Nottinghamshire County Council

County Hall West Bridgford Nottingham NG2 7QP

SUMMONS TO COUNCIL

date Thursday, 27 February 2020 **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

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

(5) Commonly used points of order – Budget meetings

108b – The Member has spoken for more than 20 minutes (on budget item)

64 – The Member has spoken for more than 5 minutes (non-budget items)

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

67 – The Member has already spoken on the motion

86 – Points of Order and Personal Explanations

95 – Disorderly conduct

(6) Time limit of speeches – budget meetings

Motions (budget)
108b – no longer than 20 minutes (subject to any exceptions set out in the Constitution)

Motions (non-budget)
64 – no longer than 5 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

Nottinghamshire County Council

Meeting	COUNTY COUNCIL
Date	Thursday, 19 December 2019 (10.30 am – 4.07 pm)

Membership
Persons absent are marked with 'A'

COUNCILLORS

Kevin Rostance (Chairman)
Stuart Wallace (Vice-Chairman)

	Reg Adair		Eric Kerry
A	Pauline Allan		John Knight
	Chris Barnfather		Bruce Laughton
	Joyce Bosnjak		John Longdon
A	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		Mrs Sue Saddington
	Kate Foale		Andy Sissons
	Stephen Garner		Helen-Ann Smith
	Glynn Gilfoyle		Tracey Taylor
	Keith Girling		Parry Tsimbiridis
	Kevin Greaves		Steve Vickers
	John Handley		Keith Walker
	Tony Harper		Muriel Weisz
	Errol Henry JP	A	Andy Wetton
	Paul Henshaw		Gordon Wheeler
A	Tom Hollis		Jonathan Wheeler
	Vaughan Hopewell		Yvonne Woodhead
	Richard Jackson		Martin Wright
	Roger Jackson		Jason Zadrozny

HONORARY ALDERMEN

Terence Butler
John Carter

OFFICERS IN ATTENDANCE

Anthony May	(Chief Executive)
Melanie Brooks	(Adult Social Care and Health)
Jonathan Gribbin	(Adult Social Care and Health)
Sara Allmond	(Chief Executives)
Luke Barratt	(Chief Executives)
Carl Bilbey	(Chief Executives)
Angie Dilley	(Chief Executives)
David Hennigan	(Chief Executives)
Noel McMenamin	(Chief Executives)
Anna O'Daly-Kardasinska	(Chief Executives)
Marjorie Toward	(Chief Executives)
Nigel Stevenson	(Chief Executives)
James Silverward	(Chief Executives)
Colin Pettigrew	(Children and Families)
Adrian Smith	(Place)

OPENING PRAYER

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

1. MINUTES

RESOLVED: 2019/037

That the minutes of the last meeting of the County Council held on 10 October 2019 be agreed as a true record and signed by the Chairman.

2. APOLOGIES FOR ABSENCE

The following apologies were submitted: -

- Councillor Pauline Allan – medical / illness
- Councillor Ben Bradley – other reasons
- Councillor Tom Hollis – medical / illness
- Councillor Andy Wetton – other reasons

Councillors Steve Carr, Stephen Garner and Parry Tsimbiridis submitted apologies that they would be arriving late to the meeting.

3. DECLARATIONS OF INTEREST

None

4. CHAIRMAN'S BUSINESS

PRESENTATION AND AWARDS

The Touchstone Award – British Hallmarking Council

Councillor John Cottee introduced the award which recognised the exceptional achievement in the field of ensuring fair play in the jewellery and precious stones market by the Trading Standards Team. The Chairman received the award from Councillor Cottee and presented it to Mark Hallam, Trading Standards Officer and Sarah Houlton, Team Manager, Community Safety.

National Association of Care Catering Meals on Wheels Award – County Enterprise Foods

Councillor Tony Harper introduced the award which County Enterprise Foods had been named the winners of, recognising the quality of the food provided and the additional services such as the safe and well checks and scam awareness provided by the team. The Chairman received the award from Councillor Harper and presented it to Jane Parke – Team Manager, Samantha Williams – Team Leader and Kathy Fines- Driver.

Sandford Award for Heritage Tourism

Councillor John Cottee introduced the award which recognised excellence at heritage sites and museums that deliver engaging, informative and inspiring informal learning activities. The Chairman received the award from Councillor Cottee and presented it to Laura Simpson, Senior Practitioner for Heritage and Tourism.

Artsmark Service Award – Clayfields House

Councillor Tracey Taylor introduced the award which was accredited to Clayfields House for the third time by Arts Council England. The Chairman received the award from Councillor Taylor and presented it to Linda Wright – Head of Education, Wenna Stockdale – Arts Award Tutor and Rebecca Shenton-McQueen – Subject Leader and Teacher of Arts at Clayfields House.

Finalists at the Great British Care Awards

Councillor Tony Harper introduced the awards which were presented to those who were recognised at this year's Great British Care Awards for the East Midlands. Claire Poole was short listed for the Care Innovator Award, and the Short-Term Assessment and Reablement Service were shortlisted for the Home Care Team Award. The Chairman received the awards from Councillor

Harper and presented them to Adele Drohan and Dorothy Lees from the Optimum Workforce Leadership team who attended on behalf of Claire Poole, and Vera Ragsdale and Darren Marshall from the Ashfield and Mansfield START team and Kirstie Thompson from the Broxtowe, Gedling and Rushcliffe START Team.

Councillor Parry Tsimbiridis arrived at the meeting during this item.

Photobook on the Great War Memorial

Councillor Mrs Kay Cutts MBE introduced the photobook which provided details of the construction of the Great War Memorial. The Chairman accepted the photobook on behalf of the Council.

CHAIRMAN'S BUSINESS SINCE THE LAST MEETING

The Chairman provided an update on recent flooding in Nottinghamshire and the action being taken to support those affected. The Chairman also thanked and paid tribute to everyone who had a part in responding to the flooding.

The Chairman updated the Chamber on the business he had carried out on behalf of the Council since the last meeting, including the awards he had given out to those who had carried out good works in their communities; that £1,978 had been raised through the sale of his Christmas prize draw tickets and the visits he had undertaken to the Council offices.

Members were advised that during lunch a Christmas song would be played which had been produced by the children of Springbank School in Eastwood to raise funds for Eastwood Memory Café.

5. CONSTITUENCY ISSUES

None

6a. PRESENTATION OF PETITIONS

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

(1) Councillor Sue Saddington regarding a highways issue in Elston

(2) Councillor Tony Harper regarding concerns about the lack of a regular bus service in Eastwood

(3) Councillor Jonathan Wheeler requesting a pedestrian crossing outside Jesse Gray School

(4) Councillor Helen-Ann Smith regarding bus services throughout Sutton North

(5) Councillor Boyd Elliott requesting urgent road safety and speed calming measures on the lower part of Spring Lane and into the School Safety Zone where it meets Main Street and Catfoot Lane, Lambley

(6) Councillor Bruce Laughton requesting speed restrictions on the A616 in the vicinity of Little Carlton village

(7) Councillor Muriel Weisz requesting a proper crossing for Thackeray's Lane / Arno Vale Road, Woodthorpe

(8) Councillor Maureen Dobson requesting a residents parking scheme for Currie Road, Newark

(9) Councillor Stuart Wallace requesting an assessment of parking and speed issues on Harcourt Street, Newark

RESOLVED: 2019/038

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.

6b. RESPONSE TO PETITION PRESENTED TO THE CHAIRMAN OF THE COUNTY COUNCIL

RESOLVED: 2019/039

That the contents and actions taken as set out in the report be noted.

7. TREASURY MANAGEMENT MID-YEAR REPORT 2019/20

Councillor Richard Jackson introduced the report and moved a motion in terms of resolution 2019/040 below.

The motion was seconded by Councillor John Ogle.

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

RESOLVED: 2019/040

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

8. REVIEW OF COUNCIL CONSTITUTION – COUNCIL AND COMMITTEE PROCEDURE RULES

Councillor Bruce Laughton introduced the report and moved a motion in terms of resolution 2019/041 below.

The motion was seconded by Councillor Andy Sissons.

The Chairman put the Motion to the meeting and after a show of hands the Chairman declared it was carried and it was: -

RESOLVED: 2019/041

1) That the draft revised Procedure Rules for meetings of Full Council and draft revised Procedure Rules for Committee and Sub-Committee meetings as set out in **Appendices A and B** for implementation from 1 January 2020 be approved and that the Constitution be amended accordingly.

2) That the authority be delegated to the Council's Monitoring Officer to make any necessary consequential amendments to the Constitution.

Councillor Steve Carr arrived at the meeting during consideration of this item.

9a. QUESTIONS TO NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AUTHORITY

None

9b. QUESTIONS TO COMMITTEE CHAIRMAN

Seven questions had been received as follows: -

1) from Councillor Alan Rhodes concerning Holocaust Memorial Day (Councillor Mrs Kay Cutts MBE replied)

2) from Councillor Muriel Weisz concerning minimum guaranteed income for adults with complex needs (Councillor Mrs Kay Cutts MBE replied)

3) from Councillor Samantha Deakin regarding flooding in Ashfield (Councillor Phil Rostance replied on behalf of Councillor John Cottee)

4) from Councillor Kate Foale regarding funding for Attenborough Nature Reserve (Councillor Mrs Kay Cutts MBE replied)

Questions 5 and 6 were taking together

5) from Councillor Kevin Greaves concerning potholes (Councillor John Cottee replied)

6) from Councillor Jason Zadrozny regarding potholes (Councillor John Cottee replied)

Having received the answer to his question, Councillor Jason Zadrozny moved that there be a debate on his question. This was seconded by Councillor Helen-Ann Smith. Questions 5 and 5 were therefore adjourned until Item 11 – Adjournment Debate.

Councillor Parry Tsimbiridis left the Chamber at 11.53am and returned at 12.27pm during consideration of this item.

Council adjourned for lunch from 12.30pm to 1.33pm.

7) from Councillor Muriel Weisz about residential care and housing with care provision (Councillors Tony Harper replied)

Councillor Stephen Garner arrived at the meeting during consideration of this item.

10. NOTICE OF MOTIONS

Motion One

A Motion as set out below was moved by Councillor Mrs Kay Cutts MBE and seconded by Councillor Steve Vickers:

"This Council believes that a disability or health condition should not dictate the path a person is able to take in life and especially in the workplace. There is overwhelming evidence that good quality employment is essential for a person's health and wellbeing, providing them not only with an income but also with status, purpose and positive relationships with others.

We recognise, however, that for some people with a disability or health condition there are still barriers inside and outside the workplace that can make it difficult to gain or retain employment. We know that there are people within this County experiencing worklessness because of mental health problems and long-term conditions, and that this is a particular difficulty for those in some of our more deprived areas, and vulnerable groups such as care leavers.

In 2016 the Government published and consulted upon its 'Work, Health and Disability' green paper. It then responded to the outcomes of that consultation in 2017 by publishing an updated paper, 'Improving Lives: the Future of Work, Health and Disability', with a stated aim to *'transform employment prospects for disabled people and those with long term health conditions over the next 10 years'*.

The focus on Brexit over the past two years slowed progress on this and other domestic policy matters, but in June 2019 new measures were announced to tackle the barriers faced by disabled people.

In light of these developments this Council will consider what more it can do to transform employment prospects for people with disabilities and health conditions in Nottinghamshire. We recognise the good work already being carried out by officers, for example in our i-Work team, to open pathways for people to obtain quality, rewarding, lasting employment.

We commit to investigate what further proactive, cost-effective measures can be taken across all areas of our work to encourage a local mind-set focused on what people can do, rather than what they cannot. This will be a wide-ranging, ongoing project anchored with the Policy Committee but will also see our individual service committees apply this principle in the areas of work most relevant to their remit."

An amendment to the Motion as set out below was moved by Councillor Muriel Weisz and seconded by Councillor Paul Henshaw:

"This Council believes that a disability or health condition should not dictate the path a person is able to take in life and especially in the workplace. There is overwhelming evidence that good quality employment is essential for a person's health and wellbeing, providing them not only with an income but also with status, purpose and positive relationships with others.

We recognise, however, that for some people with a disability or health condition there are still barriers inside and outside the workplace that can make it difficult to gain or retain employment. We know that there are people within this County experiencing worklessness because of mental health problems and long-term conditions, and that this is a particular difficulty for those in some of our more deprived areas, and vulnerable groups such as care leavers.

In 2016 the Government published and consulted upon its 'Work, Health and Disability' green paper. It then responded to the outcomes of that consultation in 2017 by publishing an updated paper, 'Improving Lives: the Future of Work, Health and Disability', with a stated aim to *'transform employment prospects for disabled people and those with long term health conditions over the next 10 years'*.

The focus on Brexit over the past two years slowed progress on this and other domestic policy matters, but in June 2019 new measures were announced to tackle the barriers faced by disabled people.

In light of these developments this Council will consider what more it can do to transform employment prospects for people with disabilities and health conditions in Nottinghamshire. We recognise the good work already being carried out by officers, for example in our i-Work team, to open pathways for people to obtain quality, rewarding, lasting employment.

As a Council, we will set a positive example by increasing provision of employment opportunities for individuals with a disability or long term health condition through internal offerings, in addition to supporting businesses across the County to do the same.

We commit to investigate what further proactive, cost-effective measures can be taken across all areas of our work to encourage a local mind-set focused on what people can do, rather than what they cannot**, being mindful of each individual's capacity**. This will be a wide-ranging, ongoing project anchored with the Policy Committee but will also see our individual service committees apply this principle in the areas of work most relevant to their remit."

Council adjourned from 2.04pm to 2.14pm to enable consideration of the amendment.

Councillor Keith Girling left the meeting during the adjournment and did not return. Councillor Sheila Place left the meeting at 2.28pm during consideration of this item.

The amendment was accepted by the mover of the motion.

Following a 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: 2019/042

This Council believes that a disability or health condition should not dictate the path a person is able to take in life and especially in the workplace. There is overwhelming evidence that good quality employment is essential for a person's health and wellbeing, providing them not only with an income but also with status, purpose and positive relationships with others.

We recognise, however, that for some people with a disability or health condition there are still barriers inside and outside the workplace that can make it difficult to gain or retain employment. We know that there are people within this County experiencing worklessness because of mental health problems and long-term conditions, and that this is a particular difficulty for those in some of our more deprived areas, and vulnerable groups such as care leavers.

In 2016 the Government published and consulted upon its 'Work, Health and Disability' green paper. It then responded to the outcomes of that consultation in 2017 by publishing an updated paper, 'Improving Lives: the Future of Work, Health and Disability', with a stated aim to *'transform employment prospects for disabled people and those with long term health conditions over the next 10 years'*.

