

Gloucestershire County Council

Medium Term Financial Strategy Approved by County Council 15th February 2023

2023/24 to 2026/27

Budget 2023/24

A Context

- 1 This Medium Term Financial Strategy (MTFS) was approved by County Council following recommendation and approval of Cabinet 25th January 2023.

B Medium Term Financial Strategy

- 2 The MTFS has been prepared using best estimates from available data following the recent Spending Review announcements and the provisional settlement, which was received on 19th December 2022. The final settlement was received on the 6th February 2023 which confirmed provisional figures and an immaterial change to Local Services Grant.
- 3 The approved MTFS contains the detailed budget proposals for 2023/24 including the general fund revenue budget, the capital programme and the Dedicated Schools Grant as well as high level budget information for the period 2024/25 to 2026/27. The approved general fund revenue budget for 2023/24 totals £567.133 million and is based on an overall increase of 4.99% on Council Tax (this is made up of 2.99% Council Tax increase plus a 2% Adult Social Care Precept increase) in accordance with the announcement in the recent Spending Review. This proposed increase in the Adult Social Care Precept is estimated to raise an additional £7.4 million.
- 4 The draft budget was issued for public consultation on 8th December 2022. The results of this public consultation exercise and the review by Corporate Overview and Scrutiny Committee are attached to this report (Appendix 2 and 3).
- 5 Commissioning Intentions for each service area which expand on the high-level plans included in the Council Strategy are provided in Annex 1. The Commissioning Intentions highlight current achievements and future plans in relation to the different services provided by the Council.

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

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

8 Our ambition is for Gloucestershire to be:

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

9 The Council's priorities for delivering those ambitions are as follows:

- Tackling Climate Change
- Improving Our Roads
- Sustainable Growth
- Levelling up our Communities
- Securing Investment for Gloucestershire
- Transforming Children's Services
- Transforming Adult Social Care
- Transforming Gloucestershire Fire and Rescue Service
- Improving Customer Experience

D Consultation

10 Consultation on the draft 2023/24 budget proposals took place between 8th December 2022 and 5th January 2023. Stakeholders have been asked to give us their views on our overall priorities, the proposed budget, options to reduce the budget gap and any potential impact on service levels.

Consultation took place with the following groups:

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

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

- 12 The Corporate Overview and Scrutiny Committee have also undertaken their own budget scrutiny process on 4th January 2023. Their report is included as Appendix 3.

E Finance Settlement and Funding Assumptions

- 13 The Council receives its funding through a number of sources; government grant, business rates retention income, council tax and charging for some of its services through fees and charges.
- 14 The overall funding assumptions for the Council are based on central government's 2022 Spending Review (SR22), a Policy Statement issued 12th December 2022, the provisional settlement received on the 19th December 2022 and the final settlement received on the 6th February 2023.
- 15 The Policy Paper and settlement confirmed the following:
- It is a one-year settlement for 2023/24, with some indications about funding for 2024/25 provided in the Policy Paper.
 - Referendum limits have been confirmed at 3% for general Council Tax, with two more years of the ASC precept confirmed at 2% per year
 - The cap compensation fraction for Business Rates is confirmed as 85/499 and the uplift for Baseline Funding Level is 3.74%. Revenue Support Grant has been uplifted by 10.1%, in line with inflation.
 - Nationally Social Care Grant is £3.852 billion and includes the national allocation of £2.346 billion from 2022/23, plus the £1.3 billion recycled from the ASC charging reforms, plus rolled-in Independent Living Fund (£160 million).
 - The ASC Market Sustainability and Improvement Fund (nationally £562m) includes the £162 million that authorities received for Fair Cost of Care in 2022/23, and the additional £400 million that was announced in the Autumn Statement 2022.
 - The £300 million Discharge Fund has been shown separately within Core Spending Power, and is ringfenced to the Better Care Fund.
 - All social care grants are distributed by the Adult Relative Needs Formula. £160 million of the ASC precept has been equalised, which is less than the full equalisation. Half of the equalisation has been funded from elsewhere within the settlement. Overall, this means that GCC receives more than previously estimated of the additional ASC funding.
 - Services Grant is lower than expected (£464 million whereas expected was £622 million nationally). £200 million was expected to be top-sliced from this grant for the National Insurance Contributions increase that was reversed, and some of this grant has now been used to fund the Funding Guarantee Grant, and elsewhere in the settlement.
 - A 3% Funding Guarantee grant has been confirmed and calculated as expected and will cost £136 million in 2023/24. Almost all recipients of this funding are district councils.
 - An additional year of New Homes Bonus (NHB) allocations worth £290 million has been announced in line with expectations. There is no indication about the future of NHB in 2024/25 and beyond.

- Core Spending Power assumes that authorities apply the maximum increase in Band D, and that taxbase rises in line with the 4-year average for the authority. Maximum increases are the same as those confirmed in last week's Policy Statement.
- As a result of the Business Rates 2023 Revaluation, to be applied from April 2023, top-ups and tariffs have been adjusted by a revaluation adjustment and a 3.74% inflation uplift.

The Core Spending Power for GCC is shown as follows. It should be noted that the Settlement Funding Assessment, Compensation for under indexing of the multiplier and Council Tax Required portrayed are notional figures so not directly comparable to the Budget presented. Overall the Council has received an uplift of 9.9% on 2022/23:

| Core Spending Power for Gloucestershire | | |
|---|--------------|--------------|
| | 2022-23 | 2023-24 |
| | £ millions | £ millions |
| Settlement Funding Assessment | 84.3 | 88.0 |
| Compensation for under-indexing the business rates multiplier | 7.7 | 13.4 |
| Council Tax Requirement | 343.3 | 364.8 |
| Improved Better Care Fund | 20.0 | 20.0 |
| New Homes Bonus | 1.4 | 0.8 |
| Social Care Grant | 22.0 | 36.1 |
| Market Sustainability and Fair Cost of Care Fund | 1.7 | 0.0 |
| ASC Market Sustainability and Improvement Fund | 0.0 | 5.9 |
| ASC Discharge Fund | 0.0 | 2.8 |
| Services Grant | 5.2 | 2.9 |
| Grants rolled in | 0.9 | 0.0 |
| Core Spending Power | 486.5 | 534.8 |
| Change (£ millions) | | 48.3 |
| Change (% change) | | 9.9% |

Fair Funding Review

- 16 The National Fair Funding Review has again been deferred and looks likely that it will now be delayed until 2025/26 at the earliest. This will review the underlying needs formula and distribution methodology used for assessing need and allocating funding to Local Government. It has not been reviewed since 2013. DLUHC are looking for a formula-based model with common cost drivers such as population, sparsity and deprivation, which are relevant, objective, distinct, stable and future proof.

Business Rates Retention

- 17 The Business Rate Retention (BRR) Scheme was introduced nationally from 2013/14. The Scheme allows councils to retain some of the business rates raised locally and currently the scheme is a 50% retention scheme. This means the business rate yield is divided equally between central and local government.
- 18 GCC along with all six District Councils in the County have been part of a pooling arrangement since the scheme was introduced. Pooling has provided the Council with a consistent source of additional funding over this period, despite one year of losses, and raised additional resources to fund countywide projects through the Strategic Economic Development Fund (SEDF).
- 19 The Council, together with the district councils in Gloucestershire, have submitted an application to remain as a Business Rates Pool during 2023/24. Following modelling work the central case scenario is that gains can still be achieved.

| | Pool Gain 2020/21 £m | Pool Gain 2021/22 £m | Est. Pool Gain 2022/23 £m | Est. Pool Gain 2023/24 £m |
|----------------|-------------------------------------|-------------------------------------|--|--|
| District Share | 2.3 | 2.7 | 2.5 | 2.3 |
| GCC Share | 0.6 | 0.7 | 0.6 | 0.6 |
| SEDF Share | 0.7 | 0.8 | 0.8 | 0.7 |
| Total | 3.6 | 4.2 | 3.9 | 3.6 |

- 20 Originally it was expected that BRR would move to a 75% local share, however as with the Fair Funding Review this has been delayed and is not expected until 2025/26 at the earliest. Consultation is expected before any changes would be made.
- 21 The business rates reset is currently deferred until April 2023. It is Government policy that, as far as possible, the business rates retained by local authorities are unaffected by revaluations or by transfers between the local and central lists. A consultation on how to treat the revaluations was issued and the figures provided in the provisional settlement confirm that there is minimal impact from the revaluation. The revaluation will impact on the amount that the Pool within Gloucestershire retains as there will be a baseline reset. This will result in lower “growth” from business rates than in previous years. However the Pool is still expected to benefit Gloucestershire and it likely to be retained for a further year.
- 22 The final Business Rates position has now been received from the districts. Due to the residual impact of Covid 19 on business rate income collection levels and two years of large deficits forecasting has been particularly challenging this year. The figures received to date from the District Councils indicate that we will receive £3.3 million more NNDR income in 2023/24 than originally forecast. Unfortunately, late policy decisions from central government have meant last minute changes have had to be made to business rate systems and this adds a layer of complexity to forecasting and creates a high degree of uncertainty surrounding these estimates. As a result of the volatility in collection rates over the past few years it is proposed that any extra funding received will be added to the Rates Retention Reserve to offset potential future volatility in this area.

Other Funding Streams

- 23 In addition to the main un-ringfenced grants received as part of the BRR system, the Council also receives a number of other grants, which central government include within the Core Spending Power (CSP) of local authorities. The following grants are expected to be received for 2023/24:

- **Social Care Funding:**

There are several grants received for Social Care which total £44.78 million. The release of the provisional settlement has clarified the distribution and grant purpose. The key grants are as follows;

- ASC Discharge Funding. The ASC Discharge Funding grant is provided to ensure those people who need to draw on social care when they are discharged from hospital can leave as soon as possible. The ASC Discharge Funding must be pooled as part of the Better Care Fund however is shown within the Core Spending Power of the Council so forms part of our settlement. This is a new funding stream for 2023/24 and our allocation totals £2.807m.
- Fair Cost of Care Grant. In 2022/23 GCC received £1.708m from this grant. Due to the delay with the reforms around social care, this grant has been amalgamated into a new funding stream called the ASC Market Sustainability and Improvement Fund Grant. It is provided to enable tangible improvements to be made to adult social care. The allocation for 2023/24 totals £5.918m.
- Social Care Grant. The Social Care Grant is for social care expenditure, on both adult and children's social care. In 2022/23 GCC received £21.981m. From 2023/24 the Independent Living Fund, previously a specific grant, totalling £887k has been amalgamated into this grant, and together with new money the grant now totals £36.052m. It can be used on both Adult and Children's social care.

