's exposure to the UK local authority sector and UK government securities. When lending to local authorities fixed term deposits would be used but these are subject to demand and cannot be relied upon in the same way as bank lending. The use of treasury bills and UK government gilts may be considered and would ensure priority is given to security and liquidity of funds.

NIGEL STEVENSON CPFA
SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE & IMPROVEMENT

Report of the Service Director (Finance, Infrastructure and Improvement)

Treasury Management Policy Statement 2019/20

1. The Council, in line with the CIPFA Code of Practice, defines its treasury management activities as:
   The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

2. The Council regards the successful identification, monitoring and control of risk as the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.

3. The Council acknowledges that effective treasury management will provide support towards achieving its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

4. The Council's borrowing strategy will take account of all legislative requirements, codes of practice and other guidance to ensure that borrowing costs are "affordable, prudent and sustainable" and to mitigate refinancing risk. The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so within the Council's capital financing requirement.

5. The Council's investment strategy will take account of all legislative requirements, codes of practice and other guidance to ensure that priority is given to the security and liquidity of investments.

6. The Council delegates responsibility for the implementation, scrutiny and monitoring of its treasury management policies and practices to the *Treasury Management Group*, comprising:
   - Service Director (Finance, Infrastructure & Improvement)
   - Group Manager (Financial Services)
   - Senior Accountant (Financial Strategy & Accounting)
   - Senior Accountant (Pensions & Treasury Management)

7. The Council's Treasury Management Policy will be implemented through the following Treasury Management Practices (TMPs). The responsible officer for the execution and administration of treasury management decisions is the Senior Accountant (Pensions & Treasury Management), who will act in accordance with the policy statement and TMPs.

TMP1 Risk management

8. The Senior Accountant (Pensions & Treasury Management) will design, implement and monitor all arrangements for the identification, management and control of treasury management risk. Reports will be made on these arrangements in accordance with the procedures set out in *TMP6 Reporting requirements and management information arrangements*. The arrangements will seek to cover each of the following risks.

9. **Credit and counterparty risk**
   The risk of failure by a counterparty to meet its contractual obligations to the Council under an investment, borrowing, capital, project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the Council's capital or revenue resources.

10. The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparties and lending limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in the following paragraphs.

11. The Local Government Act 2003 gives a local authority power to invest for any purpose relevant to its functions or for the purposes of the prudent management of its financial affairs. In exercising this power, the local authority must have regard to guidance issued by the Secretary of State. The latest guidance was issued in April 2010.

12. The guidance classifies investments between "specified" and "non-specified". Specified investments are those offering high security and high liquidity. All such investments should be in sterling and with a maturity of no more than a year. Such short-term investments made with the UK Government or a local authority will automatically count as specified investments. In addition, short-term sterling investments with bodies or investment schemes of "high credit quality" will count as specified investments. The Council's policy is to invest surplus funds prudently, giving priority to security and liquidity rather than yield and investing in sterling instruments only. The majority of these will be specified investments.

13. The Council will operate an approved list of counterparties for lending. The approved lending list will comprise institutions with high credit ratings based on minimum ratings from at least 2 rating agencies together with Fitch support rating for longer term lending. The list reflects a prudent attitude to lending and uses a combination of ratings issued by the 3 main ratings agencies: Fitch, Moody's and Standard & Poor's. Banks will be assessed for inclusion on the basis of long-term, short-term and support ratings; money market funds (MMFs) on the basis of MMF ratings.

14. Short-term ratings assess the capacity of an entity to meet financial obligations with maturity of up to 13 months and are based on the short term vulnerability to default. The long-term ratings cover a period in excess of 1 year and are useful as a key indicator impacting on the cost of borrowing for financial institutions. This cost of

borrowing will feed through to the ability of the financial institution to obtain funds at reasonable cost to maintain liquidity.