The focus on Brexit over the past two years slowed progress on this and other domestic policy matters, but in June 2019 new measures were announced to tackle the barriers faced by disabled people.

In light of these developments this Council will consider what more it can do to transform employment prospects for people with disabilities and health conditions in Nottinghamshire. We recognise the good work already being carried out by officers, for example in our i-Work team, to open pathways for people to obtain quality, rewarding, lasting employment.

As a Council, we will set a positive example by increasing provision of employment opportunities for individuals with a disability or long term health condition through internal offerings, in addition to supporting businesses across the County to do the same.

We commit to investigate what further proactive, cost-effective measures can be taken across all areas of our work to encourage a local mind-set focused on what people can do, rather than what they cannot, being mindful of each individual's capacity. This will be a wide-ranging, ongoing project anchored with the Policy Committee but will also see our individual service committees apply this principle in the areas of work most relevant to their remit.

<u>Motion Two</u>

A Motion was moved by Councillor Neil Clarke MBE and seconded by Councillor Philip Owen in terms of resolution 2019/043 below.

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

RESOLVED: 2019/043

This Council shares the public's concern about the negative health and environmental impact of drivers leaving their engines idling when they have stopped or parked on our highways for an extended period of time. This is particularly unacceptable when it happens outside schools, subjecting children to an increased risk of breathing in toxic fumes that can cause short-term respiratory problems and longer-term damage to health.

We recognise that discussions are ongoing at national government level about strengthening current laws and penalties to tackle engine idling, and we are determined to do what we can within this Council's remit to reduce this threat, especially to the health of our young people.

This Council therefore requests the Children and Young People's Committee to oversee the design and implementation of a *'No Idling Schools Toolkit'* pilot scheme. We will initially seek to recruit a small group of Nottinghamshire schools willing to test this toolkit with parents and children and feed back to us on the results. The Council would provide the necessary support to promote the pilot and measure its success. The outcomes will be reported to Policy Committee, which will then determine whether this toolkit should be offered to other schools across the county.

This Council also requests the Communities and Place Review and Development Committee to investigate the issue of engine idling and recommend to Policy Committee what, if any, other practical and cost-effective measures could be taken to reduce such incidents.

Councillor Sheila Place returned to the meeting at 3.08pm during consideration of this item. Councillor Steve Carr left the meeting at 3.30pm and did not return.

11. ADJOURNMENT DEBATE

Arising from the response to the questions to Councillor John Cottee regarding potholes, the motion set out below was moved by Councillor Jason Zadrozny and seconded by Councillor Helen-Ann Smith: -

> "That the Council does now stand adjourned for a token period."

The motion having been duly seconded was debated.

In accordance with the Council's Constitution, no vote was taken.

The Chairman declared the meeting closed at 4.07 pm.

CHAIRMAN

APPENDIX A

COUNTY COUNCIL MEETING HELD ON 19TH DECEMBER 2019
QUESTIONS TO COMMITTEE CHAIRMEN

Question to the Leader of the Council from Councillor Alan Rhodes

On the 27th January 2020 we commemorate Holocaust Memorial Day.

The day coincides with the 75th Anniversary of the liberation of Auschwitz and 25th Anniversary of the Genocide of Bosnia.

How will Nottinghamshire County Council mark this significant day?

Response from Councillor Mrs Kay Cutts MBE, Leader of the Council

It is very important that we remember those who suffered as a result of the Holocaust and subsequent genocides around the world.

We have a lot planned to commemorate Holocaust Memorial Day on this significant anniversary; building on the events in previous years.

Nottinghamshire County Council will be running an all-day event in the Assembly Hall on the 27th January 2020. This event has been developed with the support of the Holocaust Memorial Day Trust and of course officers of this Council .

I am personally going to attend and open this event with the Chairman. The event will consist of a program of activities including, displays, videos and a candle lighting memorial ceremony. The names of children who were victims of the Holocaust will be read at the event. A number of guest speakers have also been invited to speak about both Auschwitz and Srebrenica. Colleagues are being asked to bake a Jewish bread recipe "Challah" that they can make at home and bring in to share, and this in particularly for officers around the Council where they cannot be in County Hall because of where they are located.

At the County Councils Network event this year I spoke to a representative from the Trust and told her what we had planned. She particularly liked the idea of reading out children's names as they should not be not forgotten and whilst we remember them, they are not forgotten, and she was going to suggest to other Authorities planning their events, that they carry this out also.

Further information on the event will be published nearer the time. Staff and elected members will be invited. I would encourage everyone who is able to take part in this important event to please come along.

Question to the Leader of the Council from Councillor Muriel Weisz

Your recent statement at Policy Committee indicated that the purpose of your policy to reduce the minimum guaranteed income available to County residents with the most complex needs, who receive a service from the county council is to encourage them into employment and prevent them expecting ‘treats every day’.

The current intention of the Adult Social Care and Public Health Committee is that the Corporate Director will work on a wider front to improve the employment offer for people with a wide range of disabilities, which is low in the County and in the East Midlands. I appreciate that your motion, aimed at your own administration appears to support that intention.

Can the Council, therefore, be reassured that your motion is not aimed to further reduce the limited income available since November for adults of working age, many of whom need 24 hour one-to-one support and have no speech?

Response from Councillor Mrs Kay Cutts MBE, Leader of the Council

The Council can indeed be reassured that my motion later today is not aimed to reduce the minimum guaranteed income available to County residents with complex needs.

Councillor Harper and Councillor Wallace in previous committee meetings explained the reasons for the Minimum Income Guarantee policy decisions made over the past 18 months, which were:

- to ensure this Council’s policy is in line with that of other local authorities; and
- to ensure we distribute and spend public money as fairly possible across the services we deliver to a wide range of vulnerable people.

There are no further changes planned to that policy. This Council is not in a position to reduce the income of people with a disability. Indeed we have robust processes in place to ensure we take a range of factors into account when assessing the financial contribution that an individual makes to their care.

That is the simple answer to your question, Councillor Weisz. However, the tone of your opening paragraph leads me to make a further comment.

You have chosen to quote me out of context from a previous meeting, seemingly to imply a lack of care on my part for Nottinghamshire residents with complex needs. I hope this is nothing more than an attempt at political mischief, and that you have the decency to recognise that as a County Councillor with 30 years’ experience, my motivation is - and always has been - to improve life opportunities for our residents, including the most vulnerable young and older people we serve.

We may have different political philosophies about the best way to achieve this, but I would like to believe that every member of this Chamber has good and sincere intentions at heart, and that we should respect each other enough not to infer otherwise.

My point in today’s motion, and in my comments at previous meetings, is that we should seek to create a culture where people with disabilities and health conditions feel included in mainstream society, be that in the world of work, leisure or education. The alternative is an unacceptable situation where people with complex needs are made to feel different, whether that means being patronised and treated in a condescending manner, or at the opposite extreme, being ignored or excluded.

For example, I have spoken to wheelchair users who say that three of the most infuriating reactions they have to endure is when people treat them as though they are invisible; or in a manner which implies they are incapable of doing anything for themselves; or in a way which assumes they require special indulgence or protection – which was the actual context of my phrase: “treats every day”.

In reality, most of us just want as normal a life as possible. Yes of course people with disabilities and health conditions face certain barriers – physical and cultural – that other people may not face, but all they ask from society – including councils such as ours - is a for ‘level’ playing field, not a ‘special’ playing field. It is patronising, if not cruel, to treat a person with complex needs as somehow ‘separate’ from the rest of society, or to make stereotypical, negative assumptions about their capabilities.

In advance of the motion, I can give Members some good news ‘hot off the press’ that we have been successful in our expression of Interest to partner the Local Government Association on their work programme ‘Place Based Commissioning for Employment and Skills’. I’ll explain a little more later, but this is a great opportunity for us to shape our thinking and inform the LGA policy position.

This is the point I sought to make previously, and it is the basis of my motion later today, which I hope will enjoy the unanimous support of this Chamber.

Question to the Chairman of Communities and Place Committee from Councillor Samantha Deakin

The recent flooding in Ashfield was entirely avoidable. Could the Chairman please inform me what lessons the Council has learnt?

Response from Councillor Phil Rostance, Vice-Chairman of Communities and Place Committee on behalf of Councillor John Cottee, Chairman of Committees and Place Committee

I would like to echo what others have said, that my thoughts go out to all of the communities that have been affected throughout Nottinghamshire, with the overwhelming amount of rainfall that we had to endure and, as we saw, resulted in extensive property flooding, businesses flooding and highways flooding. We had a months’ worth of rainfall within 24 hours. The Watnall rain gauge actually recorded 26mm of rain on the 14th alone, it really was horrendous.

Councillor Cottee and I have been at the forefront. We have been out to a number of sites and honestly, some of the scenes were absolutely devastating. Many home and business owners are still unable to get into their properties and it is going to take them months or maybe even years to recover from this. We are supporting them as best we can. That being said, I would like to take the opportunity again to echo what you said Chairman and thank all the teams that went above and beyond [the call of duty]. Our flood risk management teams, our emergency response teams, Via East Midlands, who all worked around the clock and out of hours, evenings and weekends, holding drop-in sessions to make sure we could offer support and guidance to the most vulnerable who were affected, who will continue to be our main priority.

We did have an excellent debate on this at the last Communities & Place Committee meeting, which unfortunately Councillor Hollis couldn't attend as he was unwell and we do hope he makes a swift recovery. We had representatives from the Environment Agency, we had Sue Jaques [Flood Risk Manager, Nottinghamshire County Council] and Gary Wood [Group Manager, Nottinghamshire County Council], and the discussion went on for well over an hour. I hope that everyone felt it was useful and that we are all going to be working together. At the end of that meeting we did speak about the Section 19 reports. Producing a Section 19 report is one of our duties as the Lead Local Flood Authority and this will outline exactly what happened all over the County, including your areas in Ashfield. We will be able to collate all this information together to have a look at the main areas that we need to focus on. These will hopefully be ready to present to us at the Communities & Place Committee next time but I am happy to relay all the details, if I get them any sooner, directly to you. Your local knowledge is key as well, so if anything comes back from these areas that you feel are not in this report then I am happy to meet up afterwards to go through where you think we can improve.

We do have a few bits of information that have come back about Jacksdale. The flooding at Jacksdale we believe was caused by a third party culverting a water course without permission. The third party has been visited by the Flood Risk Management Team and the culvert is being removed this weekend. Adjacent to Laverick Road a culvert was found to be blocked with tree roots, so Via has been out and removed all of the roots and have cleared the entire culvert as well.

The flooding in Selston, we believe was caused by another third party placing a grill over one of the inlets to a culvert. This third party has also been contacted by the Flood Risk Management Team and the grill is being removed imminently.

We are still working with Ashfield District Council on the production of the Section 19 report. We will take all of the findings away and as always, we will continue to look for opportunities where we can work better, where we can improve our efficiency. We will keep bidding in to try and draw the additional contributions to help enhance our offer.

We have got some great projects that have gone on in Ashfield already: Thoresby Dale and Titchfield Park, that we are going to be working with Ashfield on, are really exciting. Watnall Road, another project in Ashfield and hopefully, if anything comes out of this section 19 report we will be able to bid for extra funding to help with future projects and will do so.

We will also strive to increase levels of awareness within local organisations and communities, so they can become more resilient to flooding and understand their responsibilities, which will in turn help identify the risks, likelihood and consequences of flooding events. We do have a great team here at Nottinghamshire County Council and we do our very best to make sure that all those people who have been affected do feel safe again.

Question to the Leader of the Council from Councillor Kate Foale

Nottinghamshire Wildlife Trust urgently needs to raise £1m to buy Attenborough Nature reserve and make it forever safe. This is a real asset to Nottinghamshire – I quote from our 'Visitor Economy strategy':

"The heart of our strategy is about making our natural assets………… work harder for the visitor economy"

Each year more than 500,000 visitors flock to the reserve. To quote Sir David Attenborough:

"Attenborough Nature Reserve is undoubtedly an unforgettable place to experience the natural world and the Nottinghamshire Wildlife Trust play a very important part in protecting it and I would encourage anyone who cares about wildlife to support them."

Please could the Leader identify what financial and other support this Council is prepared to offer Nottinghamshire Wildlife Trust in securing the long term future of this wonderful County asset?

Response from Councillor Mrs Kay Cutts MBE, Leader of the Council

Sites such as the Attenborough Nature Reserve in Councillor Jackson and Councillor Kerry's division are an important part of our Visitor Economy, which we anticipate will increase the gross value of the tourism sector in Nottinghamshire by £80million per year by 2029.

We are very much aware of the valuable work of the Nottinghamshire Wildlife Trust, with whom this Council enjoys a very positive relationship. I meet regularly with Paul Wilkinson, the Trust's Chief Executive, and as recently as October we discussed the future of the Reserve and their ambitions for the site going forward.

The Trust has cared for Attenborough Nature Reserve for many years, and I can certainly appreciate their desire to acquire the site from Cemex UK. Their campaign has already secured more than £900,000 of their £1million target, showing the overwhelming support of the residents of Nottinghamshire and beyond, and I am sure they will reach their funding goal soon.

Though it would not be appropriate for the Council to divert great sums of taxpayers' money to support this appeal – which is, ultimately, a commercial land acquisition – we have given our full support to the Trust in our role as Minerals Planning Authority. In particular, we have been working with Cemex to ensure that they carry out all the required work under their Section 106 agreement, ready for the transfer to the Wildlife Trust without any problems – which is the proper role of this Council as a Minerals Planning Authority.

Question to the Chairman of Communities and Place Committee from Councillor Kevin Greaves

Last month, a Freedom of Information Request revealed that Nottinghamshire has the highest number of potholes in the entire UK, a staggering 253,920, two and a half times more than the second highest in the UK. Would Councillor Cottee like to explain why this is?

Question to the Chairman of Communities and Place Committee from Councillor Jason Zadrozny

Nottinghamshire has been named 'the worst place for potholes in the UK.' A Freedom of Information request revealed Nottinghamshire County Council received 253,920 reports of potholes between January 2017 and June 2019. When will the new technology that the Council have invested in be rolled out County-wide?

Response from Councillor John Cottee, Chairman of the Communities and Place Committee

Yes Councillor Greaves, I welcome the opportunity to explain why Nottinghamshire's roads have a high number of potholes, but I am slightly surprised that you would want to ask the question, certainly given the fact that you were the Chairman of the Transport & Highways Committee as recently as May 2017 and the answer is not really going to do you any favours.

May 2017 was, of course, the time when the Conservative & Mansfield Independents took control of this Council's highways from Councillor Greaves and Labour, which we were delighted to do, but we were much less delighted to inherit a £143 million backlog of road repairs. Labour had been in control of this Council for 32 of the previous 36 years and this backlog is the reason why the condition of some of our 2,774 miles of highway today is not what we would like to have.