- **Services Grant**

This was a new unringfenced grant for 2022/23 and will continue into 2023/24. It has however been reduced to fund a clawback of Employer National Insurance contributions, and to fund the new Funding Guarantee Grant. The Council received £5.223 million for this grant in 2022/23 and will receive £2.943 million in 2023/24.

- **Inshore Fisheries Funding**

Also included within the base budget is £122k related to residual Local Support Services Grant. Although this is an unringfenced funding stream, this grant is for funding Inshore Fisheries. The grant continues at £122k.

- **Improved Better Care Fund**

This funding stream consists of several funding streams that were announced at different times but have now been combined into one. In total the Council received £20.024 million for 2022/23, and this has been confirmed to continue for 2023/24. The Council continues to work closely with health partners to use this funding to facilitate more integrated working between health and social care.

- **New Homes Bonus (NHB)**

Originally set up as a cash incentive scheme to reward councils for new home completions and for bringing empty homes back into use, this grant provided match funding for each new property. This scheme has ended and therefore it is just legacy funding that makes up the funding available. For 2022/23 additional money was allocated to the distribution, however for 2023/24 it has been confirmed as a one year legacy amount, with £849k expected. It is currently unclear if this scheme will continue beyond 2023/24.

- **Public Health Grant**

The Council received £25.39 million for Public Health in 2022/23. Although forming part of the Council's base budget, this funding currently remains ring fenced for Public Health. An allocation with an inflationary uplift is currently expected for 2023/24, however the level of this uplift is unclear. It therefore remains estimated at £26.5 million.

Council Tax

- 24 Well over half of the Council's funding comes from Council Tax. Referendum limits have been confirmed at 3% for general Council Tax, and two more years of the ASC precept are confirmed at 2% per year. The budget for 2023/24 therefore proposes to raise council tax by 4.99% - 2.99% from general council tax with an additional 2.0% from ASC precept. Using these assumptions plus the latest information on the taxbase uplift and a final Collection Fund surplus of £1.961 million generates a total of £366.2 million.
- 25 The budget assumptions usually include an estimated increase in the tax base for the county. For the draft Budget this was set at 1.3%, but the actual increase is lower at 1.06%. This gives a final figure below expectations - giving a reduction of £1.0 million which is partially offset against a better Collection Fund surplus of £856k (see paragraph below) giving an overall reduction of £152k. This shortfall is netted off against the improved Business Rate forecast.
- 26 Due to lower than normal collection rates during the pandemic there is a residual council tax deficit from prior years which is being spread over three years to 2023/24 – at £896k per annum. 2023/24 will be the last year affected by this spreading, which reduces the collection fund surplus received. For the draft Budget it was assumed that there would be an additional surplus of £2.0 million taking the overall figure to a net £1.1 million. Final figures have now been received and the net Collection Fund surplus is £1.961 million. A larger surplus has been built into future years as the expectation is that the taxbase will continue to grow, however the current cost of living crisis may require this assumption to be revisited.
- 27 The Council's current 2022/23 Band D Council Tax is £1,451.36, including ASC precept. For 2023/24 it is proposed that Council Tax will increase by 2.99% plus an additional 2.00% for the Adult Social Care Precept thereby making Band D Council Tax £1,523.78 (an increase of £72.42 or £1.39 per week).

- 28 Forecast Council Tax levels for each band based on a 4.99% increase are shown below.

| Band | 2022/23 | 2023/24 Budget | Increase on 2022/23 |
|------|-----------|-------------------|------------------------|
| | £ | £ | £ |
| A | £967.57 | £1,015.85 | £48.28 |
| B | £1,128.84 | £1,185.16 | £56.32 |
| C | £1,290.10 | £1,354.47 | £64.37 |
| D | £1,451.36 | £1,523.78 | £72.42 |
| E | £1,773.88 | £1,862.40 | £88.52 |
| F | £2,096.41 | £2,201.02 | £104.61 |
| G | £2,418.93 | £2,539.63 | £120.70 |
| H | £2,902.72 | £3,047.56 | £144.84 |

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

F Changes between the 2023/24 revenue budget issued for consultation and the final budget

- 29 The following specific budget changes were approved by Cabinet 25th January 2023:
- Additional Social Care grant of £16.575 million was allocated to fund the “funding uncertainty” included in the draft 2023/24 consultation budget.
 - Increase of £1.918 million for Adult Social Care to reinstate the £1.708 million saving included in the consultation budget when it was assumed that this grant would cease following the postponement of the Social Care Reforms plus an additional £0.210 million for Market Sustainability.
 - Increase of £2.807 million for Adult Social Care to fund activities relating to improving hospital discharges. The Better Care Fund Discharge grant of £2.807 million is ringfenced to new activities aimed at improving hospital discharges so is not available for general Adult Social Care expenditure. It will form part of the Better Care Fund, although it has been shown within our Core Spending Power
 - Increase of £0.887 million for Adult Social Care to fund activities designed to promote independent living – these activities were previously funded by a specific grant.
 - Fund £0.801 million worth of Legal Service growth associated with Children’s Safeguarding on a permanent basis rather than a one-off basis as initially proposed within the consultation budget for Corporate Resources. This change is proposed following further work on the likely demand for legal input to safeguarding cases which indicated that additional funding will be needed beyond 2023/24.
 - Reduce the reliance on the use of reserves by £1.445 million to balance the 2023/24 revenue budget. The use of reserves has been reduced from £10.331 million in the consultation budget to £8.886 million.
- 30 In addition to the above changes approved by Cabinet 26th January 2022, the Council has now received the final business rate figures from District Councils. Due to the residual impact of Covid 19 on business rate income collection levels and

two years of large deficits forecasting has been particularly challenging this year. As a result of the volatility in collection rates over the past few years any extra funding will be added to the Rates Retention Reserve to offset potential future volatility in this area.

31 County Council at its meeting 15th February 2023 gave approval £1.182 million of additional revenue expenditure. These amendments were funded £75k from the Public Health Reserve and £1.107 million from the Pay and Prices Reserve.

32 The following one-off revenue budget amendments were approved:

- E-Bike Hire Scheme (2 year trial) £150k
- Secure Bike Storage Solutions £90k
- Increase capacity for TRO Backlog £150k
- Severe weather planning and community preparations £65k
- Grit Bin Fund £80k
- Public Rights of Way Improvements £125k
- Support for Rivers task group £100k
- Enhance accessibility for disabled residents (£3k) and a reduction in disabled parking permits income (£40k) £43k
- Fund option appraisals to develop community transport provision £70k
- Behavioural research and pilot interventions around alcohol consumption £75k
- Children's Services - spend to save review of the recommendations of the MacAlister report "the independent review of children's social care £75
- Youth Work £159k. This is a £3k per councillor allocation that will be added to the Build Back Better Reserve. The revenue budget will therefore not be increased as a result.

33 The Proposed allocations expected under the Dedicated Schools Grant for 2023/24 have been updated based on the Department for Education announcement on 19th December 2022. Further details of these changes can be found in Section I.

34 In addition to the above changes, the starting budget for individual services (shown in Annexes 2 and 3) has also been realigned to reflect permanent budget transfers that occurred between October 2022 and December 2022.

G Revenue Budget Proposal 2023/24

35 The proposed revenue budget for 2023/24 totals £567.133 million, a net increase of £45.803 million from 2022/23 – this is made up of £77.956 million of investment in services offset by £32.153 million of budget reductions, additional income, savings and efficiencies.

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

| Revenue Grants, not included in Base Funding | Revised | Forecast |
|--|----------------|----------------|
| | 2022/23 | 2023/24 |
| | £'000 | £'000 |
| Adoption Support Fund - SGO | 180 | 180 |
| Adult Education Budget (ESFA) | 1,856 | 2,856 |
| Adult Apprenticeships (ESFA) | 226 | 226 |
| Arts Council Grant | 804 | 804 |
| Assessed and Supported (ASYE) Grant | 85 | 85 |
| Better Care Fund (joint funding with ICB) | 46,642 | 49,207 |
| Bikeability | 175 | 175 |
| Bus Service Operator's Grant | 458 | 458 |
| Covid 19 Schools-Led Tutoring | 41 | - |
| Covid 19 Recovery Premium (Schools) | 52 | - |
| Dedicated Schools Grant (DSG) | 301,712 | 327,921 |
| Domestic Abuse Duty | 1,109 | 1,109 |
| Education Funding Agency Grant | 1,375 | 1,375 |
| Extended Rights to Free Travel | 503 | 503 |
| Fire Link Grant | 193 | 154 |
| Fire Pensions Grant | 1,093 | 1,093 |
| Homes for Ukraine | - | 6,751 |
| Independent Living Fund | 887 | - |
| Inpatient Detoxification Grant | 95 | 95 |
| Learning Disability and Autism Community | 248 | 248 |
| Lead Local Flood | 52 | 52 |
| Local Reform and Community Voices | 363 | 363 |
| Local Resilience Forum (LRF) Funding | 162 | 162 |
| Music service | 802 | 802 |
| National Assessment and Accreditation | 190 | 190 |
| New Dimension Service and Maintenance | 81 | 81 |
| Police and Crime panel | 64 | 64 |
| Primary School PE and Sport Funding | 3,524 | 3,524 |
| Pupil Premium Grant | 11,600 | 11,600 |
| Rapid Rehousing Pathway | 711 | - |
| Responding to New Risks (Fire MTFA) | 29 | 29 |
| Rough Sleeper Grant | 95 | 95 |
| School Improvement Grant | 969 | 969 |
| Sixth Form Funding | 1,468 | 1,468 |
| Sports Grant | 3,524 | 3,524 |
| Staying Put | 360 | 360 |
| Supplemental funding for substance misuse treatment and recovery | 610 | 610 |
| Supporting troubled families - new 2022/23 | 1,497 | 1,497 |
| Syrian Settlement Grant | 840 | 248 |
| The Private Finance Initiative (PFI) | 4,875 | 4,875 |
| Transport Tendered Contracts | 594 | 594 |
| Unaccompanied Asylum Seekers | 1,000 | 1,000 |
| unaccompanied Asylum Seekers Leaving | 450 | 450 |
| Universal Infant Free School Meals Grant | 5,376 | 5,376 |
| Virtual School Head s31 | 77 | 77 |
| War pension disregard grant | 162 | 162 |
| Youth Justice Board Grant | 504 | 504 |
| Youth Offending Agency | 72 | 72 |
| Total Ringfenced Grant | 397,785 | 431,988 |