15. MMFs are mutual funds that invest in cash and short-term money market instruments such as government bonds and commercial paper. They allow investors to participate in a more diverse portfolio than direct investment by spreading capital across a variety of institutions. The highest AAA rating reflects an extremely strong capacity to achieve the 'investment objective of preserving principal and providing shareholder liquidity through limiting credit, market, and liquidity risk'.

16. The Council will monitor ratings from the main agencies along with general market data. The Council will also monitor developments in the financial markets including policy announcements by the Government, Bank of England, regulatory bodies and other international bodies. It will use this information to determine if any changes are required to the above methodology.

17. Bail-in legislation, which aims to ensure that large investors (including local authorities) will rescue failing banks instead of taxpayers, has now been fully implemented in the UK, USA and Germany. This has had an impact on credit ratings, particularly Fitch support ratings. The criteria below take account of these changes.

18. The approved list will include institutions that meet the following criteria from at least 2 rating agencies:

	Long Term	**Short Term**	**MMFs**
Fitch	A-	F1	AAAmmf
Moodys	A3	P-1	Aaamf
Standard & Poors	A-	A-1	AAAm

Sovereign Rating	AA

19. However, within the approved list the following minimum criteria will apply, dependent on the terms of the deposit, from at least 2 ratings agencies:

	Fitch Long term	Fitch Support	Moodys Long term	S&P Long term
Instant access	A-	-	A3	A-
Up to 3 months	A-	-	A3	A-
Up to 364 days	AA-	-	AA3	AA-
365 days and over	A	1 or 2	A2	A

20. All investments (up to 364 days duration) with the counterparties in the approved list are considered specified investments.

21. Exceptions (to be determined by the *Treasury Management Group*) to rating criteria may be made in respect of the following:
    1) UK government
    2) UK local authorities
    3) The Council's bank (currently Barclays Bank)
    4) the Pension Fund's custodian (currently State Street)

22. The lending list will be approved by the *Treasury Management Group* and monitored by the Senior Accountant (Pensions & Treasury Management) in the light of rating changes and market conditions. Individual institutions or countries may be suspended from the list if felt appropriate. The *Treasury Management Group* may add or remove organisations from the approved list subject to maintaining consistency with the approved criteria.

23. The maximum amount to be lent by the County Council to any organisation on the approved list is subject to individual institution limits of £20m (a separate limit of £40m applies to Pension Fund cash investments in Money Market Funds). Only two institutions within the same group may be used at any one time. The *Treasury Management Group* may increase the limit for specific institutions by £10 million for investments in call accounts and MMFs with same day liquidity.

24. Investments with the UK government will have no upper limit but in practice limits will be dependent on the liquidity of those investments and may fall within the definition of specified or non-specified investments. Amounts invested in non-specified investments will be limited to £20 million or 15% of the total invested at the time of the investment, whichever is the higher.

25. The Council's current account, through which all treasury management activity operates, is held at Barclays Bank.

26. As a result of the second Markets in Financial Instruments Directive (MiFID II), from January 2018 local authorities have been treated as 'retail' clients by investment counterparties by default unless they chose to opt up to 'professional' client status. The Council has chosen to do so with all of its counterparties.

27. **Liquidity risk**
    The risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the Council's business/service objectives will be thereby compromised.

28. The Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

29. Summarised cash flow forecasts will be provided on a quarterly basis to the *Treasury Management Group*. Detailed daily cash flow forecasts will be maintained by the Loans Officer. These forecasts will be used as the basis for ensuring adequate cash resources are available in order to support the Council's objectives.

30. The Senior Accountant (Pensions & Treasury Management) or Investments Officer may approve fixed term investments up to 364 days. Longer periods require permission from either the Service Director (Finance, Infrastructure and Improvement) or the Group Manager (Financial Services) and must comply with the relevant treasury management limits.

31. The Treasury Management Group must also approve any long-term borrowing to ensure (a) that it is within the Council's borrowing limits and (b) that it will not have an adverse impact (in terms of creating a situation in which counterparty limits could be exceeded) on the Council's cash management.