When the Conservative & Mansfield Independent administration took over, we were in no doubt that spending more on repairing our roads had to be one of the major priorities for this County. This is presumably the point of Councillor Greaves' question, and if that's the case, perhaps he should have a word with some of his colleagues who were wrongly accusing us of "putting potholes before people".

Within our first few months in office, Conservative & Mansfield Independent councillors identified an extra £24 million to be spent specifically on road maintenance over the term of this administration.

By no means is this the solution to a £143 million backlog, because you cannot put right 32 years of underinvestment in just four or even eight years, but it was certainly a statement of our intent to begin reversing the decline of our roads, with a longer term ambition to bring them back to the ideal standard our residents would like.

We know that having a safe, good quality road network is a priority for residents and local businesses, which is reflected in this council's spending. In fact, research by

Money Supermarket highlights that Nottinghamshire is one of the highest spending authorities in respect of tackling this problem.

Councillor Zadrozny is quite right to highlight the fact that we have invested £1.75 million specifically in new technology to improve and speed up the way potholes and road repairs are completed.

We are introducing a spray injection chip patching vehicle that treats surface defects by sealing the target area, filling cracks in the road and removing small potholes whilst smoothing out the surface. This will significantly improve productivity, so our highways teams can cover more than double their daily repairs target. And by the way, even before introducing this equipment, our highways operatives already repaired twice the number of potholes in 2018 as they did in 2017 – some 115,000 potholes – such is the scale of investment.

In recent weeks, some of our employees have received training using this spray injection patching system in the vicinity of the Bilsthorpe depot, and this service will begin to be rolled out across the County from March / April 2020.

We also have two new “hot box” vehicles that allow the council to quickly patch larger areas on the road, where the road surface has suffered significant deterioration. Filling material can be transported using the hot box storage, laid in optimum conditions and compacted, and these controlled conditions mean that the serviceable life of repairs can be extended. Overall, this technology will improve the quality of the ride for road users as well as the way the road looks.

Of course we took a public relations risk in announcing the £24 million of extra funding for highway maintenance at the start of our administration, because it invites an expectation that all of our roads will be returned to top condition forthwith. This was never going to be the case, as I stated at the time. In fact, this simply marked the beginning of what will be a very long and very resource-intensive project. However, the alternative is to do what Labour did for much of their time in office and that’s not invest enough in the ongoing maintenance our road infrastructure.

To be fair to Councillor Greaves, that neglect began under previous Labour highways cabinet members and chairmen long before he took office, but if his intention in tabling this question was to deflect the blame for the state of Nottinghamshire’s roads onto this administration, then I have no hesitation in giving him a history lesson to set the record straight.

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

Recent trends in the County show that there is a growing increase in the number of older people being admitted to residential care, after a few years of improvement of more people being given their choices of housing with care. The current administration has set quite modest targets for the number of people being offered housing with care, in order to progress towards the higher provision of neighbouring counties and reduce expenditure on residential care.

Can the Chairman explain the Council's failure to meet these targets and show what plans are in place to improve peoples' choices?

Response from Councillor Tony Harper, Chairman of the Adult Social Care and Public Health Committee

A priority for this Council is to develop a greater range of housing options for older people, to maximise their independence and enable them to remain in their own home wherever possible, which in turn prevents or delays their need for residential and nursing care. This was set out in the report on our future vision for Ageing Well services, presented to, and approved by Adult Social Care & Public Health Committee in October this year.

Until relatively recently, work has focused on Nottinghamshire County Council's Extra Care and subsequent Housing with Care strategy in isolation. We are now developing a wider partnership vision and plan. Housing with Care is just one component of a range of care alternatives that need to be in place, and we are therefore working with other agencies and the NHS to develop a more strategic vision. An independent review which was commissioned by the Better Care Fund Partnership has been undertaken by a leading consultant ARK, resulting in recommendations that all partners are currently considering, prior to everyone agreeing a joint strategy and a plan of action.

Our key aim is to enable vulnerable people to live in the type of housing that best suits their individual needs. This requires a range of accommodation to cater for ageing populations, such as accessible general needs housing, retirement villages, and Housing with Care.

It also includes providing minor and major adaptations to buildings, other equipment and technology, and access to Disabled Facilities Grants and care at home.

In order to measure our success in identifying people's needs and making the right housing options available to them at the right time, we need good quality, easily accessible information and data. That's why the work now underway has a far broader remit and inevitably takes longer to plan and develop. The benefit will be to deliver a much improved set of options and services for local people when we reach the implementation stage. This will allow us to offer a much better scale, pace and consistency of provision across the county than we have ever had before.

Nottinghamshire County Council is involved in 13 Extra Care or Housing with Care schemes operating across the County, but because these have evolved over several years, they operate in different ways. We are examining the performance of all of them in order to assess their strengths and weaknesses and determine which operating model works best.

Once we have drawn these conclusions, this information will be shared with our partners in Spring 2020, alongside a description of how Housing with Care and other supported accommodation options will be procured by the Council. This will allow the market to better understand what this council wants, and how they as partners can support our aspiration to provide 'the right support, in the right home, at the right time'.

At the two most recent Adult Social Care & Public Health Committee meetings, we have tasked officers with organising a regular cross-party Working Group for Members to scrutinise these issues, which will include your valuable input. We want to work together on this.

Nottinghamshire County Council

Report to County Council

27 February 2020

Agenda Item: 5

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

ANNUAL BUDGET 2020/21
ADULT SOCIAL CARE PRECEPT 2020/21
COUNCIL TAX 2020/21
MEDIUM TERM FINANCIAL STRATEGY 2020/21 to 2023/24
CAPITAL PROGRAMME 2020/21 to 2023/24
CAPITAL STRATEGY 2020/21

Purpose of the Report

1) This report is seeking approval for the following:

- Annual budget for 2020/21.
- Amount of Adult Social Care Precept to be levied for 2020/21 to part fund increasing adult social care costs.
- Finance and Major Contracts Management Committee be authorised to make allocations from the General Contingency for 2020/21.
- Amount of Council Tax to be levied for County Council purposes for 2020/21 and the arrangements for collecting this from district and borough councils.
- Medium Term Financial Strategy for 2020/21 to 2023/24.
- Capital Programme for 2020/21 to 2023/24.
- Minimum Revenue Provision policy for 2020/21.
- 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 2020/21.
- The Capital Strategy including the 2020/21 Prudential Indicators and Treasury Management Strategy.
- Treasury Management Policy for 2020/21
- To delegate responsibility for the setting of Treasury Management Policies and Practices relating to Pension Fund cash to the Pension Fund Committee.

Information

2) The Council continues to operate in a challenging financial landscape with funding to local authorities expected to undergo fundamental structural changes over the next few years. When the Council approved the Budget for 2019/20 last February it was assumed that the main Government Grant, the Revenue Support Grant, will have disappeared and it was anticipated that the outcomes from the Fair Funding Review and the Business Rates Retention Review would have been implemented from 2020/21. This would have provided local authorities with much needed certainty and stability regarding their longer-term funding. However, following the Chancellor of the Exchequer's one-year funding announcement, as set out in the Spending Review 2019, these longer-term reforms have been delayed until at least 2021/22.

3) At the same time as the transition to a more self-sufficient funding position has been delayed, many Council services continue to experience increasing demand. Many of these services are those directed at the most vulnerable in society, especially in children's and adult's social care.

4) The County Council budget for 2020/21 has been prepared in the context of this on-going funding uncertainty from Government.

5) The 2019/20 Annual Budget Report that was submitted to Full Council in February 2019 set out a funding shortfall of £34.2m over the four years to 2022/23. The 2020/21 Budget Report that was submitted to Finance and Major Contracts Management Committee on 10 February 2020 set out the financial landscape within which the Council is operating and emphasised the uncertainty that a one-year settlement brings.

6) 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 2020/21. The report to Finance and Major Contracts Management Committee in February 2020 set out the forecast position and recommended that the level of Council Tax be increased by 1.99% and that an Adult Social Care Precept of 2.00% be implemented in 2020/21. This recommendation is incorporated within this report.

7) The Council continues to take its environmental responsibilities seriously. As such, at Policy Committee in September 2019, the scope and approach to developing an all-encompassing environmental strategy and associated environmental policy was approved. Environmental factors have been taken into account when constructing this budget and a number of green initiatives are already approved with the Council's capital programme. Details of these are set out in paragraph 52 below.

8) 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 2020/21.

Nottinghamshire Residents Survey

9) As in previous years the 2019 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 2020.

Annual Budget 2020/21

10) The report to Finance and Major Contracts Committee on 10 February 2020 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.

11) The final Local Government Settlement was announced on 6 February 2020. The final settlement remains unchanged from allocations published at the time of the provisional settlement in December 2019.

12) This report brings together the Council's confirmed funding position. The total revenue budget for 2020/21 is £512.5m. A summary is shown in Table 1 with a more detailed breakdown shown in Appendix A.

Table 1 - Proposed County Council Budget 2020/21

Committee Analysis	Net Budget 2019/20 £m	Pressures £m	Savings £m	Pay, NI & Pensions increase £m	Budget Changes £m	Net Budget 2020/21 £m
Children & Young People	126.590	15.627	(1.712)	1.423	(1.421)	140.507
Adult Social Care & Public Health	203.743	16.418	(5.002)	1.077	(6.196)	210.040
Communities & Place	121.113	4.643	(0.552)	0.246	1.053	126.503
Policy	32.559	0.115	(0.450)	0.284	1.580	34.088
Finance & Major Contracts Mgt	2.585	-	-	0.082	0.234	2.901
Governance & Ethics	7.306	-	-	0.077	0.189	7.572
Personnel	14.792	-	(0.221)	0.404	0.411	15.386
Net Committee Requirements	**508.688**	**36.803**	**(7.937)**	**3.593**	**(4.150)**	**536.997**
Corporate Budgets	(15.662)	-	-	-	(8.178)	(23.840)
Use of Reserves	(5.598)	-	-	-	4.989	(0.609)
Budget Requirement	**487.428**	**36.803**	**(7.937)**	**3.593**	**(7.339)**	**512.548**

13) Table 1 shows the changes between the original net budget for 2019/20 and the proposed budget for 2020/21, including budget pressures, savings, pay inflation and other budget changes which include permanent contingency transfers approved in 2019/20 and transfers between Committees.

Departmental Budgets

14) The County Council is committed to continuing to support victims and survivors of sexual abuse and is engaged with working with partners, including the Clinical Commissioning Groups and the Office of the Police and Crime Commissioner and the City Council to strengthen support to victims

and survivors, including development of a new service model. A further £268,000 of permanent funding is now available for this service.

15) Given the overall financial position of the Council, certain areas of the highways service has suffered from under investment in recent years. The main effects of this are the deterioration of the road markings and that road sign cleaning takes place less often. A £250,000 temporary budget adjustment has been made to fund more of these activities within 2020/21.

16) The Council has introduced successful Alternative Service Delivery Models (ASDMs) for the delivery of library (Inspire), property (Arc) and highways (Via) functions. Via was initially jointly owned by Corserv (Cornwall County Council) but the Corserv shares were purchased by the Council in March 2019. Having taken full ownership of Via, the Council is now looking at the most efficient way of managing any surpluses that might arise. The MTFS assumes a level of dividends from the ASDMs, but any surpluses in excess of this will be utilised to deliver further service improvements in the relevant service area.

Corporate Budgets and Reserves

17) 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.
- **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.
- **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. In addition, a number of potential pressures have been identified that have a high degree of uncertainty with regard to the likelihood of the pressure materialising, the values involved and the likely profile. Similarly, there are a number of savings proposals that are experiencing uncertainty in being fully achieved and on time. As such, a provision of £2.0m has been added to the contingency budget to fund these pressures should they arise and/or savings that may be delayed or not materialise.

- **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.
- **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 and the Social Care Grant are held centrally and are not ring-fenced.
- **Use of Reserves:** This represents the Council's use of balance sheet reserves. This budget report is proposing to utilise £17.8m of reserves over the medium term with £0.6m being used to deliver a balanced budget in 2019/20. Further detail is provided in Appendix B.

Table 2 - Proposed Budget 2020/21
Corporate Budgets and Reserves

	Net Budget 2019/20 £m	Budget Changes £m	Net Budget 2020/21 £m
Flood Defence Levy	0.288	0.003	0.291
Pension Enhancements (Centralised)	2.100	(0.050)	2.050
Trading Organisations	1.250	0.050	1.300
Contingency	4.650	1.950	6.600
Capital Charges (Depreciation)	(42.859)	(1.405)	(44.264)
Interest & Borrowing	18.639	2.434	21.073
Minimum Revenue Provision (MRP)	9.666	1.704	11.370
New Homes Bonus Grant	(1.728)	(0.145)	(1.873)
Business Rates Levy Account	(1.643)	1.643	-
Social Care Grant	(6.025)	(14.362)	(20.387)
Subtotal Corporate Budgets	**(15.662)**	**(8.178)**	**(23.840)**
Net Transfer (From)/To Other Earmarked Reserves	(3.499)	3.521	0.022
Transfer (From)/To General Fund Balances	(2.099)	1.468	(0.631)
Subtotal Use of Reserves	**(5.598)**	**4.989**	**(0.609)**

Council Tax Base 2020/21

18) 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 253,120.10 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

19) 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 was previously factored into the MTFS of £1,000,000 surplus. However, figures confirmed from the District and Borough Councils equate to a surplus of £558,507 for 2020/21, resulting in a shortfall of £441,493 for 2020/21. This reduction has been reflected in the MTFS. Given the last three years has produced a shortfall against the £1,000,000 estimated surplus, this assumption has been removed from the MTFS.

Council Tax and Adult Social Care Precept 2020/21

20) The 2020/21 Provisional Local Government Settlement announced by the Government in December 2019 set out funding plans for councils in England to help them to deliver the services that their residents need. It was confirmed that the 2020/21 referendum threshold has been set in line with inflation, and so setting the core Council Tax referendum principle at 2%.

21) 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 2%

22) Also in the announcement, it was confirmed that the Adult Social Care Precept will continue including the ability to raise the precept by 2% in 2020/21 only.

23) In determining the local government settlement the Government has assumed that the Council would take the maximum Adult Social Care Precept of 2% and increase the Council Tax to the maximum level in 2020/21. It is proposed, therefore, that the Council fixes any increase to local taxes to that expected by the Government. So, for 2020/21, it is proposed that Council Tax is increased by 1.99% and the Adult Social Care Precept is implemented at 2%. As in previous year, future Council Tax increases of 1.99% per annum have been factored into the MTFS.