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

Medium Term Financial Strategy – 2023/24 Budget – Overall Summary

| Budget Area | Approved 2022/23 Budget | Removal of 2022/23 One Off Budget Adjustments | Agreed Budget Transfers between Service Areas | Revised MTFS 2022/23 Base Budget | Pay Inflation Costs | Cost Increases | Cost Reductions | Proposed 2023/24 Budget | Cash Increase / Decrease | Percentage Increase / Decrease |
|--|-------------------------------|--|---|---|------------------------|-------------------|--------------------|-------------------------------|--------------------------------|--------------------------------------|
| | £'000 | £000 | £000 | £'000 | £000 | £000 | £000 | £'000 | £000 | % |
| Programme Budget Areas | | | | | | | | | | |
| Adults | 165,007 | -578 | -345 | 164,084 | 3,359 | 21,480 | -5,072 | 183,851 | 18,844 | 11.42% |
| Vulnerable Children | 116,000 | -1,866 | 2,189 | 116,323 | 3,769 | 11,088 | -1,074 | 130,106 | 14,106 | 12.16% |
| Other Children Services | 23,703 | -976 | -2,931 | 19,796 | 1,041 | 6,256 | -205 | 26,888 | 3,185 | 13.44% |
| Economy, Environment and Infrastructure | 82,795 | -1,454 | 798 | 82,139 | 1,676 | 15,801 | -6,784 | 92,832 | 10,037 | 12.12% |
| Community Safety | 22,091 | -810 | -1,146 | 20,135 | 1,448 | 1,751 | -8 | 23,326 | 1,235 | 5.59% |
| Prevention & Wellbeing | 35,651 | 0 | -31 | 35,620 | 187 | 894 | -247 | 36,454 | 803 | 2.25% |
| Corporate Resources | 39,490 | -1,868 | 59 | 37,681 | 2,620 | 5,074 | -887 | 44,488 | *4,998 | 12.66% |
| Technical & Countywide | 36,593 | -3,500 | 1,407 | 34,500 | 1,056 | 456 | -6,824 | 29,188 | -7,405 | -20.24% |
| Total Budget | 521,330 | -11,052 | - | 510,278 | 15,156 | 62,800 | -21,101 | 567,133 | 45,803 | 8.79% |

38 The 2023/24 approved budget is funded as follows:

| | |
|---|-----------------------|
| | £ 000 |
| Original 2022/23 Budget | <u>521,330</u> |
| Removal of 2022/23 One off Investments | -11,052 |
| Revised 2022/23 Base Budget | <u>510,278</u> |
| 2023/24 Proposed Pay Inflation | 15,156 |
| 2023/24 Proposed Cost and Spending Pressures | 62,800 |
| 2023/24 Proposed Cost Reductions | -21,101 |
| Total 2023/24 Budget | <u>567,133</u> |
| Less: | |
| Top Up Grant | 54,669 |
| Business Rates Income | 22,496 |
| Revenue Support Grant | 9,359 |
| S31 Grant | 9,282 |
| Public Health Grant | 26,526 |
| Improved Better Care Fund | 20,024 |
| New Homes Bonus | 849 |
| Social Care Grant Funding | 44,779 |
| In-shore Fisheries | 122 |
| Services Grant | 2,943 |
| Collection Fund Surplus | 1,961 |
| Reserves | 9,909 |
| Budget to be met from Council Taxpayer | <u>364,214</u> |

Council Tax at Band D = £1,523.78

- 39 The proposed budget for 2023/24 contains provision to fund key budget pressures including estimates for unavoidable contractual inflation, pay (including the impact of the National Living Wage), demographic increases in demand led services and corporate priorities.
- 40 The current level of inflation has created uncertainty around the level of pay awards in 2023/24. The current budget includes provision for a 4% increase in 2023/24 with a contingency for a further 0.5%.

H Financial Performance in 2022/23

- 41 The current forecast of the year end revenue position for 2022/23, based on actual expenditure at the end of November 2022 and forecasts made in December 2022, is a £4.874 million overspend, all of which relates to non-COVID expenditure and income. A balanced position is currently forecast in relation to COVID expenditure and income.
- 42 Details of the forecast year end position, analysed by service area, is provided in the table below.

Directorate Breakdown for Cabinet Report - Position December Forecasts 2022 (P9)

| Service Area | Revised 2022/23 Budget | Forecast Outturn Position | Forecast Outturn Variance | Covid-19 Forecast | Forecast excluding Covid-19 | Variance % |
|--|------------------------------|---------------------------------|---------------------------------|----------------------|-----------------------------------|---------------|
| | £000 | £000 | £000 | £000 | £000 | % |
| Adults | 165,574 | 165,574 | 0 | 0 | 0 | 0.00% |
| Prevention & Wellbeing | 35,777 | 36,241 | 464 | 656 | -192 | -0.54% |
| Children & Families | 145,143 | 161,552 | 16,409 | 5,769 | 10,640 | 7.33% |
| Economy, Environment & Infrastructure | 84,755 | 85,105 | 350 | 0 | 350 | 0.41% |
| Community Safety | 21,748 | 22,236 | 488 | 8 | 480 | 2.21% |
| Corporate Resources | 40,791 | 43,181 | 2,390 | 2,241 | 149 | 0.37% |
| Total for Services | 493,788 | 513,889 | 20,101 | 8,674 | 11,427 | 2.31% |
| Technical & Countywide | 27,542 | 20,989 | -6,553 | 0 | -6,553 | -23.79% |
| Total | 521,330 | 534,878 | 13,548 | 8,674 | 4,874 | 0.93% |
| Additional Funding Covid-19 including carry forward to be allocated | 8,674 | 0 | -8,674 | -8,674 | | |
| Revised Total | 530,004 | 534,878 | 4,874 | 0 | 4,874 | |

- 43 Details of the forecast year end position can be found in the Financial Monitoring Report 2022/23 presented to Cabinet in January 2023. The assumption built into the MTFS is that in year pressures will be managed and the budget will be

balanced at the end of 2022/23. Any remaining overspend at the year end will need to be funded from reserves.

I Dedicated Schools Grant (DSG)

- 44 On the 19th December 2022, the Department for Education (DfE) published the DSG figures for 2023/24 which included funding updates for the October 2022 census and other census data.
- 45 Also announced on the 19th December 2022 was additional funding (on top of the indicative 2023/24 DSG that was announced in July 2022) of £18.998m. This consisted of a further increase of £3.676m (4.3%) to the high needs block of the DSG and an extra £15.322m (3.5%) for mainstream schools in the form of a separate grant outside of the DSG called the Mainstream Additional Grant (MSAG). This grant is like the supplementary grant that was provided in 2022/23 and like that grant will be rolled into the DSG in the following year. The increase in funding is to recognise the additional costs that local authorities and schools will face in the coming year, which were not foreseen when the original block allocations of the DSG were calculated in July.
- 46 The increase in 2023/24 for the DSG and Mainstream Additional Grant (MSAG) is shown below:

| 2023/24 DSG & Additional Grant Summary | Schools | High Needs | Central School Services | Early Years | Total |
|---|------------------|-------------------|--------------------------------|--------------------|------------------|
| 22/23 DSG (as at December 2022) | £428.040m | £84.241m | £2.964m | £35.879m | £551.124m |
| 22/23 Schools Supplementary Grant | £12.295m | | | | £12.295m |
| 22/23 DSG and Supplementary grant | £440.335m | £84.241m | £2.964m | £35.879m | £563.419m |
| | | | | | |
| 23/24 DSG Block Funding (at Dec 2022) | £455.425m | £93.023m | £3.077m | £37.818m | £589.344m |
| 23/24 Additional Grant | £15.322m | | | | £15.322m |
| 23/24 DSG and Additional Grant | £470.748m | £93.023m | £3.077m | £37.818m | £604.666m |
| | | | | | |
| Change | £30.413m | £8.782m | £0.113m | £1.939m | £41.247m |
| Percentage Change | 6.9% | 10.4% | 3.8% | 5.4% | 7.3% |

Schools Block and Schools National Funding Formula (NFF).

- 47 There is currently no definitive date by when all schools funding will be via a Direct NFF, however the Department for Education (DfE) have stated this will be within 5 years and not later than 2027/28.
- 48 2023/24 is the first year of transition towards a Direct Formula, with the DfE implementing required changes to ensure local authorities start moving closer to a Direct NFF where they have not already done so.
- 49 In Gloucestershire we are already mirroring the NFF as closely as possible so the local authority and School Forum's role in the distribution of school funding remains unchanged for 2023/24. For those local authorities not currently mirroring the NFF, they will in 2023/24 be required to use all the NFF factors in their local formulae and will also be required to move their local formulae factor

values 10% closer to the NFF values, compared to where they were in 2022/23.