32. **Interest rate risk**
The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Council's finances, against which the Council has failed to protect itself adequately.

33. The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with *TMP6 Reporting requirements and management information arrangements*.

34. It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications.

35. Regular monitoring of interest rates and monthly monitoring of the Interest Payable and Interest Receivable budgets will be undertaken by the Senior Accountant (Pensions & Treasury Management), in line with the treasury management indicators, with quarterly reports to the *Treasury Management Group*.

36. **Exchange rate risk**
The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the Council's finances, against which the Council has failed to protect itself adequately.

37. The Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels. Exposure will be minimal as the Council's borrowing and investment are all in sterling.

38. **Refinancing risk**
The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the Council for those refinancings, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

39. The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to managing refinancing risk and obtaining terms which are competitive and as favourable to the Council as can reasonably be achieved in the light of market conditions prevailing at the time. It will manage the profile of its maturing debt such that excessive refinancing is not required in any one financial year.

40. It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over reliance on any one source of funding if this might jeopardise achievement of the above.

41. The maturity structure and prevailing interest rates are monitored by the Senior Accountant (Pensions & Treasury Management) in line with the limits set in the treasury management indicators, and regular reports are made to the *Treasury Management Group*.

42. **Legal and regulatory risk**
The risk that the Council itself, or a counterparty with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the Council suffers losses accordingly.

43. The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under *TMP1(1) credit and counterparty risk management*, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the Council, particularly with regard to duty of care and fees charged.

44. The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the Council.

45. The Council is an administering authority in the Local Government Pension Scheme and is required, under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, to invest any fund money that is not needed immediately to make payments.

46. The Council will separately identify pension fund cash and specific investment decisions will be made on any surplus cash identified, based on the estimated cash flow requirements of the Fund. Specific investments will be made on the Fund's behalf by the County Council in line with the treasury management policy. As the majority of Fund cash is allocated to individual investment managers and may be called by them at short notice, it is expected that the majority of cash will be placed on call or on short-term fixed deposits. Unallocated balances may be placed directly with the Fund's custodian.

47. **Fraud, error and corruption, and contingency management**
The risk that the Council fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.

48. The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

49. **Market risk**
The risk that, through adverse market fluctuations in the value of the principal sums the Council borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

50. The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations. Decisions on investment in tradeable securities, which risk loss of capital due to market fluctuations, will only be authorised by the *Treasury Management Group*.

TMP2 Performance measurement

51. The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy. One key performance measure is income/expenditure against budget, and budget setting for interest payable and receivable is crucially important for effective treasury management.

52. Furthermore, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated business or service objectives. Methods of service delivery and the scope for potential improvements will be regularly examined.

53. The Council's positive cashflows tend to be weighted towards the first half of the financial year, with outflows towards the second half of the year. This allows the Council to make investments most days but restricts its use of fixed rate investments to the first half of the year, with most investments being for very short, often overnight, periods. For this reason, cash management returns will be benchmarked against the average ***7 day LIBID*** rate each year.

54. Returns are also benchmarked against other local authorities within the CIPFA benchmarking club but caution needs to be exercised in analysing these results as they vary with both the overall size of the portfolio (larger portfolios are able to obtain better longer term rates) and the attitude to risk at these authorities.

Unfortunately the nature of other authorities' treasury management risk appetites cannot be known in any detail without extensive subjective research.

55. Borrowing will be undertaken in accordance with the treasury management strategy and opportunities will to be taken to borrow, with regard to the Council's Capital Financing Requirement and the most recent cashflow forecast, at rates that are considered to be affordable and attractive over the long-term.

TMP3 Decision-making and analysis

56. The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

57. Treasury management processes and practices are documented in the Treasury Management Procedure Manual. This is reviewed and agreed by the *Treasury Management Group* following any material changes. Full records are maintained of all treasury management decisions in order to demonstrate compliance with these processes and for audit purposes. Where appropriate, decisions are reported to the *Treasury Management Group*.