Requirement to Raise Local Tax

24) 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

2020/21	Amount £m	% Funding
Initial Budget Requirement	512.548	100.0
Less National Non-Domestic Rates	(116.398)	22.7
Less Revenue Support Grant	(7.064)	1.4
Net Budget Requirement	**389.086**	
Less Estimated Collection Fund Surplus	(0.559)	0.1
Council Tax Requirement	**388.527**	**75.8**

Adult Social Care Precept Recommendation

25) It is recommended that County Council approves the implementation of a 2.00% Adult Social Care Precept for 2020/21 to part fund increasing costs associated with adult social care. The impact of this is shown in Table 4.

Table 4 – Impact of 2.00% Adult Social Care Precept on Local Tax Levels (County Council Element) 2020/21

Band	Value as at 1.4.91	No. of Properties	% No. of Properties	Ratio	County Council 2019/20 £	County Council 2020/21 £	Change £
A	Up to £40,000	144,720	39.6%	6/9	69.85	89.53	**19.68**
B	£40,001 to £52,000	75,550	20.6%	7/9	81.49	104.45	**22.96**
C	£52,001 to £68,000	62,560	17.1%	8/9	93.13	119.37	**26.24**
D	£68,001 to £88,000	41,940	11.4%	1	104.77	134.29	**29.52**
E	£88,001 to £120,000	23,550	6.4%	11/9	128.05	164.13	**36.08**
F	£120,001 to £160,000	11,330	3.1%	13/9	151.33	193.97	**42.64**
G	£160,001 to £320,000	6,170	1.7%	15/9	174.62	223.82	**49.20**
H	Over £320,000	480	0.1%	18/9	209.54	268.58	**59.04**

Local Tax Recommendation

26) It is recommended that Members agree an increase of 1.99% 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 1.99% Increase on Local Tax Levels (County Council Element) 2020/21

Band	Value as at 1.4.91	No. of Properties	% No. of Properties	Ratio	County Council 2019/20 £	County Council 2020/21 £	Change £
A	Up to £40,000	144,720	39.6%	6/9	914.19	933.77	**19.58**
B	£40,001 to £52,000	75,550	20.6%	7/9	1,066.56	1,089.40	**22.84**
C	£52,001 to £68,000	62,560	17.1%	8/9	1,218.92	1,245.03	**26.11**
D	£68,001 to £88,000	41,940	11.4%	1	1,371.29	1,400.66	**29.37**
E	£88,001 to £120,000	23,550	6.4%	11/9	1,676.02	1,711.92	**35.90**
F	£120,001 to £160,000	11,330	3.1%	13/9	1,980.76	2,023.18	**42.42**
G	£160,001 to £320,000	6,170	1.7%	15/9	2,285.48	2,334.43	**48.95**
H	Over £320,000	480	0.1%	18/9	2,742.58	2,801.32	**58.74**

27) The total impact of implementing a 2.00% Adult Social Care Precept and a 1.99% increase in local tax levels is shown in Table 6.

Table 6 - Recommended levels of Council Tax and Adult Social Care Precept 2020/21

Band	Value as at 1.4.91	No. of Properties	% No. of Properties	Ratio	County Council 2019/20 £	County Council 2020/21 £	Change £
A	Up to £40,000	144,720	39.6%	6/9	984.04	1,023.30	**39.26**
B	£40,001 to £52,000	75,550	20.6%	7/9	1,148.05	1,193.85	**45.80**
C	£52,001 to £68,000	62,560	17.1%	8/9	1,312.05	1,364.40	**52.35**
D	£68,001 to £88,000	41,940	11.4%	1	1,476.06	1,534.95	**58.89**
E	£88,001 to £120,000	23,550	6.4%	11/9	1,804.07	1,876.05	**71.98**
F	£120,001 to £160,000	11,330	3.1%	13/9	2,132.09	2,217.15	**85.06**
G	£160,001 to £320,000	6,170	1.7%	15/9	2,460.10	2,558.25	**98.15**
H	Over £320,000	480	0.1%	18/9	2,952.12	3,069.90	**117.78**

28) 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

29) 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 – 2020/21

District / Borough Council	Council Tax Base	County Precept
Ashfield	33,695.30	£51,720,601
Bassetlaw	35,373.06	£54,295,878
Browtowe	34,039.14	£52,248,378
Gedling	37,387.44	£57,387,851
Mansfield	29,407.70	£45,139,349
Newark & Sherwood	39,229.76	£60,215,720
Rushcliffe	43,987.70	£67,518,920
Total	**253,120.10**	**£388,526,697**

30) 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 – 2020/21

2020	2021
20 April	6 January
28 May	3 February
2 July	11 March
6 August	
11 September	
19 October	
19 November	

31) 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 2019/20 will be paid or refunded on the same dates.

Medium Term Financial Strategy (MTFS)

32) The Budget report to the February Council in 2019 forecast a budget gap of £34.2m for the three years to 2021/22. As part of the budget setting process 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.

33) It should be noted that the 2020/21 Local Government Finance Settlement is a one-year settlement only. As such, considerable uncertainty beyond 2020/21 will remain until future funding announcements are made. This uncertainty is compounded as a result of the delays to longer term funding reforms around Business Rates Retention and the Fair Funding Review. Other areas of uncertainty exist throughout the term of the MTFS such as the outcome of the Social Care Green Paper and the implications of Brexit. As such, the MTFS will continue to be reviewed regularly to ensure that it reflects the latest information available.

34) The MTFS on which this budget report is based assumes a Council Tax increases of 1.99% in future years. In addition, an Adult Social Care Precept increase of 2.00% in 2020/21 is factored in.

35) Table 9 summarises the cumulative changes made to the MTFS since the report to February Council in 2019.

36) In summary, from 2022/23 onwards, the Council is currently projecting a budget shortfall of £28.3m across the duration of the MTFS. Proposals as to how the budget will be balanced for these two years will need to be made over the coming months.

Table 9 – Analysis of Changes to the Medium Term Financial Strategy 2020/21 – 2023/24

	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	Total £m
Year on Year Savings requirement (February Report)	**19.9**	**10.4**	**3.9**	**-**	**34.2**
Change in Pressures and Inflation	20.2	8.9	6.7	21.3	**57.1**
Increase Contingency for Pressures Risk	2.0	0.1	-	-	**2.1**
Change in Pay / Pension Related Inflation	(0.5)	(0.6)	(0.6)	3.6	**1.9**
Committee Approved Efficiencies	(2.1)	(1.1)	(0.3)	-	**(3.5)**
Changes to Base Budgets	(4.5)	(0.4)	-	0.1	**(4.8)**
Change in Government Grants	(40.5)	0.6	0.3	(1.8)	**(41.4)**
Use of / Contribution to Reserves	9.5	(17.8)	5.0	3.3	**-**
Increase in ASC Precept / Council Tax	(7.5)	-	-	(8.4)	**(15.9)**
Change in Council Tax Base assumptions	0.1	(0.2)	(0.2)	(4.9)	**(5.2)**
Change in Council Tax Surplus / Deficit	0.4	0.6	-	-	**1.0**
Other Corporate Adjustments	3.0	(0.5)	0.1	0.2	**2.8**
Revised Gap	**0.0**	**0.0**	**14.9**	**13.4**	**28.3**

37) The Council's year by year MTFS for the four years to 2023/24 is shown in Table 10. It shows that whilst the Council can deliver a balanced budget in 2020/21 and 2021/22, further savings will need to be identified in each of the following years to 2023/24, based on current assumptions.

Table 10 – Medium Term Financial Strategy 2020/21 – 2023/24

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Net Budget Requirement	512.5	526.6	556.6	570.7
Financed by :				
Business Rates	116.4	118.5	120.7	123.0
Revenue Support Grant	7.0	7.1	7.1	7.1
Council Tax	355.4	367.9	380.8	394.1
Adult Social Care Precept	33.1	33.1	33.1	33.1
Collection Fund Surplus / (Deficit)	0.6	-	-	-
Total Funding	**512.5**	**526.6**	**541.7**	**557.3**
Funding Shortfall	**-**	**-**	**14.9**	**13.4**
Cumulative Funding Shortfall	**-**	**-**	**14.9**	**28.3**

Capital Programme and Financing

38) 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.

39) The Council's capital programme has been reviewed as part of the 2020/21 budget setting process. Savings and re-profiling with a total value of £36.6m have been identified in 2019/20 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.

40) During the course of 2019/20, 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 41 to 55. Schemes will be subject to Latest Estimated Cost (LEC) reports in accordance with the Council's Financial Regulations.

Major Capital Programme Successes

41) **Roads Maintenance and Renewals** – The Council has identified investment in the highways infrastructure across the county as an important strategic objective. This commitment can clearly be seen by investing £20.0m of capital resources to further the Roads Maintenance and Renewals programmes. To March 2020, an additional 241 road maintenance project have been delivered with a further 64 forecast to be delivered in 2020/21.

42) **Gedling Access Road** – This major transport scheme will enable the realisation of a key strategic development site in Gedling. It will also fulfil the long-term ambition 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 development of the former Gedling Colliery site.

43) **New / Replacement Schools** – The Schools Place programme focuses on the Council's statutory duty to provide sufficient school places. The Council works closely with academies and the voluntary aided sector to meet this statutory responsibility and function. As part of this programme four new /

replacement schools are being built in Bestwood (£6.3m), Newark (£11.6m), Hucknall (£4.2m) and West Bridgford (£8.6m).

44) **Better Broadband for Nottinghamshire** – The Council's Better Broadband for Nottinghamshire programme has benefitted from Council support since its inception in May 2011. In the intervening eight years, Nottinghamshire has maintained its vanguard position as the leader for full fibre coverage in the Local Enterprise Partnership area. Significant investment has helped Nottinghamshire achieve 98.4% superfast coverage across the county. The Council continues to seek all additional funding opportunities to extend the reach of fibre broadband.

45) **Homes England Projects** – By embracing the ethos of working closely with Government in order to bring forward new housing, the Council has been very successful in securing external funding of £9.0m from Homes England. This funding, along with a £4.5m contribution from the Council's capital resources, will help fund an increase in the supply of new homes by helping to remove the barriers facing local authorities with development on their sites. Sites at Lowmoor Road and Caudwell Road will benefit from this funding as well as a further major project at Top Wighay Farm near Hucknall.

New and Emerging Capital Projects

46) A number of new and emerging capital projects are being developed but are not yet included in the capital programme as follows:-

- **Investing in Nottinghamshire** – As detailed above three Homes England funded projects are already approved into the capital programme to increase the supply of new homes in Nottinghamshire as part of the Investing in Nottinghamshire programme. In addition to these projects, a full review of county office accommodation has been undertaken the results of which were reported to Policy Committee in February 2020.

- **New Special School Provision** – Despite the rebuilding and expansion of the Orchard Special School in Newark as well as a number of additional Special School expansions there're remains insufficient specialist places to allow parents to express a preference for a local special school. This results in an increased demand for county and out of county specialist placements. To mitigate this issue, the Policy Committee in November 2019 gave approval for a feasibility study to be undertaken to identify a suitable site in the Hucknall and Ollerton areas to build a new special school.

- **Increased Secondary School Provision in West Bridgford** – At the Policy Committee meeting in September 2019 approval was granted in principle to the construction of a third secondary school within the West Bridgford planning area in the short to medium term which covers the catchment areas of Rushcliffe School and West Bridgford School.

Further reports will be submitted to the appropriate Committee in due course to provide updates on these new and emerging capital projects. Any required variations to the capital programme will be subject to the usual capital approval process and the future MTFS will be amended in due course to reflect any associated revenue implications.

Children and Young People (CYP)

47) **School Building Improvement Programme** – The Department for Education has yet to announce the Schools Capital Maintenance (SCM) grant allocations for 2020/21 onwards. The 2019/20 allocation was confirmed at £4.5m and it is proposed that an estimated SCM grant allocation of £4.5m is reflected in the capital programme for 2020/21 and then reduced down to £3.5m by 2023/24 to reflect further school conversions to academy. It is also proposed that the 2020/21 grant is top sliced by £0.3m to provide funding to further the School Access Initiative (SAI) programme.

It is proposed that the Children and Young People capital programme is varied to reflect a confirmed SCM Grant of £4.5m for 2019/20 with an estimated grant of £4.5m in 2020/21 reducing down to £3.5m by 2022/23. It is also proposed that the SCM budget is top sliced by £0.3m in 2020/21 to further the SAI programme.

48) **School Places Programme** – An analysis of school places sufficiency across Nottinghamshire is undertaken on a regular basis. The Authority has received a 2020/21 Basic Need grant of £8.6m. Further Basic Need grant announcements are expected in Spring 2020 but until then it is proposed that estimated further School Places Grant of £2.0m per annum are included in 2021/22 to 2023/24 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 estimated School Places Grant of £2.0m to 2023/24.

Communities and Place

49) **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. It is proposed that a further £5.0m is invested to further this Council priority.

It is proposed that the Communities and Place capital programme is varied to reflect the additional £5.0m contribution form the Council to further the Roads Maintenance and Renewals programme, funded from borrowing.

50) **Harworth Access Link** – This £2.6m externally funded project is not now expected to take place. Bassetlaw District Council are no longer planning on progressing this delivery and, as such, the funding for this project has never been passed on to Nottinghamshire County Council.

It is proposed that the Communities and Place capital programme is varied to remove the £2.6m externally funded Harworth Access Link project from the programme.

51) **Waste Management** – A review of Waste Management costs associated with the Eastcroft Incinerator has been undertaken. The current approved capital programme includes a contribution from the Communities and Place revenue budget of £0.6m per annum. Following the review, these contributions have been amended as follows:-

£000	£000	£000	£000
2020/21	2021/22	2022/23	2023/24
619	30	361	8

It is proposed that the Communities and Place capital programme is varied to reflect the revised estimated contributions from the Communities and Place revenue budget towards costs associated with the Eastcroft Incinerator as shown above.

52) **Green Initiatives** – As part of the Council's commitment to the environment a number of green initiatives are already incorporated into the capital programme**.** The Communities and Place Committee oversees the progress of green capital initiatives which include the following:-

- **Carbon Management Programme and the Energy Saving Scheme -** These programmes of work identify and undertake projects that enable energy savings to be made and carbon emissions to be reduced. They also enable investment in spend to save energy and water efficiency measures to supplement the current capital programme and maintenance budgets. All savings are recycled to fund further energy savings projects. The total budget included in the capital programme for green initiatives is £3.2m.

- **Street Lighting** – This programme of work is aimed at replacing the lanterns in street lights for lower energy options to realise an energy saving. The total budget included in the capital programme to fund street light replacements is £7.1m.

- **Flood Mitigation Projects** – The 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 Council's Flood Alleviation and Drainage programme, will fund two schemes. The proposed schemes are scheduled to be completed by Spring 2021 and will benefit approximately 240 properties and 60 businesses.