- 50 Currently the DfE uses the national funding formula to set notional allocations for each school, which are then aggregated, and used to calculate the total schools block received by each local authority (LA). LAs are then responsible for setting a local schools formula, in consultation with their schools and Schools Forum.
- 51 Changes in the Schools National Funding Formula (NFF) between 2022/23 and 2023/24 including the recently announced extra funding through the Mainstream Schools Additional Grant (MSAG) are shown below:

| NFF and Schools Supplementary Grant increase from 2022/23 to 2023/24 | As per DfE Published tables Excludes Area Cost Adjustment (ACA) | | | | | | | |
|--|--|---------------|-----------|---------|---------|------------|----------|----------|
| | 2022/23 | 22/23 Schools | 2022/23 | 2023/24 | | 2023/24 | Overall | Overall |
| | DfE Rate | Supplementary | DSG & SSG | NFF | 2023/24 | DSG & MSAG | increase | percent |
| | Via DSG | Grant (\$SG) | overall | Rates | MSAG | overall | amount | increase |
| Pupil Led Factors | £ | £ | £ | £ | | £ | £ | |
| Basic per-pupil rate of £97 for primary pupils | 3,217 | 97 | 3,314 | 3,394 | 119 | 3,513 | 199 | 6.0% |
| Basic per-pupil rate of £137 for key stage 3 pupils | 4,536 | 137 | 4,673 | 4,785 | 168 | 4,953 | 280 | 6.0% |
| Basic per-pupil rate of £155 for key stage 4 pupils | 5,112 | 155 | 5,267 | 5,393 | 190 | 5,583 | 316 | 6.0% |
| Deprivation Primary (FSM ever 6) | 590 | 85 | 675 | 705 | 104 | 809 | 134 | 19.9% |
| Deprivation Secondary (FSM ever 6) | 865 | 124 | 989 | 1,030 | 152 | 1,182 | 193 | 19.5% |
| Deprivation Primary (FSM) | 470 | | 470 | 480 | | 480 | 10 | 2.1% |
| Deprivation Secondary (FSM) | 470 | | 470 | 480 | | 480 | 10 | 2.1% |
| IDACI F Primary | 220 | | 220 | 230 | | 230 | 10 | 4.5% |
| IDACI F Secondary | 320 | | 320 | 335 | | 335 | 15 | 4.7% |
| IDACI E Primary | 270 | | 270 | 280 | | 280 | 10 | 3.7% |
| IDACI E Secondary | 425 | | 425 | 445 | | 445 | 20 | 4.7% |
| IDACI D Primary | 420 | | 420 | 440 | | 440 | 20 | 4.8% |
| IDACI D Secondary | 595 | | 595 | 620 | | 620 | 25 | 4.2% |
| IDACI C Primary | 460 | | 460 | 480 | | 480 | 20 | 4.3% |
| IDACI C Secondary | 650 | | 650 | 680 | | 680 | 30 | 4.6% |
| IDACI B Primary | 490 | | 490 | 510 | | 510 | 20 | 4.1% |
| IDACI B Secondary | 700 | | 700 | 730 | | 730 | 30 | 4.3% |
| IDACI A Primary | 640 | | 640 | 670 | | 670 | 30 | 4.7% |
| IDACI A Secondary | 890 | | 890 | 930 | | 930 | 40 | 4.5% |
| Prior Attainment (Y1-6 Early Years Foundation Sta | 1,130 | | 1,130 | 1,155 | | 1,155 | 25 | 2.2% |
| Prior Attainment (Y7 - Y11 LPA) | 1,710 | | 1,710 | 1,750 | | 1,750 | 40 | 2.3% |
| English as Additional Language (3 year EAL) | 565 | | 565 | 580 | | 580 | 15 | 2.7% |
| English as Additional Language (3 year EAL) | 1,530 | | 1,530 | 1,565 | | 1,565 | 35 | 2.3% |
| Mobility Primary | 925 | | 925 | 945 | | 945 | 20 | 2.2% |
| Mobility Secondary | 1,330 | | 1,330 | 1,360 | | 1,360 | 30 | 2.3% |
| School Led Factors | | | | | | | | |
| Lump Sum Primary | 121,300 | 3,680 | 124,980 | 128,000 | 4,510 | 132,510 | 7,530 | 6.0% |
| Lump Sum Secondary | 121,300 | 3,680 | 124,980 | 128,000 | 4,510 | 132,510 | 7,530 | 6.0% |
| Sparsity Primary Maximum | 55,000 | | 55,000 | 56,300 | | 56,300 | 1,300 | 2.4% |
| Sparsity Secondary Maximum | 80,000 | | 80,000 | 81,900 | | 81,900 | 1,900 | 2.4% |
| Minimum Per Pupil Level (MPPL) Uplift | SSG equivalent | | | | | | | |
| Primary | 4,265 | 119 | 4,384 | 4,405 | | 4,405 | 21 | 0.5% |
| Secondary | 5,525 | 162 | 5,687 | 5,715 | | 5,715 | 28 | 0.5% |

Note : The 2023/24 Minimum Per Pupil Funding Uplift only applies to the DSG rate. The MSAG is allocated in addition to the DSG funding received. e.g. If a primary school is uplifted to a MPPL of £4,405 in their 23/24 budget they still receive the additional MSAG funding as well.

- 52 After taking into account the growth fund allocation of £0.971m agreed at the September Schools Forum meeting to fund new and growing schools, the funds allocated in the DSG schools block settlement are enough to allow each formula factor rate and the minimum funding levels to be implemented 100% at the DfE's National Funding Formula (NFF) level and for the Minimum Funding Guarantee (MFG) to be set at the same +0.5% level as the funding floor within the NFF.
- 53 This leaves a balance of £0.092m in the 2023/24 schools block which in line with the decision at the 15th September 2022 Forum meeting will be used to continue supporting schools with high levels of high needs pupils.

- 54 The Schools Forum agreed the proposed use of 2023/24 DSG schools block and the schools budget formula for Gloucestershire schools (as set out in Annex 9) at its 12th January 2023 Schools Forum meeting.

High Needs Block

- 55 Gloucestershire's high needs block, like most LAs nationally, is currently in deficit. The High Needs block is forecast to be over-spent by £28.456 million in 2022/23, which includes the deficit carry forward of £20.8 million on high needs and the in-year deficit budget for high needs of £6.347 million. The deficit budget results from setting realistic budgets within high needs services, reflecting growth trends and existing activity demands on special school and independent provision and top up budgets. Due to the number of Education, Health and Care Plans being requested and granted, tops ups are forecast to overspend by £1.5 million. The DSG figures for the high needs block for 2023/24 show an increase of £8.782m million (10.4%). This includes the additional £3.676m that was announced on 19th December 2022.
- 56 The High Needs Strategy that was approved by the Council is in the implementation phase with revised top-up banding systems approved, a review and redesign of care pathways taking place as well as the setting up of digital systems to improve processes. The proposed additional funding in the MTFS 23/24 to provide additional capacity within SEND teams will seek to reduce the pressure on the budget. This work will support the DfE programme of reviewing Local Authority expenditure on SEND through 'Delivering Better Value.' The review will further assess local processes and plans, carry out data analysis leading to identifying the cost drivers and the cause of the pressure on budgets and look at what additional action can be taken to resolve the deficit position setting out improvement and DSG management plans.

Central School Services Block (CSSB)

- 57 The CSSB includes funding for on-going responsibilities of Local Authorities for the statutory duties that they hold for both maintained schools and academies. It includes funding for copyright licences, education support and centrally retained duties. The allocation is based on a formula using pupil numbers (90%) and free school meals (10%) with an area cost adjustment applied. The indicative rate per pupil for 2023/24 is up by £0.89 to £36.98 and pupil numbers have increased by 1083 which has resulted in a 3.8% increase of £0.113m in the block total compared to the previous year.
- 58 The Schools Forum agreed at its 12th January 2023 meeting that the central schools block should be used to cover the following costs:

| Central School Services Block | £M |
|--------------------------------------|--------------|
| Copyright licences cost for 2023/24 | 0.591 |
| Education Support | 1.526 |
| Centrally Retained Duties | 0.960 |
| TOTAL | 3.077 |

Early Years Block

- 59 The funding announcements on 19th December included an increase in the hourly funding rates by 26 pence for three and four year olds and 8 pence for two year olds. In addition to this increase there was an increase of £61,808 to the disability access fund and an increase of £11,083 for pupil premium, giving an overall increase to the early years block of £1,939,553 for 2023/24. In January the Schools Forum agreed that the decision on how to allocate the increase in the hourly rates were to be delegated to the Early Years Forum. There will be further updates to the value of the block in the summer 2023 and summer 2024 for the January pupil counts which will reflect more accurately the picture than the January 2022 census which these figures are based on.

J The Robustness of the Budget Proposals

- 60 The MTFS and proposed detailed budget for 2023/24 have been formulated in accordance with the medium-term financial planning framework and budget principles as detailed in Annex 4.
- 61 The starting point for producing the MTFS for the next four years and the detailed budget proposals for 2023/24 is the 2022/23 MTFS.
- 62 The proposed 2023/24 budget and future years' budgets takes into account forecast funding changes, new unavoidable commitments, strategic risks, the level of reserves, changes in legislation, estimate pay / price increases and Administration / Council Strategy priorities.

K Flexible Use of Capital Receipts

- 63 Originally put in place in 2016 and currently extended until 31st March 2025 the Flexible Use of Capital Receipts Directive allows for capital receipts to be used to fund what would normally be revenue expenditure for expenditure "incurred on projects designed to reduce future revenue costs and/or transform service delivery". Examples include projects to introduce shared services, digitalise service delivery or integrate services across different functions.
- 64 The proposed budget 2023/24 does not anticipate the use of capital receipts in this way. However, given the on-going transformation programme and the financial challenges faced by the Council it may become necessary to consider using capital receipts in this flexible manner in future. Using capital receipts in this way will require the approval of the County Council.
- 65 When developing and adopting a Flexible Use of Capital Receipts Strategy the impact on the Council's Prudential Indicators will be carefully considered.

L Council's Financial Standing and Risks

66 Under the Local Government Act 2003 the Council has a responsibility to ensure that reserves are adequate. During 2022/23 all reserves have been examined in detail.

67 A summary of the Council's forecast reserves as at 31st March 2023, and movements since 31st March 2022 are as follows:

| | 31st March 2022 £000 | 31st March 2023 £000 |
|---|--|--|
| Earmarked Revenue Reserves -Non Schools | 156,007 | 101,823 |
| Earmarked Reserves – School Related | 23,486 | 23,486 |
| General Fund Reserves | 23,052 | 16,238 |

68 The current level of General Reserves less the proposed drawing of £4 million to balance the 2023/24 budget is considered to be a satisfactory level by the Council's s151 officer following a risk-based review – see Annex 5b.