TMP4 Approved instruments, methods and techniques

58. The Council will undertake its treasury management activities within the limits and parameters defined in *TMP1 Risk management.* Its borrowing activity will be within the prudential limits and may include the following:
    (a) overdraft or short-term loan from an authorised financial institution;
    (b) short-term loan from a local authority;
    (c) long-term loan from an authorised financial institution (to include Lender Option Borrower Option (LOBO) loans)
    (d) the PWLB (or successor);
    (e) loan instruments, including transferable loans up to five years duration and non-transferable of no fixed duration;
    (f) UK Municipal Bonds Agency.

59. For investing purposes, the Council may use the following financial instruments:
    a) call or notice accounts
    b) fixed term deposits
    c) callable deposits
    d) structured deposits
    e) certificates of deposits
    f) money market funds
    g) UK Treasury Bills
    h) UK government bonds

60. For money market funds the Council will limit their use to those with a constant net asset value and minimum total assets of £5 billion. For UK Treasury bills and UK government bonds the objective will be to hold until maturity but their tradeability gives the flexibility to realize these instruments earlier for liquidity purposes or in the event of significant capital gains. The Council will use forward dealing for both

investing and borrowing where market conditions indicate this approach to offer better value for money.

TMP5 Organisation, clarity and segregation of responsibilities and dealing arrangements

61. The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

62. The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

63. If the Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the Senior Accountant (Pensions & Treasury Management) will ensure that the reasons are properly reported in accordance with *TMP6 Reporting requirements and management information arrangements*, and the implications properly considered and evaluated.

64. The Senior Accountant (Pensions & Treasury Management) will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Senior Accountant (Pensions & Treasury Management) will also ensure that at all times those engaged in treasury management shall follow the policies and procedures set out.

65. The Senior Accountant (Pensions & Treasury Management) will ensure that there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

66. The current responsibilities are outlined below.
    - Treasury management strategy, policies and practices are set by the County Council.
    - Responsibility for the implementation, scrutiny and regular monitoring of the treasury management policies and practices is delegated to the *Treasury Management Group*.
    - The responsible officer for the execution and administration of treasury management decisions is the Senior Accountant (Pensions & Treasury Management), who will act within the parameters set by the Treasury Management Policy Statement and TMPs and decisions of the *Treasury Management Group*. The Investments Officer will act as deputy to the Senior Accountant (Pensions & Treasury Management) in his or her absence.

67. The current procedures are outlined below.
    - Daily cash flow forecasts will be maintained by the Loans Officer. Annual cash flow forecasts will be provided to the *Treasury Management Group* on a quarterly basis.
    - The daily procedures for cash flow monitoring, placing deals, transmission of funds and documentation are set out in the Investments Procedure Manual. These procedures are usually carried out by the Loans Officer with absences covered by another officer under the responsibility of the Senior Accountant (Pensions & Treasury Management).
    - The officer dealing on the money market each day must prepare a cash flow forecast for that day based on the most up-to-date information available and this must be checked by the Senior Accountant (Pensions & Treasury Management), or another officer under the responsibility of the Senior Accountant (Pensions & Treasury Management), before that day's deals are carried out. Before conducting a deal, the officer will confirm that the credit ratings of the counterparty are in line with the approved policy.
    - Deals must be within the limits set out in *TMP1 Risk management*. Dealing staff must be aware of the principles set out in UK Money Markets Code 2017 published by the Bank of England. Documentation must be kept in accordance with the Investments Procedure Manual.
    - The transfer of funds will normally be actioned by CHAPS transfer through the banking system. Separate authorisation is required by a senior officer of the Council in order to release the payment.

68. Individual deal limits specified in *TMP1 Risk management* apply to all staff placing deals. Any borrowing or lending for periods greater than 364 days may only be actioned on the authority of the Senior Accountant (Pensions & Treasury Management) and either the Service Director (Finance, Infrastructure and Improvement) or the Group Manager (Financial Services). Money may only be lent to institutions or funds on the *Approved List*.