Policy

53) **Wide Area Network (WAN)** – It is proposed that the Policy Committee capital programme is varied to reflect the cost of installing the Council's new WAN following the recent procurement exercise. The WAN will enable efficient connectivity between all corporate sites to the two main data centres and, in addition, to the internet and cloud-based services.

It is proposed that the Policy Committee capital programme is varied to reflect the £2.5m investment in the new Wide Area Network infrastructure, funded from borrowing.

Capital Programme Contingency

54) 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.

55) A number of capital bids described above are proposed to be funded from uncommitted contingency. The levels of contingency funding remaining in the capital programme are as follows:-

2020/21	**£2.2m**
2021/22	**£2.2m**
2022/23	**£2.2m**
2023/24	**£2.7m**

Revised Capital Programme

56) Taking into account schemes already committed from previous years and the additional proposals detailed in this report, the summary capital programme and proposed sources of financing for the years to 2023/24 are set out in Table 8.

Table 11 – Summary Capital Programme

	Revised 2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	TOTAL £m
Committee:						
Children & Young People*	31.494	33.731	17.137	5.500	5.500	93.362
Adult Social Care & Public Health	3.328	0.409	0.000	0.000	0.000	3.737
Communities & Place	50.854	56.682	35.393	23.086	20.450	186.465
Policy	33.111	23.933	8.550	4.400	4.400	74.394
Finance & MCM	0.150	0.180	0.180	0.180	0.180	0.870
Personnel	0.128	0.249	0.000	0.000	0.000	0.377
Contingency	-	2.200	2.200	2.200	2.795	9.395
Capital Expenditure	**119.065**	**117.384**	**63.460**	**35.366**	**33.325**	**368.600**
Financed By:						
Borrowing	62.656	53.405	33.233	11.330	11.395	172.019
Capital Grants	53.995	62.192	29.697	23.175	21.422	190.481
Revenue / Reserves	2.414	1.787	0.530	0.861	0.508	6.100
Total Funding	**119.065**	**117.384**	**63.460**	**35.366**	**33.325**	**368.600**

* These figures exclude Devolved Formula Capital allocations to schools.

Capital Receipts

57) 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 2020/21 to 2023/24. Any shortfall in capital receipts is likely to result in an increase in prudential borrowing. Forecasts of capital receipts are shown in Table 9.

Table 12 – Forecast Capital Receipts

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	TOTAL £m
Forecast Capital Receipts	**3.8**	**6.9**	**13.4**	**11.6**	**3.8**	**39.5**

58) 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.

59) 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.

60) 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 2020/21. The Strategy is incorporated in to the Capital Strategy in Appendix D and the Policy is in Appendix E.

61) With regard to cash balances that form part of the Nottinghamshire County Council Pension Fund, this report proposes the Council delegates responsibility for the setting of Treasury Management Policies and Practices to the Pension Fund Committee

62) 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 2020/21.

Statutory and Policy Implications

63) 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

64) 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.

65) 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.

66) 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 £512.548 million for 2020/21.	Para. 12
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 2020/21.	Para. 17
4) That the 2.00% Adult Social Care Precept is levied in 2020/21 to part fund increasing adult social care costs.	Para. 25
5) The County Council element of the Council Tax is increased by 1.99% in 2020/21. That the overall Band D tax rate is set at £1,534.95 with the various other bands of property as set out in the report.	Para. 26
6) The County Precept for the year ending 31 March 2021 shall be £388,526,697 and shall be applicable to the whole of the District Council areas as General Expenses.	Para. 29
7) The County Precept for 2020/21 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 2020/21 to 2023/24 be approved at the total amounts below and be financed as set out in the report:	Table 11

Year	Capital Programme
2020/21	£117.384m
2021/22	£63.460m
2022/23	£35.366m
2023/24	£33.325m

9)	The variations to the Capital Programme be approved.	Para. 41-55
10)	The Minimum Revenue Provision policy for 2020/21 be approved.	Appx. C
11)	The Capital Strategy including the 2020/21 Prudential Indicators and Treasury Management Strategy be approved.	Appx. D
12)	The Service Director – Finance, Infrastructure and Improvement be authorised to raise loans in 2020/21 within the limits of total external borrowings.	Para. 62
13)	The Treasury Management Policy for 2020/21 be approved.	Appx. E
14)	The Council delegates responsibility for the setting of Treasury Management Policies and Practices relating to Pension Fund cash to the Pension Fund Committee.	Para. 61
15)	The report be approved and adopted.	

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

Constitutional Comments (GR 18/02/2020)

Pursuant to the Nottinghamshire County Council Constitution this report and recommendations contained within it are within the remit of Full Council.

Human Resources Implications (MT 18/02/2020)

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 14/02/2020)

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 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 2020/21. 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 2020/21. 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 2020/21 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 Report – Finance and Major Contract Management Committee 10 February 2020

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

Revenue Budget Summary 2020/21

	2019/20 Original Budget £'000	2020/21 Annual Budget £'000
Committee:		
Children & Young People	126,590	140,507
Adult Social Care & Public Health	203,743	210,040
Communities & Place	121,113	126,503
Policy	32,559	34,088
Finance & Major Contracts Management	2,585	2,901
Governance & Ethics	7,306	7,572
Personnel	14,792	15,386
Net Committee Requirements	**508,688**	**536,997**
Items Outside Committee:		
Flood Defence Levy	288	291
Pension Enhancements (Centralised)	2,100	2,050
Trading Organisations	1,250	1,300
Contingency	4,650	6,600
Capital Charges (included in Committees above)	(42,859)	(44,264)
Interest & Borrowing	18,639	21,073
Minimum Revenue Provision (MRP)	9,666	11,370
New Homes Bonus Grant	(1,728)	(1,873)
Business Rates Levy Account	(1,643)	-
Social Care Grant	(6,025)	(20,387)
Total before use of Reserves	**493,026**	**513,157**
Use of Reserves:		
Net Transfer (From)/To Other Earmarked Reserves	(3,499)	22
Transfer (From)/To General Fund Balances	(2,099)	(631)
BUDGET REQUIREMENT	**487,428**	**512,548**
Funding Of Budget Requirement:		
Surplus/(Deficit) on Council Tax Collection for Previous Yrs	537	559
National Non-Domestic Rates	110,645	116,398
Revenue Support Grant	6,951	7,064
Council Tax	343,625	355,385
Adult Social Care Precept	25,670	33,142
TOTAL FUNDING	**487,428**	**512,548**

Children & Young People Committee
Variation Summary 2019/20 to 2020/21

		£'000	£'000
1	**Original Budget 2019/20**		**126,590**
2	**Budgets Transferred between Committees**		**(1,162)**
3	**Additional Allocations/Reductions 2019/20**		**(1)**
4	**Capital Financing Budget Transfers**		**(258)**
5	**2020/21 Service Changes:**		
	Budget Pressures		
	Non Looked After Children (LAC) Placements	493	
	Social Work Staffing and Standards	400	
	Edn, Health & Care Plans (ICDS)	290	
	Managing Allegations Against Professionals Service	248	
	Leaving Care Staffing	500	
	Growth in External Placements for LAC	12,552	
	National Living Wage - External	209	
	Basic Fostering Allowance	61	
	Contract Cost Inflation	874	
			15,627
	Pay Award, National Insurance & Pensions Increase		**1,423**
	Budget Savings		
	Remodelling Early Help - Early Years Sold Offer	(100)	
	Remodelling Children's Care - Social Impact Bond	(250)	
	Children's Centre Services	(833)	
	DCATCH Home Based Support	(50)	
	Market Management & Cost Control	(130)	
	Development of the Fostering Service	(283)	
	Reducing Partnership Support to Bodies	(25)	
	Ancillary Savings	(41)	
			(1,712)
6	**Annual Budget 2020/21**		**140,507**

Children & Young People Committee - Revenue Budget 2020/21

Original Budget 2019/20 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2020/21 £'000
	Schools Budget							
175,413	Schools Block - Distributed	-	-	-	**176,720**	-	-	**176,720**
18,276	High Needs Block - Distributed	-	-	-	**21,584**	-	-	**21,584**
46,923	Early Years Block - Distributed	-	-	-	**48,544**	-	-	**48,544**
55,357	Schools Budget - Centrally Retained	-	-	-	**62,701**	-	-	**62,701**
295,969	**Total Schools Expenditure Budget**	-	-	-	**309,549**	-	-	**309,549**
(295,969)	Dedicated Schools Grant (DSG)	-	-	-	**-**	(309,549)	-	**(309,549)**
-	Other ESFA grants for allocation to maintained schools	-	-	-	**29,923**	(29,923)	-	**-**
12,694	School Assets	-	-	13,436	**13,436**	-	-	**13,436**
	Youth, Families & Social Work							
4,499	Service Improvement	4,143	214	-	**4,357**	-	(18)	**4,339**
22,210	Regulated Services	17,394	12,599	-	**29,993**	(296)	(7,217)	**22,480**
1,858	Adoption Services (inc Regional Adoption Agency)	2,944	3,301	-	**6,245**	(852)	(3,431)	**1,962**
4,169	Childrens Disability Service & Assessment	3,774	594	-	**4,368**	-	-	**4,368**
14,923	Court Permanence & District Child Protection Teams	8,636	7,656	-	**16,292**	-	-	**16,292**
2,857	Multi Agency Safeguarding Hub & Emergency Duty Team	2,647	176	-	**2,823**	-	-	**2,823**
-	Managing Allegations Against Professionals Service	237	11	-	**248**	-	-	**248**
6,572	Early Help and Young Peoples Service	11,249	1,491	-	**12,740**	(2,301)	(3,735)	**6,704**
57,088	**Total Youth, Families & Social Work**	**51,024**	**26,042**	**-**	**77,066**	**(3,449)**	**(14,401)**	**59,216**
	Education Standards & Inclusion							
5,916	Support to Schools Service	8,154	1,842	-	**9,996**	(864)	(3,064)	**6,068**
5,916	**Total Education Standards & Inclusion**	**8,154**	**1,842**	**-**	**9,996**	**(864)**	**(3,064)**	**6,068**

Children & Young People Committee - Revenue Budget 2020/21

Original Budget 2019/20 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2020/21 £'000
	Commissioning & Resources							
4,197	Safeguarding, Assurance & Improvement	2,568	988	-	**3,556**	-	(380)	**3,176**
4,415	Integrated Childrens Disability Service (ICDS)	3,818	918	-	**4,736**	-	(182)	**4,554**
9,193	Early Childhood Services	8,340	2,742	-	**11,082**	-	(3,549)	**7,533**
31,592	Placements & Commissioning	1,738	47,704	-	**49,442**	(735)	(2,677)	**46,030**
49,397	**Total Commissioning & Resources**	**16,464**	**52,352**	**-**	**68,816**	**(735)**	**(6,788)**	**61,293**
1,495	**Capital Charges**	-	-	494	**494**	-	-	**494**
126,590	**TOTAL CHILDREN & YOUNG PEOPLE COMMITTEE**	**75,642**	**80,236**	**13,930**	**169,808**	**(5,048)**	**(24,253)**	**140,507**

Children & Young People Committee -
Capital Programme 2020/21

	Revised 2019/20 £000	**Budget Year 2020/21 £000**	Indicative Figures 2021/22 £000	2022/23 £000	2023/24 £000
Children & Young People Capital Programme					
School Access Initiative	518	250	-	-	-
School Places Programme	3,900	12,393	12,637	2,000	2,000
School Building Improvement Programme	9,817	5,776	4,000	3,500	3,500
Children's Homes	19	-	-	-	-
Orchard Special School	7,000	6,937	-	-	-
Early Years Education Places	161	269	-	-	-
YPS modernisation	3	-	-	-	-
Clayfields House	2,303	-	-	-	-
Bestwood New School	3,075	-	-	-	-
Special School Grant	-	1,184	-	-	-
Mill Adventure Base	400	1,021	-	-	-
Rosecliffe Spencer (Sharphill) New School	2,150	5,901	500	-	-
Watnall Road New School	2,148	-	-	-	-
Gross Capital Programme	**31,494**	**33,731**	**17,137**	**5,500**	**5,500**
Funded from:					
Approved County Council Allocations	14,837	20,668	10,637	-	-
External Grants & Contributions	16,050	13,063	6,500	5,500	5,500
Revenue	-	-	-	-	-
Reserves	607	-	-	-	-
Total Funding	**31,494**	**33,731**	**17,137**	**5,500**	**5,500**

Adult Social Care & Public Health Committee
Variation Summary 2019/20 to 2020/21

		£000	£000
1	**Original Budget 2019/20**		**203,743**
2	**Budgets Transferred between Committees**		**(13)**
3	**Additional Allocations/Reductions 2019/20**		**(6,123)**
4	**Capital Financing Budget Transfers**		**(60)**
5	**2020/21 Service Changes:**		
	Budget Pressures		
	Care Package Demand for Adults Aged 18-64 Years	4,003	
	Care Package Demand for Adults Aged 65 and Over	930	
	Fair Price for Care	1,141	
	National Living Wage - External	10,344	
			16,418
	Pay Award, National Insurance & Pensions Increase		**1,077**
	Budget Savings		
	Strategic Commissioning and Integration	(56)	
	Direct Services	(1,780)	
	Living Well	(1,387)	
	Ageing Well	(1,779)	
			(5,002)
6	**Annual Budget 2020/21**		**210,040**

Adult Social Care & Public Health Committee - Revenue Budget 2020/21

Original Budget 2019/20 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2020/21 £'000
	Corporate Director & Departmental Costs							
284	Corporate Director & Departmental Costs	166	433	-	**599**	(230)	(11)	**358**
284	**Total Corporate Director & Departmental Costs**	**166**	**433**	**-**	**599**	**(230)**	**(11)**	**358**
	Strategic Commissioning & Integration							
124	Service Director Strategic Commissioning	123	132	-	**255**	-	-	**255**
9,988	Integrated Strategic Commissioning	2,492	8,499	24	**11,015**	(213)	(258)	**10,544**
2,988	Service Improvement	1,521	496	391	**2,408**	-	-	**2,408**
1,744	Quality Assurance & Citizen Safety	1,663	360	-	**2,023**	-	(114)	**1,909**
(51,433)	Partnership Programme	352	6,953	-	**7,305**	(36,962)	(21,517)	**(51,174)**
(36,589)	**Total Strategic Commissioning & Integration**	**6,151**	**16,440**	**415**	**23,006**	**(37,175)**	**(21,889)**	**(36,058)**
	Living Well & Direct Services							
29	Service Director Living Well	123	38	-	**161**	-	(130)	**31**
22,709	Direct & Provider Services	15,624	5,525	747	**21,896**	-	(2,588)	**19,308**
31,189	Living Well - North Nottinghamshire	2,385	39,892	79	**42,356**	(979)	(10,850)	**30,527**
34,965	Living Well - Mid Nottinghamshire	3,200	44,465	-	**47,665**	(676)	(11,822)	**35,167**
37,314	Living Well - South Nottinghamshire	3,878	51,326	38	**55,242**	(695)	(14,992)	**39,555**
126,206	**Total Living Well & Direct Services**	**25,210**	**141,246**	**864**	**167,320**	**(2,350)**	**(40,382)**	**124,588**