69 Non School Revenue Earmarked Reserves are forecast to fall from £156.007 million as at 31st March 2022, to £101.823 million as at 31st March 2023, a reduction of £54.184 million. This is largely because of forecast drawdowns from the Revenue Grants Unapplied Reserve (£37.713 million), and the Transformation Reserve (£5.421 million).

70 Following a review and realignment of Non School Earmarked Reserves a new Pay & Prices Reserve has been created. The level of this Reserve is forecast to be £16.307m at 31st March 2023. It is proposed to use this reserve to help balance the 2023/24 budget, create a Children's Services Reserve and have a contingency to cover unexpected pay and price inflation.

71 It has been assumed that School Related Reserves will remain at similar levels to that held at 31st March 2022.

72 It is anticipated that Capital Reserves will remain at similar levels as those held at 31st March 2022.

73 General reserves are forecast to decrease by £6.814 million in 2022/23. This is due to the Council is using £1.046 million to fund the approved budget in 2022/23 and in addition to this, following settlement of the national pay award for 2022/23 a further £5.238 million was required to support the in year liabilities which equate to an additional 4.4% increase above the initial provision of 2% approved within the budget. A further £0.530 million is moved to Earmarked Reserves to support the Build Back Better initiative.

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

75 To balance the 2023/24 budget it is currently proposed to use

- £4.0 million of General Reserves
- £4.939 million from the pay & prices reserve
- £0.970 million from other specific earmarked reserves

76 In addition, it is proposed to use £6.2 million of the pay and prices reserve in 2023/24 to create a Children Services reserve to help mitigate the volatility in the external placement market.

M Section 151 Officer Review of the Budget – Section 25 Statement

77 In October 2019, a new requirement to have regard to the CIPFA Financial Management Code (FM Code) was introduced. The Council has reviewed the FM Code and has concluded that processes are in place to ensure compliance. In addition section 25 of the Local Government Act requires the section 151 officer to report on the robustness of the estimates contained in the budget and the adequacy of reserves.

78 The level of General Reserves needs to reflect the risks the Council is facing. These risks will depend upon the robustness of the budgets, the ability to generate planned savings / efficiencies, the adequacy of budgetary control and external factors such as inflation and interest rates. Other specific risks include the ability to find a solution to the high needs block overspend within DSG, increased demand for Adult and Children's social care, pay awards exceeding the level assumed in the budget and funding both the OFSTED and HMICFRS improvement plans. Further details of general reserve risk analysis can be found in Annex 5b.

79 In preparing the budget the following risks have been taken into account in the budget:

- Current spending trends and, where known, additional unavoidable cost pressures have been built into the proposed 2023/24 budget. Current spending trends, especially the volatility of expenditure in Children and Families and the emergence of new cost pressures will continue to be monitored as the budget is developed. This may result in the need to reprioritise resources prior to the final budget being approved by Council in February 2023.
- Service related financial pressures and risks have been explicitly considered by all Directorates when preparing the budget.
- The level of reserves has been examined and will continue to be closely monitored, in the context of protecting the Council from existing and future liabilities.
- Balancing the Council's budget requires financial savings and efficiencies to be achieved. Whilst robust programme management plans have been put into place to deliver savings, as evidenced by performance over the last three years, there is inevitably some residual risk.
- The highest risk areas continue to be demand led services, especially care for older and vulnerable people including Children in Care where demand is continuing to increase. Extra resources are being invested in these areas

under the proposed 2023/24 budget options.

- In addition to address the significant over-spend position within Children Services the senior leadership team has established a budget working group which is meeting weekly to review the budget recovery position. Further impetus will be provided by a Financial Recovery Oversight Group comprising of the Council Leader, Chief Executive and Section 151 Officer, along with children's services senior leadership. The financial recovery strategy aligns with the improvement strategy by focussing on early intervention to avoid the need for a costly social care response and bringing the child in care population more in line with statistical neighbours over the coming years.
- Provision has been made for pay awards, pension and national insurance increases, contractual inflationary pressures and the forecast impact of the National Living Wage.
- The reserves held are invested and the interest received supports the Council's budget.
- Consideration to the pressures within the DSG High Needs Block Funding have been made as part of the budget setting process and the Council has developed a High Needs Strategy designed to ensure the budget is balanced in future years. The DSG spend will need to be closely monitored during 2023/24 and beyond.
- The COVID-19 pandemic has resulted in significant financial pressures for the Council in recent years however the additional funding provided by central government have been sufficient to cover the costs of responding to the pandemic. No additional COVID funding is anticipated in 2023/24 so the on-going impact is now incorporated into base budgets.

- 80 On the basis of the above, the Section 151 Officer's advice is that the level of reserves, following the movements indicated earlier, are adequate, the budget is based on robust assumptions and the financial standing of the Council is sound in the context of the key risks.
- 81 Achieving a balanced budget in 2023/24 will require the use of a £9.9 million reserves and £8.4 million of one-off income. In order to ensure that future budgets are robust and achievable it is imperative that the Council establishes a series of service based reviews to ensure that future service provision is brought in line with estimated permanent funding streams.

N Public Sector Equality Duty

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

O Risk Management Policy Statement and Strategy

- 83 It has always been important for organisations to identify and manage their risks. Identifying risks enables the Council to effectively manage strategic decision

making, service planning and delivery to safeguard the wellbeing of its stakeholders and increases the likelihood of achieving its outcomes.

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

P Forward Draft Plans for the Revenue Budget

- 85 The Council's plans are set for the four years covering 2023/24 to 2026/27. The proposed detailed budget for 2023/24 is set out within the MTFS, whilst the current draft forecast budgets for 2024/25, 2025/26 and 2026/27 are:

| | 2024/25 | 2025/26 | 2026/27 |
|--------|----------------|----------------|----------------|
| | £m | £m | £m |
| Budget | 591.79 | 608.58 | 626.87 |

- 86 Annex 6 gives outline financial proposals for 2024/25, 2025/26 and 2026/27, and will be updated as further information about funding and pressures becomes available.

Q Capital Strategy and the Prudential Code

- 87 The prudential framework for local authority capital investment was introduced through the Local Government Act 2003. CIPFA developed the Prudential Code for Capital Finance in Local Authorities (the Code) as a professional code of practice to support local authorities in taking decisions on capital investments.
- 88 The Capital Strategy, Annex 7, has been developed in line with the CIPFA guidance. It gives a high-level overview of how capital expenditure; capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. The capital programme has been developed in accordance with the Capital Strategy.
- 89 The objectives of the Code are:
- To ensure that capital expenditure and investment plans are affordable.
 - For the Council to be accountable by providing a clear and transparent framework.
 - All external borrowing and other long-term liabilities are within prudent and sustainable levels.
 - Treasury management and other investment decisions are taken in accordance with professional good practice.

The Council's Capital Strategy sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and the impact on the achievement of priority outcomes. The capital strategy forms part of the Council's integrated revenue, capital and balance sheet planning.

90 The Council complies with the Prudential Code by:

- Having a Capital Strategy,
- Having medium term plans (Corporate Strategy, Revenue and Capital budgets),
- Complying with the Treasury Management Code of Practice, and
- Producing indicators for affordability and prudence.

R Capital Expenditure

91 The proposed capital programme is set out in Annex 8a, with details of the financing of this programme being provided at the start of this Annex.

92 The capital programme provides investment in the county totalling £1,013 million. The main investment relates to Economy, Environment and Infrastructure (£660.43 million), Schools and facilities for children (£168.29 million), Corporate Resources (£131.28 million), Adults (£44.72 million) and Community Safety (£8.75 million).

S New Capital Investment

93 The capital programme contains £83.66 million of new investment on capital schemes, spread over a number of financial years, financed from grants, revenue contributions and capital financing budgets, as set out in the table below.

| | |
|--|---------------|
| New Capital Funding Available 2023/24 onwards | £000 |
| Internal Borrowing | |
| New MTFS Bids | 23,653 |
| Total Internal Borrowing | 23,653 |
| Grants | |
| Adults – Disabled Facilities Grant 2023/24 - 2025/26 (estimate) | 20,526 |
| Schools – High Needs Provision Capital Allocation 2023/24 | 7,856 |
| Schools – Schools Condition Allocation 2023/24 (estimate) | 4,200 |
| Non-Schools - Children's Homes Capital Fund | 2,041 |
| Infrastructure – Highways Block Maintenance Grant 2023/24 (estimate) | 9,896 |
| Infrastructure – Highways Block Maintenance Grant - Incentive Element 2023/24 (estimate) | 2,474 |
| Infrastructure – Integrated Transport Block Grant 2023/24 (estimate) | 2,884 |
| Infrastructure – Pothole Action Fund 2023/24 (estimate) | 9,896 |
| Total Grants | 59,773 |
| Revenue contributions | |
| Highways Locals (estimate) | 130 |
| Total Revenue Contributions | 130 |
| Total New Capital Funding 2023/24 onwards | 83,556 |

- 94 Priority schemes not supported by grants or contributions, have been included within the new programme on the basis that they can be funded from internal borrowing, thereby avoiding the immediate need for new external borrowing. These new schemes recommended for approval amount to £23.65 million and are detailed in Annex 8b.
- 95 An estimate of £59.90 million new capital funding from Government grant allocations and revenue contributions has been included and is detailed in Annex 8c.

T Changes between the 2023/24 capital budget issued for consultation and the final budget

- 96 New investments within the capital programme have increased by £1.06 million since the consultation budget was issued.
- 97 The Council has received a grant allocation of £2.04 million from the DfE Children's Homes Capital Fund. This grant funding replaces £978k of internal borrowing previously included in Annex 8b (£528k Barnwood & £450k Redwell Road).
- 98 An amendment was agreed at the County Council meeting on 15th February 2023 to transfer £100k from the County Offices Cheltenham project to a new project for Footway Resurfacing. In addition £400k of Road Safety capital investment originally scheduled for 2025/26 was brought forward to 2023/24 – this was funded by slipping £400k of the County Offices Cheltenham funding from 2023/24 to 2025/26.

| Funding for New Capital Investment | £000 |
|--|---------------|
| Budget per December 2022 Consultation | 82,493 |
| Children's Homes MTFS bids (Internal Borrowing) | -978 |
| Children's Homes Capital Fund Grant | 2,041 |
| County Offices Cheltenham Refurbishment (Internal Borrowing) | -100 |
| Footway Resurfacing (Internal Borrowing) | 100 |
| Revised Budget | 83,556 |

- 99 The capital programme also includes an additional £1.21 million funding approved at Cabinet on 25th January 2023.