TMP6 Reporting requirements and management information arrangements

69. The Service Director (Finance, Infrastructure and Improvement) will ensure that regular reports are prepared and considered on the implementation of the Council's treasury management strategy and policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

70. Full Council will receive:
    - an annual report on the strategy to be pursued in the coming year
    - a mid-year review
    - an annual report on the performance of the treasury management function in the past year and on any circumstances of non-compliance with the Council's treasury management policy statement and TMPs.

71. The *Treasury Management Group* will receive regular monitoring reports on treasury management activities and risks and on compliance with and suggested

revisions to policy. Members of the *Treasury Management Group* will be informed of any breach of the principles contained in TMP5.

TMP7 Budgeting, accounting and audit arrangements

72. The Service Director (Finance, Infrastructure & Improvement) will prepare, and the Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with *TMP1 Risk management*, *TMP2 Performance measurement*, and *TMP4 Approved instruments, methods and techniques*.

73. The Service Director (Finance, Infrastructure & Improvement) will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with *TMP6 Reporting requirements and management information arrangements*.

74. The Council accounts for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

75. The impact of expected borrowing and investment activity is dealt with in the Council's budget book. Systems and procedures are subject to both internal and external audit and all necessary information and documentation is provided on request.

TMP8 Cash and cash flow management

76. Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the Service Director (Finance, Infrastructure & Improvement), and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Service Director (Finance, Infrastructure & Improvement) will ensure that these are adequate for the purposes of monitoring compliance with *TMP1(2) liquidity risk management*.

77. As outlined in TMP5, daily cash flow forecasts are prepared in accordance with the Investments Procedure Manual, and summarised weekly and annual forecasts are regularly provided to the *Treasury Management Group*.

TMP9 Money laundering

78. The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained.

79. All treasury management activity with banks other than the Council's own bank is actioned through CHAPS transfers to/from nominated accounts. Suspicions that a

third party is attempting to involve the County Council in money laundering will be reported to the Service Director (Finance, Infrastructure & Improvement).

TMP10 Training and qualifications

80. The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

81. The person specifications for the Senior Accountant (Pensions & Treasury Management) and the Investments Officer require a CCAB qualification and other members of the treasury team have the option to be supported to attain professional qualifications from the Association of Accounting Technicians, the Chartered Institute of Public Finance and Accountancy or the Association of Corporate Treasurers. The members of the *Treasury Management Group* are also required to be CCAB or ACT qualified.

82. Professional qualifications will be supplemented by relevant training courses, attendance at seminars and conferences and access to CIPFA's Treasury Management Network and Technical Information Service for all team members. The Senior Accountant (Pensions & Treasury Management) will recommend and implement the necessary arrangements. Requests and suggestions for training may be discussed at any time with the Senior Accountant (Pensions & Treasury Management) and also feature as part of the EPDR process.

83. The *Treasury Management Group* will ensure that board/council members tasked with treasury management responsibilities have access to training relevant to their needs and those responsibilities. Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to undertake their role effectively.

TMP11 Use of external service providers

84. The Council recognises that responsibility for treasury management decisions remains with the Council at all times. It also recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. However, it does not currently employ the services of any specialist treasury management advisers.

85. In the employment of such service providers, the Council will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. It will also ensure, where feasible and necessary, that a spread of service providers is used, to avoid over-reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will be observed. The monitoring of such arrangements rests with the responsible officer.

86. The Council currently uses four broking companies to act as intermediaries in lending and borrowing activity although it will also carry out this activity directly with counterparties.

TMP12 Corporate governance

87. The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

88. The Council has adopted and implemented the key provisions of the CIPFA Treasury Management in the Public Services Code (2011 edition) and reports are made in accordance with the approved policy. The Council's constitution includes schemes of delegation covering treasury management activities.

89. These measures are considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, if necessary, report upon the effectiveness of these arrangements.

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