Adult Social Care & Public Health Committee - Revenue Budget 2020/21

Original Budget 2019/20 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2020/21 £'000
	Ageing Well & Maximising Independence							
355	Service Director Ageing Well	180	1,176	-	**1,356**	-	(1,172)	**184**
9,980	Maximising Independence	9,535	4,155	-	**13,690**	-	-	**13,690**
33,438	Ageing Well - North Nottinghamshire	5,449	44,883	-	**50,332**	(34)	(15,059)	**35,239**
31,161	Ageing Well - Mid Nottinghamshire	6,756	36,450	-	**43,206**	(172)	(11,312)	**31,722**
38,908	Ageing Well - South Nottinghamshire	8,482	50,505	-	**58,987**	(494)	(18,176)	**40,317**
113,842	**Total Ageing Well & Maximising Independence**	**30,402**	**137,169**	**-**	**167,571**	**(700)**	**(45,719)**	**121,152**
	Public Health							
6,587	Directorate Pay & Associated Costs	2,393	4,029	-	**6,422**	-	(59)	**6,363**
33,436	Commissioned Services	360	34,702	-	**35,062**	-	(1,002)	**34,060**
(40,023)	Public Health Grant	-	-	-	**-**	(40,423)	-	**(40,423)**
-	**Total Public Health**	**2,753**	**38,731**	**-**	**41,484**	**(40,423)**	**(1,061)**	**-**
203,743	**TOTAL ADULT SOCIAL CARE & PUBLIC HEALTH COMMITTEE**	**64,682**	**334,019**	**1,279**	**399,980**	**(80,878)**	**(109,062)**	**210,040**

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

Adult Social Care & Public Health Committee - Capital Programme 2020/21

	Revised 2019/20 £000	Budget Year 2020/21 £000	Indicative Figures 2021/22 £000	2022/23 £000	2023/24 £000
Adult Social Care & Public Health Capital Programme					
Living at Home	1,880	-	-	-	-
Supported Living	300	241	-	-	-
ASCPH Strategy	145	-	-	-	-
Disabled Facilities Grant (DFG) Equipment	633	-	-	-	-
Winterbourne Capital Grant	22	-	-	-	-
County Horticulture	348	168	-	-	-
Gross Capital Programme	**3,328**	**409**	**-**	**-**	**-**
Funded from:					
Approved County Council Allocations	2,271	-	-	-	-
External Grants & Contributions	955	241	-	-	-
Revenue	-	-	-	-	-
Reserves	102	168	-	-	-
Total Funding	**3,328**	**409**	**-**	**-**	**-**

Communities & Place Committee
Variation Summary 2019/20 to 2020/21

		£'000	£'000
1	**Original Budget 2019/20**		**121,113**
2	**Budgets Transferred between Committees**		**529**
3	**Additional Allocations/Reductions 2019/20**		**(764)**
4	**Capital Financing Budget Transfers**		**1,288**
5	**2020/21 Service Changes:**		
	Budget Pressures		
	SEND Transport Growth & Inflation	1,290	
	Waste PFI Contract Growth & Inflation	1,115	
	Concessionary Travel	350	
	Local Bus & Home to School Contracts	300	
	Coroners	551	
	Contract Cost Inflation	1,037	
			4,643
	Pay Award, National Insurance & Pensions Increase		**246**
	Budget Savings		
	Fees and Charges Review	(150)	
	Delivering Sustainable Waste Services	(150)	
	Transport Base budget review	(80)	
	Scholars Pass Scheme	(80)	
	Cessation of Schools Waste Action Club (SWAC)	(42)	
	Overhead cont from Street Works permit scheme	(50)	
			(552)
6	**Annual Budget 2020/21**		**126,503**

Communities & Place Committee - Revenue Budget 2020/21

Original Budget 2019/20 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2020/21 £'000
	Highways							
18,103	VIA East Midlands Contract	-	19,866	-	**19,866**	-	-	**19,866**
21,790	NCC Highways Retained Client	1,677	11,064	19,354	**32,095**	-	(9,948)	**22,147**
39,893	**Highways Total**	**1,677**	**30,930**	**19,354**	**51,961**	**-**	**(9,948)**	**42,013**
	Transport							
10,916	Concessionary Fares	-	11,285	-	**11,285**	-	(35)	**11,250**
3,680	Local Bus Services	-	3,925	-	**3,925**	-	(140)	**3,785**
2,144	Other Transport Running Costs	3,704	4,799	578	**9,081**	(1,003)	(5,952)	**2,126**
11,950	SEND / Home to School Transport	-	16,194	-	**16,194**	(534)	(2,260)	**13,400**
28,690	**Transport Total**	**3,704**	**36,203**	**578**	**40,485**	**(1,537)**	**(8,387)**	**30,561**
	Waste & Energy							
26,163	Veolia PFI Contract	-	29,801	-	**29,801**	(2,039)	(891)	**26,871**
6,041	NCC Retained Client	649	5,918	1,750	**8,317**	-	(2,021)	**6,296**
32,204	**Total Waste & Energy**	**649**	**35,719**	**1,750**	**38,118**	**(2,039)**	**(2,912)**	**33,167**

Communities & Place Committee - Revenue Budget 2020/21

Original Budget 2019/20 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2020/21 £'000
	Other Communities & Place							
10,696	Libraries inc. Inspire Contract	73	13,721	1,462	**15,256**	(4,422)	-	**10,834**
380	Bestwood & Rufford Country Parks	-	391	-	**391**	-	(11)	**380**
500	National Watersports Centre	56	375	-	**431**	-	-	**431**
697	Planning, Policy & Development Management	953	108	-	**1,061**	-	(346)	**715**
1,006	HW Development Management & Transport Policies & Programmes	1,235	78	-	**1,313**	-	(188)	**1,125**
794	Conservation (Including Green Spaces)	675	119	-	**794**	-	(34)	**760**
554	Communities Staffing	473	29	-	**502**	-	-	**502**
1,690	Communities Grants	-	1,888	-	**1,888**	(198)	-	**1,690**
932	Trading Standards	1,595	40	4	**1,639**	-	(729)	**910**
249	Emergency Planning	296	22	-	**318**	-	(64)	**254**
966	Coroners	-	1,517	-	**1,517**	-	-	**1,517**
90	Registration of Births, Deaths & Marriages	1,372	282	1	**1,655**	-	(1,541)	**114**
467	Directorate	473	7	-	**480**	-	(300)	**180**
1,305	Recharges, Insurance & Internal Services	-	265	1,085	**1,350**	-	-	**1,350**
20,326	**Total Other Communities & Place**	**7,201**	**18,842**	**2,552**	**28,595**	**(4,620)**	**(3,213)**	**20,762**
121,113	**TOTAL COMMUNITIES & PLACE COMMITTEE**	**13,231**	**121,694**	**24,234**	**159,159**	**(8,196)**	**(24,460)**	**126,503**

Communities & Place Committee - Capital Programme 2020/21

	Revised 2019/20 £000	**Budget Year 2020/21 £000**	Indicative Figures 2021/22 £000	2022/23 £000	2023/24 £000
Communities & Place Capital Programme					
Hucknall Town Centre Improvement Scheme	10	-	-	-	-
Road Maintenance & Renewals	24,307	18,824	13,406	12,006	12,006
Street Lighting Renewals	979	1,000	1,000	1,000	1,000
Flood Alleviation & Drainage	500	1,425	900	600	600
Road Safety	349	350	350	350	350
Integrated Transport Measures	7,336	5,166	5,166	4,416	4,416
Transport & Travel Services	2,249	750	750	750	750
Gedling Access Road	6,758	20,500	9,573	1,753	-
A57 Roundabout	1,135	-	-	-	-
Salix Street Light Fund	983	1,100	-	-	-
Enhanced Rail Services	55	55	-	-	-
Rushcliffe Recycling Centre	100	2,400	-	-	-
Major Infrastructure Improvement	150	-	-	-	-
Permanent Barriers - West Bridgford	423	-	-	-	-
Southwell Flood Projects	1,050	1,000	2,318	-	-
Slowing the Flow	540	74	-	-	-
Supporting Local Communities	932	1,400	500	500	500
Waste Management	1,116	1,119	530	861	508
Libraries Improvement Programme	167	664	50	-	-
Sherwood Forest Visitor Centre	894	-	-	-	-
Rufford Country Park	64	-	-	-	-
Kingsmill Reservoir	123	-	-	-	-
Green Initiatives	634	855	850	850	320
Gross Capital Programme	**50,854**	**56,682**	**35,393**	**23,086**	**20,450**
Funded from:					
Approved County Council Allocations	14,781	15,246	12,096	4,730	4,200
External Grants & Contributions	34,540	39,997	22,947	17,675	15,922
Revenue	1,116	1,119	30	361	8
Reserves	417	320	320	320	320
Total Funding	**50,854**	**56,682**	**35,393**	**23,086**	**20,450**

Policy Committee
Variation Summary 2019/20 to 2020/21

		£'000	£'000
1	**Original Budget 2019/20**		**32,559**
2	**Budgets Transferred between Committees**		**390**
3	**Additional Allocations/Reductions 2019/20**		**633**
4	**Capital Financing Budget Transfers**		**557**
5	**2020/21 Service Changes:**		
	Budget Pressures		
	Schools PFI Inflation		**115**
	Pay Award, National Insurance & Pensions Increase		**284**
	Budget Savings		
	Review of ICT Operating Model	(200)	
	Communications Team Restructure	(250)	
			(450)
6	**Annual Budget 2020/21**		**34,088**

Policy Committee - Revenue Budget 2020/21

Original Budget 2019/20 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2020/21 £'000
	Property							
4,406	Facilities Management - County Offices	1,187	2,779	607	**4,573**	-	(443)	**4,130**
4,746	Building Maintenance & Compliance	-	5,342	-	**5,342**	-	(82)	**5,260**
5,207	Schools PFI, Options Appraisal & Childrens Centres	-	24,712	-	**24,712**	(12,337)	(6,169)	**6,206**
1,768	Property Asset Mgmt, Commissioning, Estates & Strategy	1,854	1,396	90	**3,340**	(401)	(1,892)	**1,047**
16,127	**Total Property**	**3,041**	**34,229**	**697**	**37,967**	**(12,738)**	**(8,586)**	**16,643**
	Corporate Services							
11,429	ICT Services	8,308	2,549	3,847	**14,704**	-	(2,696)	**12,008**
270	Directorate	254	37	-	**291**	-	-	**291**
1,281	Document Services	902	1,981	44	**2,927**	(25)	(1,602)	**1,300**
1,262	Performance & Improvement	1,137	258	-	**1,395**	-	(121)	**1,274**
1,205	Corporate Communications	790	295	10	**1,095**	-	(127)	**968**
-	County Council Elections	-	500	-	**500**	-	-	**500**
15,447	**Total Corporate Services**	**11,391**	**5,620**	**3,901**	**20,912**	**(25)**	**(4,546)**	**16,341**
985	Economic Development	583	521	-	**1,104**	-	-	**1,104**
32,559	**TOTAL POLICY COMMITTEE**	**15,015**	**40,370**	**4,598**	**59,983**	**(12,763)**	**(13,132)**	**34,088**

Policy Committee -
Capital Programme 2020/21

	Revised 2019/20 £000	**Budget Year 2020/21 £000**	Indicative Figures 2021/22 £000	2022/23 £000	2023/24 £000
Policy Capital Programme					
Building Works	1,975	2,400	2,400	2,400	2,400
ICT Infrastructure	1,652	1,000	1,000	1,000	1,000
Microsoft Enterprise Agreement	1,020	1,000	1,000	1,000	1,000
IT Replacement	1,885	856	-	-	-
Lindhurst Project	223	-	-	-	-
Investing in Nottinghamshire	300	953	900	-	-
Site Clearance Programme	1,000	2,000	1,000	-	-
Business Reporting & Mgt Information (BRMI)	179	-	-	-	-
Rolleston Drive Demolition	5	-	-	-	-
Economic Development Capital Fund	111	244	-	-	-
Turbine Centre	22	-	-	-	-
Superfast Broadband	650	2,030	750	-	-
Smarter Ways of Working	537	-	-	-	-
Toton Land Purchase	21,000	-	-	-	-
Denewood Centre	2	-	-	-	-
Top Wighay Farm - Homes England	600	8,200	1,500	-	-
White Hills Park Federation	500	-	-	-	-
Land Release Funding - Eastwood	1,000	-	-	-	-
Wide Area Network	250	2,250	-	-	-
Lowmoor / Caudwell Road	200	3,000	-	-	-
Gross Capital Programme	**33,111**	**23,933**	**8,550**	**4,400**	**4,400**
Funded from:					
Approved County Council Allocations	30,639	15,042	8,300	4,400	4,400
External Grants & Contributions	2,450	8,891	250	-	-
Revenue	-	-	-	-	-
Reserves	22	-	-	-	-
Total Funding	**33,111**	**23,933**	**8,550**	**4,400**	**4,400**

Finance & Major Contracts Management Committee
Variation Summary 2019/20 to 2020/21

		£'000	£'000
1	Original Budget 2019/20		2,585
2	Budgets Transferred between Committees		32
3	Additional Allocations/Reductions 2019/20		202
4	Capital Financing Budget Transfers		-
5	2020/21 Service Changes:		
	Pay Award, National Insurance & Pensions Increase		82
6	Annual Budget 2020/21		2,901

Finance & Major Contracts Management Committee - Revenue Budget 2020/21

Original Budget 2019/20 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2020/21 £'000
2,855	Finance Services & Procurement	4,194	410	-	**4,604**	-	(1,628)	**2,976**
	Contribution from Trading Services:							
(270)	Catering	9,702	8,533	-	**18,235**	-	(18,310)	**(75)**
-	Cleaning	10,649	1,347	-	**11,996**	-	(11,996)	**-**
-	Landscapes	1,189	686	-	**1,875**	-	(1,875)	**-**
2,585	**TOTAL FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE**	**25,734**	**10,976**	**-**	**36,710**	**-**	**(33,809)**	**2,901**