Adults

- 100 An indicative figure for the Disabled Facilities Grant of £6.84 million per annum has been included from 2023/24 to 2025/26 based on the allocation received for 2022/23. The Government has announced that the funding will remain at the current level until 2025/26.

Children's Services – Schools

- 101 The Council has received a High Needs Provision Capital Allocation from the Department for Education for 2023/24 totalling £7.86 million.
- 102 An indicative figure for the Schools Condition Allocation of £4.20 million has been included for 2023/24 based on the allocation received for 2022/23.

Children's Services – Non-Schools

- 103 The Council has received a Children's Homes Capital Fund allocation of £2.041 million from the Department for Education for 2023/24. This new grant funding replaces £978k of internal borrowing previously included in Annex 8b (£528k Barnwood & £450k Redwell Road).

Economy, Environment and Infrastructure

- 104 The Council receives capital grants from the Department of Transport for Highways Maintenance Block and Integrated Transport Block.
- 105 Indicative figures for the Maintenance Block Grant allocations have been included based on the allocations received for 2022/23. £9.90 million for the main Maintenance Block Grant allocation and £2.47 million for the Incentive Element of the Maintenance Block Grant allocation.
- 106 An indicative figure for the Integrated Transport Block Grant of £2.88 million has been included for 2023/24 based on the allocation received for 2022/23.
- 107 An estimate of £9.90 million is included for the Pothole Action Fund.

U Borrowing

- 108 Total unfinanced spend, known as the Capital Financing Requirement, at the end of 2022/23 (which includes Waste financing and deferred liability) is forecast to be £482.7 million, an increase of £25.4 million compared with the £457.6 million outstanding at the end of 2021/22. It is intended to use internal borrowing to meet this additional borrowing requirement.
- 109 If external borrowing were required it would previously have been obtained from the Public Works Loans Board (PWLB), usually at fixed rates of interest, over a set number of years.
- 110 In recent years, due to the significant differential between interest rates charged by the PWLB and interest earned on invested balances, the Council has internally funded borrowing from investment balances (mainly reserves). This strategy essentially involves lending investment balances to ourselves to reduce overall interest costs. With all the recent turmoil in the markets PWLB rates have increased and they still remain above that which the Council can achieve by investing surplus funds. Therefore, the strategy of maintaining borrowing internally is sound. Should debt need to be externalised the Council will consider all funding sources, including PWLB, banks, pensions and local authorities, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.
- 111 Capital receipts can also be used to fund capital expenditure and repay debt. A Disposal Schedule will be considered by Cabinet in March 2023 in line with the Disposal Strategy. All forecast capital receipts are currently being used to fund the existing capital programme so it is not anticipated that this will be a source of funding for new schemes approved in this MTFS.
- 112 The Council will remain open to the potential for capital investment opportunities arising from commercial activities linked to regeneration. Any such opportunities will be subject to a robust business case with the assumption that the scheme is self-funding with no impact on the revenue budget. A sum of £50 million was agreed from 2021/22 and included within the capital programme for such schemes. Such investments identified will be

reviewed on a case-by-case basis and will be subject to Cabinet approval.

V Treasury Management and Investment Strategy

- 113 The proposed Treasury Management Strategy Statement 2023/24 is shown in Annex 10.
- 114 It was considered by the Audit and Governance Committee on 20th January 2023 alongside the Capital Strategy and Non-Treasury Investment Strategy, and approved by Cabinet on 25th January 2023 prior to final approval of the County Council on 15th February 2023.
- 115 Annex 10 provides details of:
- Treasury Management Strategy for 2023/24.
 - Non-Treasury Management Investment Strategy 2023/24.
 - Policy on the use of Financial Derivatives.
 - Minimum Revenue Provision (MRP) Statement.

W Annexes

| | |
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| Annex 2 | Budget Movements by Service Area |
| Annex 2a | Savings by Service Area |
| Annex 3 | Budget Summaries by Service Area |
| Annex 4 | Medium Term Financial Planning Framework |
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| Annex 8a | Capital Programme 2023/24 |
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| Annex 8c | Capital Programme - New Funding Available 2023/24 Onwards (Excluding MTFS Bids) |
| Annex 9 | Dedicated Schools Grant – Schools Block |
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| Annex 11 | Risk Management Policy Statement and Strategy |

Annex 1 – Commissioning Intentions

| | |
|-------------|-----------------------|
| Directorate | Children and Families |
|-------------|-----------------------|

Context and Strategic Direction

Children and Families Commissioning

Children and Families Commissioning continues on a journey of improvement, bolstered by a positive Childrens Services Ofsted Inspection in 2022. The Ofsted report highlighted significant improvements in key areas, demonstrating our continued forward trajectory as we further improve services for Gloucestershire Families, Children and Young people into 2023/24.

‘The local authority has strengthened its quality and performance management arrangements, providing senior leaders with a good understanding of the quality and impact of practice.

Ofsted Report 1st April 2022

The Josh MacAlister Independent review of Children’s Social Care (May 2022) additionally laid out a number of key recommendations, all of which are pertinent to our continual journey to Outstanding. It is therefore our intention to embed the key recommendations highlighted into practice over the next 3 years once this report has been endorsed by Government

Our strategic direction continues to follow the Children and Families plan and is further informed by pending launch of our newly revised Sufficiency Strategy – **Home@Heart**. We also continue to be informed by longer term corporate strategies laid out in local and national strategic guidance including; *Gloucestershire Joint Health and Wellbeing Strategy 2019-2030, The NHS Long Term Plan 2019-2024, The national strategy for autistic children young people and adults 2021-2026 and The NHS England CYP Transformation programme*. In addition, our local *Preparation for Adulthood strategy*, continues to bring together the key priorities for our young people, where seamless transition into adulthood is of the utmost importance. It is further intended to review this strategy in 2023.

Placements continues to be an area of focus both locally and nationally as the continual impact of the updated 2023-24 legislation is felt which barred the placement of under 16s within unregistered accommodation, and from April 2023 a further new legislation change which requires semi-Independent accommodation for Care Leavers to be registered with Ofsted for the first time. We have put in place an assertive trust group looking at Placement efficiencies and cost reduction strategies

During the pandemic, the Commissioning Hub took on full responsibility for a number of key government grants and initiatives supporting vulnerable young people and their families such as the Local Support Grant and the Household Support Grant, as well as delivering the Holiday Activity and Food (HAF) Programme. As part of the National Spending Review, the HAF programme will now be funded for a further 3 years - 2022-2025, and the Household support fund has been extended in 2023/24.

Gloucestershire was also successful in year 1 funding for a Short-breaks project which concentrated on support for children of a younger age (0-8) in rural areas. Short-breaks commissioning intends to continue with this funding stream and apply for year 2 and year 3 to continue the work in rural areas, but also extend this out to provide an inclusive county wide offer and higher age range (0-11 years) if successful this new offer will work in conjunction with the development of the Family hubs and early

prevention.

A major priority for Childrens Commissioning in 2023 is continuing partnership work with our Voluntary and Community sector partners, which has become even more critical with the proposed redesign and commissioning out of a Family Hub practice model that supports an Early Help Strategy, Universal Services and an Early Intervention offer to children and families. A recommissioned Family Hub service model will better allow for the alignment of locality-based services with therapeutic services for children affected by Domestic abuse, such as trauma recovery toolkit training and courses for children and their parents.

Similarly retender of the Youth Support contract will be redesigned into 2023 with the intention of realigning the service into locality-based provision parallel to the Family Hubs model. Alignment of the Youth and Family Hubs is a key component of our drive to achieve better integrated locality-based family services, thereby ensuring that families with children and young people aged 0-19 (up to 25 years for SEND) receive early help to reduce risk, overcome a range of difficulties and build stronger relationships within the family, with other families in the community, and with agencies that can help them build their resilience.

Send Services

SEND Services continue to make small and slow steps of progress in a range of areas. Progress is slow as demand continues to be high with customer satisfaction remaining exceptionally low. Demand and poor customer experience is moving capacity away from making service improvements, to continual reactive behaviour thus maintaining the continued cycle of low performance and satisfaction. Complaints continue to be high, with a vast majority seeking escalation with relative immediacy. Tribunals are high as are the growth of matters going before the LGO with finding in favour for families and fines for the LA. All are at the highest point ever seen within SEND Services in Gloucestershire.

The number of EHCPs continue to rise. This is impacting on the EHCP casework Service and the Educational Psychology service with caseloads and availability to provide quality work and manage demand to be increasingly schools facing. This is impacting on workforce stability and retention.

DfE are continuing to monitor Gloucestershire's timeliness, with a recent request for a position on when the LA is going to meet and maintain 40%. At this time, the service is not able to meet and maintain this target with current capacity and resource.

The growth in EHCPs is impacting on schools' perception, and in some cases ability, to meet need of children with EHCPs in mainstream settings. This is evidenced with the numbers of children moving to elective home education, or requiring part-time timetables, attendance being impacted, growth in suspensions and permanent exclusions in the primary sector. This all means that children who are already disadvantaged are not receiving the education they should be to achieve positive outcomes.

The primary need of children experiencing challenges in schools is Social Emotional Mental Health (SEMH), Lack of universal and targeted holistic provision at the earliest stage is driving an increase in needs, poor outcomes, and higher costs.

System structures have been put into place to develop the foundations for improvement. This includes a skilled and stable leadership team, improved pathways into the services, improved threshold response to demand, digital solutions, reviews of customer experiences and in partnership with the Inclusion service, development of banded funding, an Inclusion baseline, and the development of non-

statutory funding.

The Inclusion and SEND strategies have been signed off by cabinet and a Local Area Partnership Strategic board has been established. This is in line with the SEND Green Paper. It will have oversight of strategy delivery and create shared partnership ownership and accountability of SEND in the local area.