Finance & Major Contracts Management Committee - Capital Programme 2020/21

	Revised 2019/20 £000	**Budget Year 2020/21 £000**	Indicative Figures 2021/22 £000	2022/23 £000	2023/24 £000
Finance & Major Contracts Management Capital Programme					
Risk Management	150	150	150	150	150
Landscape Services	-	30	30	30	30
Gross Capital Programme	**150**	**180**	**180**	**180**	**180**
Funded from:					
Approved County Council Allocations	-	-	-	-	-
External Grants & Contributions	-	-	-	-	-
Revenue	-	-	-	-	-
Reserves	150	180	180	180	180
Total Funding	**150**	**180**	**180**	**180**	**180**

Governance & Ethics Committee
Variation Summary 2019/20 to 2020/21

		£'000	£'000
1	Original Budget 2019/20		7,306
2	Budgets Transferred between Committees		(23)
3	Additional Allocations/Reductions 2019/20		212
4	Capital Financing Budget Transfers		-
5	2020/21 Service Changes:		
	Pay Award, National Insurance & Pensions Increase		77
6	Annual Budget 2020/21		7,572

Governance & Ethics Committee - Revenue Budget 2020/21

Original Budget 2019/20 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2020/21 £'000
631	Democratic Services	620	143	-	**763**	(62)	(70)	**631**
1,827	Members Allowances	-	1,860	-	**1,860**	-	-	**1,860**
329	Councillors Divisional Fund	-	329	-	**329**	-	-	**329**
4,519	Legal Services	3,482	1,505	-	**4,987**	-	(235)	**4,752**
7,306	**TOTAL GOVERNANCE & ETHICS COMMITTEE**	**4,102**	**3,837**	**-**	**7,939**	**(62)**	**(305)**	**7,572**

Personnel Committee
Variation Summary 2019/20 to 2020/21

		£'000	£'000
1	**Original Budget 2019/20**		**14,792**
2	**Budgets Transferred between Committees**		**247**
3	**Additional Allocations/Reductions 2019/20**		**286**
4	**Capital Financing Budget Transfers**		**(122)**
5	**2020/21 Service Changes:**		
	Pay Award, National Insurance & Pensions Increase		**404**
	Budget Savings		
	Business Support Service Restructure		**(221)**
6	**Annual Budget 2020/21**		**15,386**

Personnel Committee - Revenue Budget 2020/21

Original Budget 2019/20 £'000		Employees £'000	Running Expenses £'000	Capital Charges £'000	Gross Expenditure £'000	Grant Income £'000	Other Income £'000	Original Budget 2020/21 £'000
2,560	Corporate Human Resources	3,894	1,279	-	**5,173**	-	(2,473)	**2,700**
7,525	Business Support	10,204	210	-	**10,414**	(22)	(2,633)	**7,759**
1,925	Business Services Centre	4,467	5,381	144	**9,992**	-	(7,934)	**2,058**
2,782	Customer Services Centre	2,817	304	79	**3,200**	-	(331)	**2,869**
14,792	**TOTAL PERSONNEL COMMITTEE**	**21,382**	**7,174**	**223**	**28,779**	**(22)**	**(13,371)**	**15,386**

Personnel Committee -
Capital Programme 2020/21

	Revised 2019/20 £000	**Budget Year 2020/21 £000**	Indicative Figures 2021/22 £000	2022/23 £000	2023/24 £000
Personnel Capital Programme					
Customer Services Centre	7	-	-	-	-
Business Management System	-	249	-	-	-
Customer Service Centre - MASH	121	-	-	-	-
Gross Capital Programme	**128**	**249**	**-**	**-**	**-**
Funded from:					
Approved County Council Allocations	128	249	-	-	-
External Grants & Contributions	-	-	-	-	-
Revenue	-	-	-	-	-
Reserves	-	-	-	-	-
Total Funding	**128**	**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-earm arked 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 £17.8m of reserves over the medium term with £0.6m being used to deliver a balanced budget in 2020/21.

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 2021

Reserve	Actual Balance as at 31/03/2019 £'m	Projected balance at 31/03/2020 £'m	Forecast balance at 31/03/2021 £'m
General Fund Balance	**24.1**	**22.0**	**21.4**
Earmarked Reserves			
General Insurance Reserve	29.6	30.6	30.6
Trading Activities	1.0	0.1	0.1
Earmarked for Services	9.7	7.2	7.2
Revenue Grants	16.1	11.6	11.6
Section 256 Grants	20.6	14.0	14.0
Earmarked Reserve	1.5	3.3	3.3
CapitalProjects Reserve	5.3	4.7	4.7
NDR Pool Reserves	8.0	7.6	7.6
East Leake PFI	3.3	3.1	3.1
Bassetlaw PFI	1.9	2.5	2.5
Waste PFI	25.0	24.4	24.5
Workforce Reserve	8.8	8.8	8.8
IICSA Reserve	1.7	1.4	1.4
Strategic Development Fund	2.9	2.8	2.7
Subtotal Earmarked Reserves	**135.4**	**122.1**	**122.1**
Schools Statutory Reserve	**23.0**	**21.6**	**21.6**
Capital Grants Unapplied	**8.8**	**8.8**	**8.8**
Total Usable Reserves	**191.3**	**174.5**	**173.9**

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 2020/21 £m
Major funding stream variations	If an in-year correction or top-slice is made to external funding during 2020/21 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	£1.3
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 £536.997m)	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	£8.1
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 £7.812m 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	£0.8
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 2020/21 £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	£0.8

Risk	Impact	Probability (low, medium or high)	Mitigation	Proposed level of reserve cover for 2020/21 £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 £512.997m)	Low	In the current uncertain times associated with Local Government Finance changes, volatility in the global economy and the implications of Brexit it is advisable for the Council to hold a contingent level of reserves	£2.6
Risk assessed minimum level of General Fund Reserve				**£21.4**
% of net revenue expenditure (based on £536.997m)				**4.0%**

- The latest budget monitoring report, which covers the first three quarters of the current financial year, predicts an out-turn broadly in line with budget. There may however 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.
- The Workforce Reserve covers potential pay protection, National Living Wage increases and Pension Strain, as well as 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 £0.6m of General Fund and earmarked reserves in 2020/21 to help deliver a balanced budget for 2020/21.

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 2020/21 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 2019) for 2019/20, is continued for 2020/21:

- 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;
- For assets acquired by lease or PFI, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability, over the life of the lease.

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:

   - The Council continues to operate in a challenging financial landscape with funding for local authorities expected to undergo fundamental structural changes over the next few years. Increased demand in areas such as Adult and Children's Social Care alongside the postponement to a new Business Rates Retentions Scheme, the delayed Fair Funding Review, the stalled Adult Social Care Green Paper and any implications that may arise from Brexit negotiations make the current financial position particularly challenging for local authorities.

- 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. The County Council's strategic plan for 2017 - 2021, Your Nottinghamshire, Your Future, is a four-year plan, reviewed annually, that sets out the strategic ambition for the future of Nottinghamshire and the Council.

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 developed to ensure that each Department is designed to offer the best possible services whilst making best use of the Council's resources.

10. As reported to Policy Committee in October 2019, given the context of ongoing financial pressures, increased and complex demand and changing resident expectations, a new model for transformation is proposed to support the organisation to move forward and build on our strong foundations. The following three tier approach is proposed to reposition the Council and help achieve future transformation objectives :-

    - Tier 1 – Strategic Review of Outcomes (Achieve)
    - Tier 2 – Targeted Cross Cutting Transformation Reviews (Transform)
    - Tier 3 – Ongoing efficiency as part of continuous improvement (Save)

11. This new approach to transformation will lay the foundations for a review of the Council Plan in 2021. A key part of this work is in cementing the County's position as a leading authority recognised by Government, partners and communities for providing excellent services, future proofed for a changing world.

12. 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.

13. 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

14. As reported to Policy Committee in October 2019, the Council has embarked upon a Property Transformation Programme to drive improvements in the operation of our property services, which provide essential support to Council services, and to re-align them to ensure maximum impact on investment and growth of the Nottinghamshire economy.

15. As part of this strategy, a Corporate Property Strategy was approved by Policy Committee in October 2018. The purpose of the Corporate Property Strategy and the associated Property Asset Management Plan is to provide a framework to support the development and management of the Council's land and property assets to achieve our ambition of delivering collaborative property solutions which achieves corporate objectives.

16. Work is on-going to develop Service Asset Management Plans which will be used to articulate service land and property needs. They will be updated on a yearly basis and reviewed by Senior Officers and members. They will inform bids for capital investment and will enable the Council to develop a strategic approach to addressing the services asset requirements within the overall Property Asset Management Plan.

What is Capital Expenditure?

17. 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.

18. 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

19. 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

20. 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

21. 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.

22. **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.

23. **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.

24. **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

25. 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.

26. 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

27. The following table shows Nottinghamshire County Council's overall Capital Programme by Committee and how it is funded from 2019/20 to 2023/24:-

Table D1 - Capital Programme by Committee

	Revised 2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	TOTAL £m
Committee:						
Children & Young People*	31.494	33.731	17.137	5.500	5.500	93.362
Adult Social Care & Public Health	3.328	0.409	0.000	0.000	0.000	3.737
Communities & Place	50.854	56.682	35.393	23.086	20.450	186.465
Policy	33.111	23.933	8.550	4.400	4.400	74.394
Finance & MCM	0.150	0.180	0.180	0.180	0.180	0.870
Personnel	0.128	0.249	0.000	0.000	0.000	0.377
Contingency	-	2.200	2.200	2.200	2.795	9.395
Capital Expenditure	**119.065**	**117.384**	**63.460**	**35.366**	**33.325**	**368.600**
Financed By:						
Borrowing	62.656	53.405	33.233	11.330	11.395	172.019
Capital Grants	53.995	62.192	29.697	23.175	21.422	190.481
Revenue / Reserves	2.414	1.787	0.530	0.861	0.508	6.100
Total Funding	**119.065**	**117.384**	**63.460**	**35.366**	**33.325**	**368.600**

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

Description of Major Schemes

28. 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

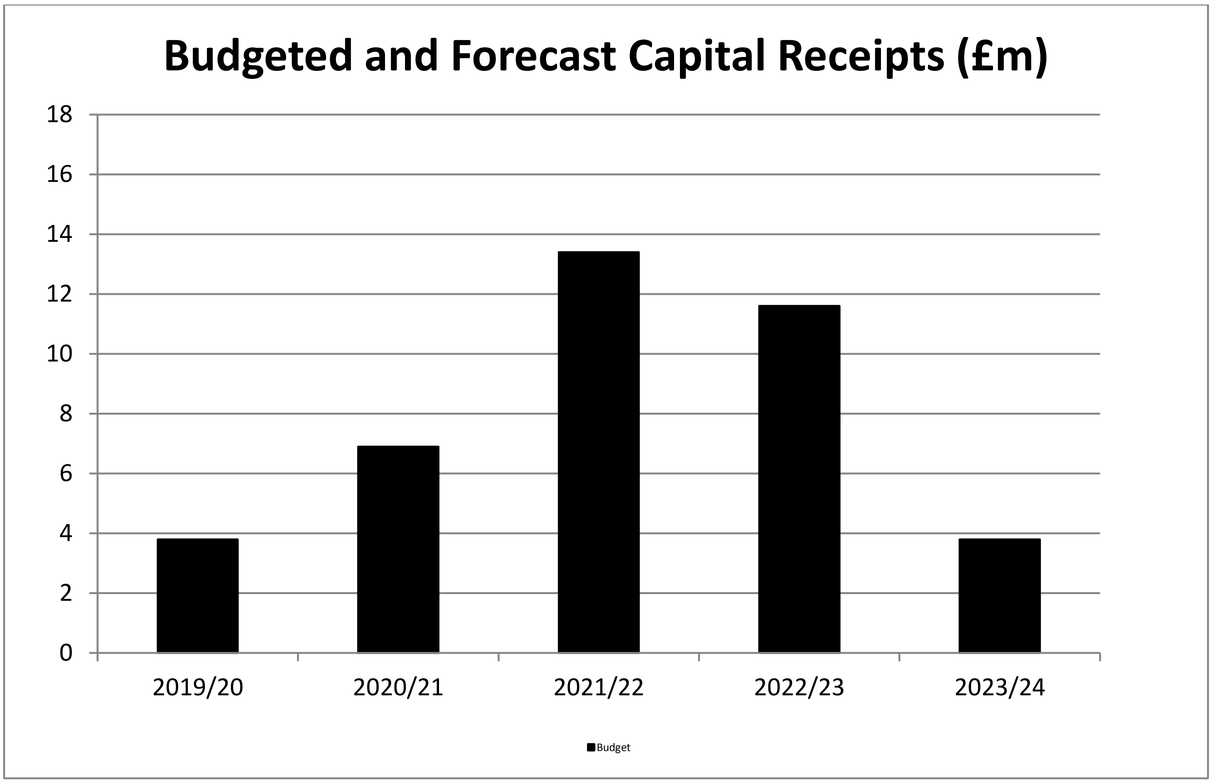
best suited to fulfil the Basic Need requirement and secure diversity of provision and increase the opportunity for parental preference.

- **Replacement Schools** – As part of the programme to ensure that there are sufficient school places across the county four new replacement schools are to be built in Bestwood, Newark, Hucknall and West Bridgford.
- **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.
- **Homes England** – The Council has been successful in securing Homes England Local Authority Accelerated Construction Fund funding to assist the development of three sites in its ownership. The fund aims to make the best possible use of public sector land to increase the supply of new homes by removing the barriers facing local authorities with development on their sites.
- **Toton Land Purchase** – As reported to Policy Committee in November 2019, approval was given to fund key acquisitions in Toton that will directly influence development around the HS2 hub which will enable Council and a locally led delivery body to guide the delivery of the Toton Growth Strategy.
- **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

29. 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.

30. The chart below shows the budgeted capital receipts for the four years to 2023/24:



31. 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.

2020/21 PRUDENTIAL INDICATORS FOR CAPITAL FINANCE

32. 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

33. 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.

34. 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."

35. 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

36. 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.

37. 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.

38. 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 2018/19 Accounts are as follows.

Table D2 – 2018/19 Capital Financing Costs and Net Revenue Stream

Capital Financing Costs	£'m
Interest Payable (incl. PFI/Finance Leases)	37.409
Interest and Investment Income	(0.823)
Repayment of Previous Years' Borrowing	0.681
Repayment of PFI/Finance Lease Liabilities	6.948
Other Amounts Set Aside for Repaying Debt	8.300
Total Capital Financing Costs	**52.515**

Net Revenue Stream	**556.740**

39. The Capital Financing Costs as a proportion of Net Revenue Stream for 2018/19 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	2018/19	9.4%
Estimates	2019/20	7.7%
	2020/21	9.8%
	2021/22	10.8%
	2022/23	10.7%
	2023/24	9.8%

40. The increase in future years proportions relates mainly to the reducing forecast Net Revenue Spend, re-instatement of full MRP charges following the full utilisation of the previously identified over-provision 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

41. 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.

42. 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

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Capital Expenditure	**117.384**	**63.460**	**35.366**	**33.325**
Funded from:				
Borrowing	53.405	33.233	11.330	11.395
Grants and Contributions	62.192	29.697	23.175	21.422
Revenue / Reserves	1.787	0.530	0.861	0.508
Total Capital Financing Costs	**117.384**	**63.460**	**35.366**	**33.325**

43. The proposed level of borrowing under the Prudential Code for 2021/21 is £53.4m.

44. 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 2018/19

	£m
Fixed Assets	1,398
Short-term Assets Held For Sale	1
Capital Adjustment Account	(415)
Revaluation Reserve	(232)
Capital Financing Requirement as at 31/3/19	**752**

45. 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.

46. The Capital Financing Requirement needs to be rolled forward to the estimated position at the end of 2019/20:

Table D6 – Estimated Capital Financing Requirement 2019/20

	£m
Capital Financing Requirement 2018/19	**752**
Borrowing in 2019/20	63
Additional PFI/Finance Lease Liabilities in 2019/20	2
Repayment of PFI/Finance Lease Liabilities in 2019/20	(3)
Capital Receipts set against previous borrowing in 2019/20	0
Other amounts set aside for Repayment of Debt in 2019/20	(6)
Estimated Capital Financing Requirement 2019/20	**808**

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

Table D7 – Estimated Capital Financing Requirements 2020/21 - 2022/23

	2020/21 £m	2021/22 £m	2022/23 £m
New Borrowing	53	33	11
Additional PFI/Finance Lease Liabilities	4	3	-
Repayment of PFI/Finance Lease Liabilities	(6)	(6)	(6)
Capital Receipts set against previous borrowing	(4)	(11)	(12)
Other amounts set aside for Repayment of Debt	(11)	(9)	(8)
Capital Financing Requirement Net Additions	**36**	**10**	**(15)**
Estimated Capital Financing Requirement	**844**	**854**	**839**

48. As such there is a requirement to ensure that net debt (the sum of borrowing and other long-term liabilities, net of investments) in 2020/21 does not, except in the short term, exceed £854m (i.e. the estimated CFR for 2021/22).

External Debt

49. 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.

50. 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.

51. 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.

52. The Operational Boundary for external debt for the next three years is built up from the existing level of external borrowing, which was £482m, and the level of relevant liabilities (including finance lease liabilities), which was £117m, on the Balance Sheet at 31 March 2019.

53. These figures can be rolled forward to provide the proposed Operational Boundaries for 2020/21 and subsequent years.

Table D8 – Operational Boundaries 2020/21 – 2022/23

	Borrowing £m	**Other Long-Term Liabilities £m**	**TOTAL £m**
External borrowing at 31 March 2019	482	-	482
Other Long-Term Liabilities at 31 March 2019	-	117	117
Net new borrowing in 2019/20	(4)	-	(4)
Net change in PFI/finance lease liabilities	-	(1)	(1)
Estimated external borrowing at 31 March 2020	478	116	**594**
Capital expenditure financed by borrowing 2020/21	53	-	53
Amounts set aside for repayment of debt	(15)	-	(15)
Net change in PFI/finance lease liabilities	-	(3)	(3)
Contingency for changes in cash flow forecast	40	-	40
Operational Boundary 2020/21	556	113	**669**
Capital expenditure financed by borrowing 2021/22	33	-	33
Amounts set aside for repayment of debt	(19)	-	(19)
Net change in PFI/finance lease liabilities	-	(3)	(3)
Contingency for changes in cash flow forecast	40	-	40
Operational Boundary 2021/22	610	110	**720**
Capital expenditure financed by borrowing 2022/23	11	-	11
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	40	-	40
Operational Boundary 2022/23	641	104	**745**

54. 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 2020/21 – 2022/23

	Authorised Limit		
	Borrowing £m	**Other Long-Term Liabilities £m**	**Borrowing and Other Long-Term Liabilities £m**
2020/21	581	113	694
2021/22	635	110	745
2022/23	666	104	770

55. 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.

56. 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

57. 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

58. 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

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

- How the proposal helps 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.

60. **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

61. It is recommended that the Prudential Indicators in Table D10 are approved as part of the 2020/21 budget.

Table D10 – Prudential Indicators 2020/21 – 2022/23

	2020/21	2021/22	2022/23
Estimated capital expenditure	£117.3m	£63.5m	£35.4m
Estimated Capital Financing Requirement	£844m	£854m	£839m
Authorised limit for external debt	£694m	£745m	£771m
Operational boundary for external debt	£669m	£720m	£745m
Financing costs as a % of net revenue stream	9.8%	10.8%	10.7%

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

Treasury Management Strategy 2020/21

Introduction

62. 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".

63. 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."

64. 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)."

65. 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.

66. 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.

67. 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.

68. 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.

69. With regard to cash balances that form part of the Nottinghamshire County Council Pension Fund, the Council delegates responsibility for the setting of treasury management policies and practices to the Pension Fund Committee.

70. 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.

71. The strategy covers:

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

Current Treasury Position

72. The table below shows the Council's forecast treasury position as at 31 March 2020:

Table 1		**Total** **£m**	**Average Interest Rate**
EXTERNAL BORROWING			
Fixed Rate	PWLB	397.8	4.18%
	Market loans	90.0	3.83%
Total External Borrowing		**487.8**	**4.12%**
Other Long Term Liabilities		114.9	
Total Gross Debt		**602.7**	
Less: Investments		(22.6)	
Total Net Debt		**580.1**	

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

Borrowing Requirement

73. 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.

74. 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.

75. 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.

76. 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'.

77. 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 Appendix D, 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

78. 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.

79. 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 2	2018/19 Actual	2019/20 Est.	2020/21 Est.	2021/22 Est.	2022/23 Est.
	£m	£m	£m	£m	£m
Closing Capital Financing Requirement	752.5	808.0	846.5	856.2	840.0
Less:					
- Long-term liabilities	-116.1	-114.9	-112.1	-109.2	-103.3
- Existing borrowing	-471.8	-487.8	-475.2	-464.4	-453.6
- Cap Ex to be financed by borrowing (a)			-53.4	-33.2	-11.3
- Replenishment/Replacement borrowing (b)			2.0	-41.5	-64.0
Internal borrowing	**164.6**	**205.3**	**207.8**	**207.8**	**207.8**
Cash and cash equivalents	60.3	22.6	20.0	20.0	20.0
Fixed investments	0	0	0	0	0
Y/E investment balances	**60.3**	**22.6**	**20.0**	**20.0**	**20.0**
Cumulative minimum borrowing req. (a+b)			**51.4**	**74.7**	**75.3**

80. The table above shows that, after factoring in internal borrowing, the Council is expecting to borrow approximately £75m from the financial markets over the next 3 years. This is a minimum, based on the latest capital expenditure, financing and reserves forecasts, 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, then additional borrowing will be necessary.

81. The total new long-term borrowing taken in 2019/20 is forecast to be £30m, and this is higher than the £6m reported in the 2019/20 Strategy Report, due to slippage from 2018/19 later being added to the 2019/20 capital programme. It should also be noted that in December 2019 £20m was borrowed on a short-term basis from another local authority. This is to be redeemed before the year-end and so is not included in the above table.

82. Under the capital finance regulations, local authorities are permitted to *fully borrow* (ie. use no internal borrowing) 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 possible reason 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.

83. 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.

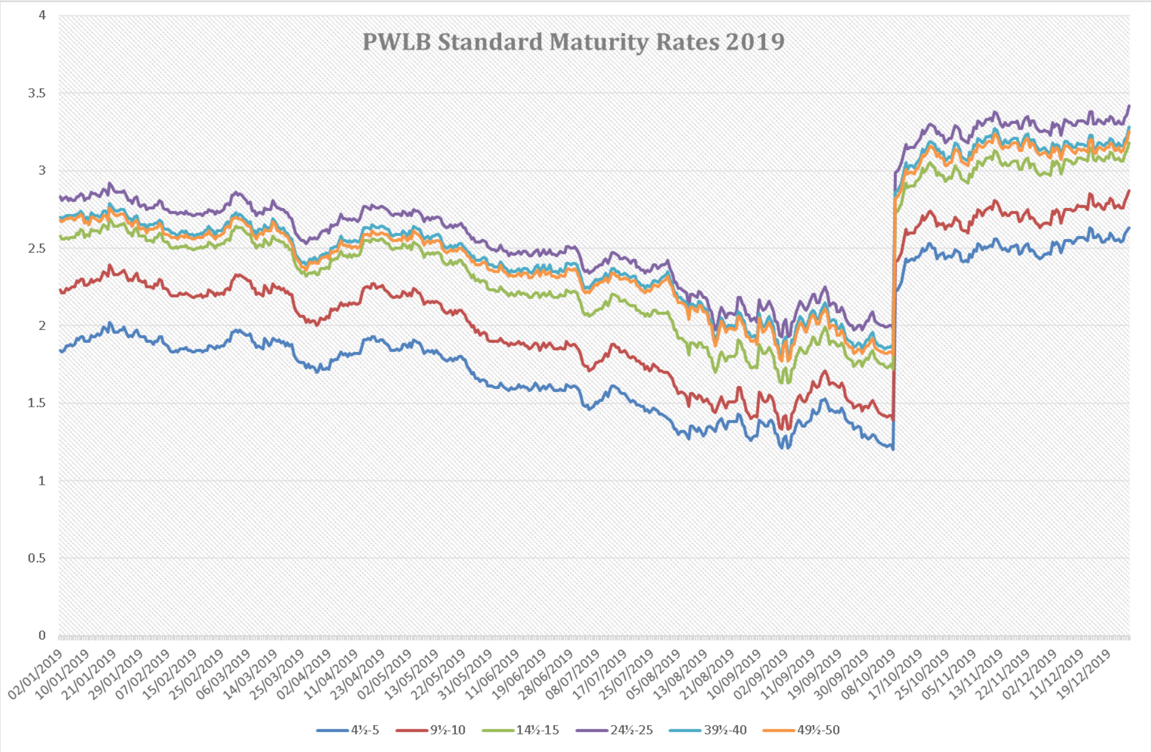
84. A summary of the proposed Treasury Management Indicators for 2020-23 are set out in tables 3 and 4 below.

Table 3 **TREASURY INDICATORS**	**Proposed 2020/21 £m**	**Proposed 2021/22 £m**	**Proposed 2022/23 £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 4. **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	

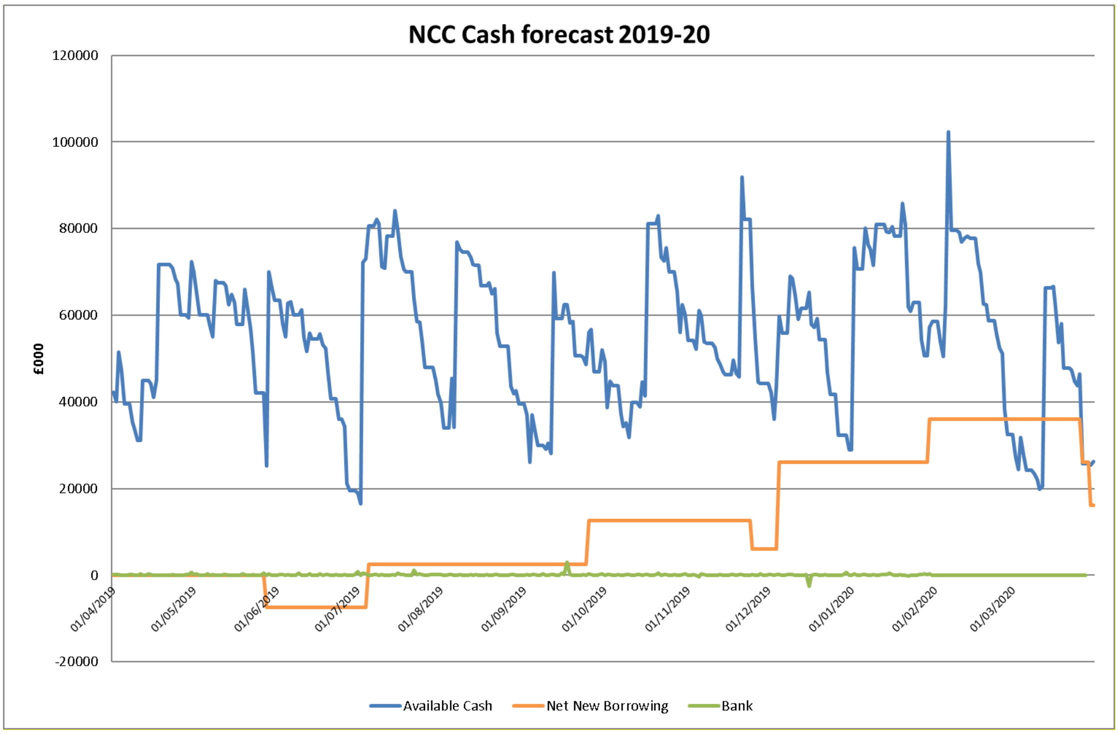
Borrowing Strategy

85. Over the course of 2019 PWLB rates showed a downward trend, reflecting the market's view of Brexit negotiations and the uncertainty surrounding the General Election. In October a change in PWLB policy added 1% to all loans, adding substantially to the cost of local authority borrowing. The rates are shown in the chart below:



86. The chart below shows how the Council's instant-access cash position has progressed over the financial year to January 2020 and how it is forecast to progress until the year-end. This position varies over the course of the year but averages about £54m. 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.

87. The lower line shows the Council's net new borrowing over the course of the year. It can be seen that for 2019/20 this was approximately £16m (that is, new borrowing of £50m less £34m of maturing debt).



88. 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'.

89. 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.

90. 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.

91. 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).

92. 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.

93. As at December 2019 short-term PWLB debt is around 0.6% 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.

94. Despite the recent rate-hike, 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 are worth considering.

95. 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

96. 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.

97. Opportunities to reschedule debt will be reviewed periodically throughout 2020/21 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

98. During 2020/21 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.

99. 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.

100. 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 & Improvement)

Treasury Management Policy Statement 2020/21

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 lending list will comprise institutions based on minimum ratings (see paragraph 18) 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 lending 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
4) the Pension Fund's custodian (for Pension Fund cash investments)

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 applies to Pension Fund cash investments). 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 where required.

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 & 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 that this approach offers 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 any two of the following members of Treasury Management Group:
    - Senior Accountant (Pensions & Treasury Management)
    - Service Director (Finance, Infrastructure and Improvement)
    - 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 two 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.