Early Years' Service

GCC Early Years' service, along with other partner services, has responsibility to deliver the LA duties of the Childcare Act:

- The early years' outcomes duties require the provision of early years services and joint working between agencies to reduce inequalities, improve outcomes and narrow the gap.
- The sufficiency duties require Local Authorities to ensure sufficient early education and childcare for the early years' entitlements at two, three and four, and that they enable parents to take part in employment and employment-related activities (childcare for children aged 0-14, or 18 for children with a disability).
- The information duties require Local Authorities to ensure information for both childcare providers and families to meet the other childcare duties

Although not yet published, 2022 EYFS data indicates that the national benchmark for children attaining a good level of development has reduced from 71.8% to 65.2%. In Gloucestershire unconfirmed data reflects a decline in % from 71.9% to around 67%. We anticipate that the disparities in % attaining a good level of development for children eligible for FSM and those from certain ethnic groups will still be evident. This is explored in more detail in the needs analysis

There are signs that the pandemic has further widened the gaps for a generation of children who have missed out on significant time in pre-school provision. In a 2020 survey, Key Stage 1 teachers reported that, on average, 46% of children aged four or five had arrived for their first year in Reception not 'ready for school' (in contrast with 35% in 2019).

We know that the drivers of children's outcomes at age 5 include, but are broader than, what happens within Early Years settings. Parents play a crucial role in their children's early development and access to effective support services in the preschool years are, for some, critical to identifying and supporting children at risk of falling behind

In response to this Gloucestershire identified "Best Start in Life" as one of seven priorities of its Health and Wellbeing Board Strategy, 2020-2030 and one of three priorities of the Children & Young People's wellbeing coalition plan.

The 'Best Start in Life' coalition subgroup have the following priorities:

- To listen to children and their families from across Gloucestershire so that we can understand the barriers and enablers to better health and wellbeing and to ensure that their wishes are at the heart of everything we do.
- To work in partnership to identify children that could benefit from early intervention and support

services but are not currently doing so.

- To hold shared accountability for improving outcomes for those aged 0-5.
- To ensure that clear information on services and support is available and accessible, including to families who may be less likely to access support and who may need it the most.
- To support the development of the national 'Start for Life' offer as this is rolled out
- To provide support to address the impact of COVID-19 on families.
- To work in partnership, and to escalate where necessary, workforce and pathway issues that prevent or restrict the delivery of the support services needed in Gloucestershire, e.g., workforce capacity.
- To facilitate integrated commissioning and provision which enables efficient, effective and child friendly services

Commissioning for Learning Service

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

There is a continuing challenge in securing appropriate levels of developer contributions towards essential school infrastructure arising from new housing development. Working with Strategic Planning colleagues we continue to make the case at appeal. A new survey of pupil yields from new development has been commissioned and is underway to inform education planning policy in 2023.

In addition to mainstream school place planning, we are also carefully monitoring the need to commission and deliver more special school places. A constant rise in the number of children and young people with an Education Health and Care Plan has put significant pressure on our existing special school infrastructure. A new special school has been opened in Sept 2022 and another is planned to open in the autumn of 2023. The LA is submitting bids for a further two special schools as part of the Wave 15 bid process, to hopefully deliver more specialist provision in future years to meet demand.

Children and Families Commissioning

Gloucestershire will be launching its new Sufficiency Strategy Home@Heart, which outlines the local regional and national challenges to placement sufficiency. This will provide a four year long to medium plan to meet our sufficiency needs locally. An optional appraisal is being developed to consider the best delivery model for our ambitious plans to deliver provision locally. These ambitious plans will required a dedicated focus on developing the workforce, to deliver the provision, a new workforce academy for Gloucestershire will be established building on our successful social work academy model. Ofsted estimates that nationally over 10% of current residential children's homes do not have qualified registered managers, without investment and dedicated commitment to attracting, training and developing a local workforce, the implementation of the Sufficiency Strategy will be delayed by a considerable length of time.

The scarcity of Placement provision is a continuing concern for Childrens services. The market remains 'Provider led' and the cost of Placements continue to rise in accordance with foreseeable market logistics associated with limited supply coupled with high demand. According to national government statistics, the largest proportion of Children's homes places in England and Wales are provided by the for-profit sector (currently 70% in England and 78% in Wales). Independent Fostering agencies (IFA's) provide 19% of Placements in England and Wales.

Although we have worked to reduce the numbers of our care assisted young people placed in residential provision outside of Gloucestershire, numbers remain significantly high, resulting in an adverse impact on already stretched GCC budgets.

Costs charged to local authorities for Private children's homes increased by 40% in 2019* and have continued to rise year on year with the increase in living costs (**taken from the National Centre for Excellence in Residential childcare*). In March 2021, the Government commissioned an external review of Private Social Care Provision by the Competition and Markets Authority (CMA), to examine reasons behind the lack of availability and increasing costs, which could be further leading to the needs of children in care not being met.

The review showed that there has been limited development of the market, with some companies making immense profits - indeed a report published in January 2021 by the Local Government Association and Revolution Consulting found that some large private providers were achieving profits of 20.6% on their income. The findings of the CMA review were published in March 2022 and put forward 3 key recommendations:

1. To improve Commissioning, by having some functions performed via collaborative bodies, providing additional nation support and supporting LA initiatives to provide more in-house foster care.
2. To reduce barriers to providers creating and maintaining provision, by reviewing regulatory and planning requirements, and supporting the recruitment and retention of care staff and foster carers.
3. To reduce the risk of children experiencing negative effects from children's home providers exiting the market in a disorderly way, by creating an effective regime of market oversight and contingency planning.

All of these recommendations will have an impact in Placements moving forward and may have the

effect of relieving individual LAs of their statutory duties as they are encouraged to form a consortium of sorts with an oversight structure to carry out certain functions.

The Short-breaks team continue to analyse local need and have since gained increased clarity and a better understanding of the number of children and young people eligible for short breaks alongside the needs of their families.

The revised Short-breaks contracts came into effect as of the 1st July 2022, with 8 lots going out to the market. Pre-pandemic, developing provision within the Short-breaks market was already proving to be very challenging. Currently there remains real pressure within the market, which is forecasted to continue into 2023 and for the foreseeable future. The Post pandemic recovery period has been slower than other areas and Short-breaks provision closed down services early and for the longest time period. Therefore, only 4 lots within the new tender were allocated out of the original 8 and Commissioners have worked with Procurement colleagues to develop options for the remaining 4 lots. A new Short-breaks framework will be developed over in 2023, to create an offer that gives families choice and control over their Short-breaks choices. This can only be achieved by having some extensive market engagement to encourage new Providers into the County.

Access to resource panel remains under review while commissioning has had a lead function for the development of consistent and county wide processes and procedures. Over the coming year a new framework will be set up to support Section 17 spend, direct spend will then be managed more locally within localities, with commissioning taking on a more specialist functions where provision needs to be sourced outside of the new framework.

SEND Service

Needs analysis has shown clear need for growth with SEND services. This growth is to respond to demand, improve outcomes for children/families/schools and overall satisfaction.

This is intended to be delivered through changing models in practice and increased workforce to reduce caseloads to models recognised nationally to improve outcomes and practice. Longer term the aim is to respond to needs at the earliest point in a child's life and reduce demand at statutory level.

Needs analysis has shown increased need for special school places. We have increased capacity within all In County special schools and are increasingly reliant on use of in and out of County independent provision. This has an impact on increased spend in Home to School transport, EHCP casework time and the Dedicated Schools Grant at a time of poorer outcomes and less flexibility to improve overall outcomes for children of Gloucestershire.

Early Years' Service

1. Attainment, disparities and narrowing the gap

The EYFS profile is a teacher-observed assessment completed at the end of the Reception year which provides teachers and parents with a well-rounded picture of a child's knowledge, understanding and abilities against expected levels and their readiness for Year 1. Each child's level of development is assessed against the 17 ELGs. A Good Level of Development (GLD) is calculated using the first 12 ELGs.

The latest published EYFS figures for 2019 show that on average in England almost a third (28.2%) of

children do not reach a 'good level of development' by the age of five. Once children have fallen that far behind, it is hard for them to catch up. For many, their futures are being determined before they get anywhere near a classroom. The scientific evidence is overwhelming; whatever happens in the first 1001 days of life is critical to outcomes later in life.

EYFS results also indicate that children from low-income families are less likely to develop positively across the range of measures by the end of Reception compared with their peers. Analysis of EYFS results finds that disadvantaged children are on average 4.6 months behind by the end of the Reception year.

The EYFS profile data has not been collated since 2019 due to the Covid pandemic. Nationally, in 2019, 71.8% of children achieved a good level of development at age five - up from 51.7% in 2013 - and, since 2013, the gap between children in receipt of free school meals and their peers achieving a good level of development at age five has narrowed by 1.7 percentage points.

In Gloucestershire, in 2019, 71.9% of all children attained a good level of development (GLD) which is a rise from 52% in 2013. The overall % of children in Gloucestershire attaining GLD in 2019 matched the national average, having been below this for several years. However, too many children still finish the Reception year without the language and early literacy skills they need to thrive which the evidence shows are critical areas for building a foundation for later success

- The gap between children receiving FSM attaining GLD, and their peers, has gradually narrowed by 2.3 percentage points (pp) since 2013 but is still greater than the gap at the national level. In 2019, 51.9% of FSM-eligible pupils attained GLD, compared with 74.3% of non-FSM pupils. Nationally, 56.4% of FSM-eligible pupils attain GLD. This is summarised in the table below:

| Year | National | Gloucestershire |
|---------------------|----------|-----------------|
| 2019 (all pupils) | 71.8 % | 71.9 % |
| 2019 (FSM pupils) | 56.4 % | 51.9 % |

- In every ethnic group, apart from Black Caribbean, FSM-eligible pupils were less likely to attain GLD than non-FSM pupils. There was only one child with their ethnicity recorded as Black Caribbean and who received FSM, and this child achieved GLD and therefore this number is too small to draw a clear conclusion.
- In 2019 the attainment gap between white and black pupils was 4% nationally and 14% in Gloucestershire
- In every ethnic group, girls were more likely to attain GLD than boys. Since 2018, the gender gap has stayed the same in all areas, except for Physical Development. In each of the seven Areas of Learning, a higher proportion of girls than boys are achieving at least the expected level. The largest gender gaps are in Literacy and Expressive Arts and Design

There was no EYFS data collated in 2020/21 due to the pandemic. 2022 data has not yet been

published, but unconfirmed data reflects a national decline in the % of children attaining a good level of development, from 71.8% to around 65%.

Using the same unpublished data, Gloucestershire have also seen a decline in % from 71.9% in 2019 to around 67% in 2022. Whilst this puts us above the national benchmark, this reflects a cohort of young children struggling to reach expected development progress post pandemic. It is likely that the attainment gaps (FSM and ethnicity) seen in 2019 will still be apparent in 2022 data.

We have seen an increase in the number of requests for EHCNA for children under statutory school age, including an increase in parental requests and requests for special school provision. This could be due to the following factors:

- An increase in the number of children with additional needs relating to social and emotional resilience, speech, language, and communication difficulties – because of changing home/family/parenting circumstances and the impact of Covid.
- Limited/no access to specialist intervention (EP, AT, S<) for young children without an EHCP.
- Lack of progress made in the preschool setting, due to lack of access to specialist support (as above) and/or lack of skills, confidence of EY practitioners, low funding etc
- Lack of parental confidence in the mainstream school sector
- Parents being advised by practitioners (predominantly health) that their child requires specialist provision
- Parents being advised by the child's allocated school to request EHCNA due to the need for additional resources to meet the child's need, often despite the child's needs being met in universal EY provision – reflecting pressures on school budgets
- Some children with SEND not accessing an EY setting prior to starting school, due to lack of parental confidence in mainstream EY provision and/or advice from involved practitioners to wait until an EHCP and special school place is agreed.

2. Childcare Sufficiency and Take up

We will continue to perform detailed trends and forecasting analysis based on:

- Population
- Number of Early Years providers and places
- Take up for 2-, 3- and 4-year-olds
- Determine impact of 2-year funded children vs non funded children and Good Level of Development (GLD) in YR
- Continue to monitor and review local provision when considering new developments. New housing may require additional places to be provided to meet demand in those localities; Section 106 funding should be considered for additional Early Years places as required.
- Carry out an audit of Early Years premises across the county to identify settings potentially vulnerable to closure or future potential premises issues. Monitor this to ensure this does not jeopardise the sustainability of provision in future.
- Implement annual monitoring through an Early Years Business risk analysis across all Early Years provision in Gloucestershire to identify vulnerability with regards to future sustainability of settings. Target settings identified for intensive business support including a full business health check.

Gloucestershire's Childcare sufficiency duty report was published in September 2022. This sets out the countywide position in relation to the availability of Early education and childcare provision. The report concludes that there is sufficient provision for most children in most parts of the county, with

a higher than national average % of good and outstanding provision, as rated by Ofsted. Some specific areas have been identified as needing an increase in childcare places and there is active work ongoing to address this. However, the report acknowledges that there are gaps in our knowledge and ability to accurately assess whether there is a match between supply and demand for childcare places for children with SEND. National research indicates that in some parts of the county as little as 50% of children with SEND are accessing their entitlement of funded childcare/early education.

We are currently undertaking analysis work to determine how many children are currently in Reception, Yr. 1, and Yr. 2 with EHCPs who did not previously access an EY setting and/or were not known to the EY service and/or not identified by health practitioners and included in the Health to LA notification process (SEN code of practice requirement). This will help us to understand the extent to which parents are opting not to use EY provision. We can then explore if this is due to lack of childcare sufficiency for children with additional needs/SEN and/or lack of parental confidence in using universal mainstream childcare provision.

The Sufficiency Report sets out a number of other actions we are taking, some of which are included in the priorities section below.

Commissioning for Learning

In relation to specialist education places, a detailed review of projected future need is underway in response to the continuing growth in EHC Plans which has informed the bidding for new Specialist Free School proposals in October 2022.

EHC Plans have increased from around 3,000 in 2017 and have recently exceeded 5200 for the first time in 2022. This in turn is influencing demand for home to school transport (HTST), at a time when contractors are struggling to meet demand and the paucity of competition and rising inflation is driving up prices.

An external review of HTST was commissioned by EDGE Consultants to consider how best to manage the increasing demand, which reported in January 2022. It is anticipated that the arising recommendations will be implemented from 2023.

SEND Service

An MTFS bid has been submitted for 23/24 and 24/25. These show the intended approach to managing demand alongside system change. The resource required for 23/24 is high, but the benefit is lower continued requirement into 24/25 and subsequent years.

We will wait for the determination by DfE if our special school free school bids are successful. Should both be successful, we can review our own capital to consider where this is best used to meet school place demand/provide alternative AP environments or support Resource Bases.

Should one or none be successful, we would look to our own capital to fund specialist provision needed in the County.

Available resources will be deployed to implement:

- SEND Quality Assurance
- Launch of the EHCP digital portal and EHCP pathway- Jan 23
- Prepare for a Local Area SEND Inspection
- Refresh EHCP/Social care pathway
- Launch non statutory funding
- Launch banded funding

- Review special school sufficiency and capital use

Commissioning for Learning Service

There is a revenue cost pressure in Home to school transport (£1.2m) predominantly for SEN routes, inflation, and the cost of procuring new routes. This is expected to rise with the ongoing growth in EHCPs

With the rising cost of capital works and no additional basic need allocations for the next two years, we expect a shortfall of circa £5m in the Schools Capital Programme by 2024/5.

- Commissioning of a new 60 place primary SEMH special school in Stroud to open in Sept 2023
- Submission of bids to the DfE under Wave 15 Free School Programme for two new 200 place MALD special schools.
- Commissioning of new 2FE primary school in Bishops Cleeve to open in 2024/25
- To prepare and publish new School Places Strategy 2023-2028
- To support potential NEETs through the Transition Panels and Transition Chats programme of work
- To provide HTST and SENTE provision in line with growing demand in a challenging tendering environment
- To develop and promote independence travel training as a traded service
- Ongoing development of trading opportunities for Admissions and FSM
- To work with ITU to support the implementation of the EDGE Report recommendations regarding improvements to transport management processes and to deliver savings in the longer term.

Resources

The total revised base budget (excluding the Dedicated School Grant and other grants) for Vulnerable Children (£116.3m) and Other Children's Services including Education services (£19.8m) is £136.1 million for 2022/23. The current year's forecast over-spend of £10.6 million (excluding COVID related costs) is primarily against the external placements budget, due to increasing numbers of children in care and the cost of placements due to limited market availability, both of which are national issues. The MTFs proposals seek to address this underlying position coupled with a financial recovery plan overseen by senior Directors and Councillors. The net investment proposed for 2023/24 is £13.8 million in Vulnerable Children and £7.1 million in Other Children's Services, a total of £20.9 million, resulting in a proposed total budget of £157.0 million.

The proposed investment within Vulnerable Children includes funding for external placements (£7.7m with additional £1m one-off) to fund the current activity and costs, funding for the cost of agency social work staff (£0.7m one-off), additional investment to cover Disabled Children's and Young People care packages (£0.7m) and inflation funding for fostering and other allowances

(£0.6m). Other Children's Services includes proposals to cover the cost pressure in Home to school transport (£4.6m) for SEN routes and the cost of procuring new routes and, additional staff to support SEND (£1.6m). Other investments cover pay inflation estimates.

Children and Families Commissioning

The main budget pressures in ICB (integrated Care Board) budgets are residential care and packages of care for those children and young people who meet Continuing Care criteria / entitled to Section 117 aftercare and require health support. Many agencies are not able to source staff, and for agencies who can provide staff, costs are higher. This links into wider workforce and short breaks developments. Where GCC funds services provided by the NHS, an MTFS bid proposes an inflationary increase for these services.

S17 cost pressure – A new Access to Resources Panel process is being developed which will embed Commissioning into practice and promote decision making at the heart of social work. Developments from April 2023 will include processing spend in real time, and the implementation of new DPS frame work for professional services to meet procurement requirements, as well as improving efficiencies and quality of services.

Babies born in lockdown grant obtained from COMF funding – Joint HV and C&FC programme overseen by commissioning will finish in March 2023, and we will work with current services to find support in their local area before the programme concludes.

Revenue funding of Short-break provision will be achieved within existing budget allocations. Families who are in receipt of Direct Payments have been approached to ask whether they wish to continue with their current arrangements or whether they wish the Council to commission on their behalf. It is hoped that by 'flexing' allocations between directly commissioned services and those bought by Direct Payments greater financial efficiencies will be achieved. The new Short-breaks framework this year will offer providers the opportunity to develop provision to offer families more choice. We have been successful in the first round of DfE respite monies, our second application has just been submitted to develop our early years offer further. In addition, applications have been submitted for the new £19.5M Children's home capital building programme. If we are successful with a bid, it will accelerate our programme to develop residential provision in county for our children and young people.

There are no identified resources for Youth Support in the MTFS beyond current contract budgets. Providers (such as GYC, CCP, Barnardos, Prospects) these contacts will go out to tender imminently, building on the CVS community within the county.

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

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

For the coming year there will be additional pressures with regard to uplift due to high inflation and possible increase in the national minimum wage, putting pressure on placement budgets. In

In addition to this from April 2023 the new Ofsted registration for semi-independent provision begins to come into effect, there is potential that this new regime could increase costs to meet the requirements for registration, and some providers may move out of the semi-independent market creating further capacity pressures within an already volatile and broken market.

The table below illustrates actual Placements spend to 30 September 2022

| Residential | Fostering | Supported Accommodation | SEN | Support | Education | Therapy | Unregulated | Total |
|-------------|------------|-------------------------|------------|------------|-----------|---------|-------------|-------------|
| £9,137,226 | £6,800,071 | £5,295,735 | £2,065,783 | £1,489,284 | £0 | £0 | £202,431 | £24,989,571 |

Outcomes and Priorities for the year – headline bullets

Children and Families Commissioning

In 2023/24 we are working towards delivering the following:

- Recommission integrated Youth Support contract, goes out to tender August 2023, with an expected service commencement date of July 2024
- Commission Family Hubs model. Out to tender July 2023, predicted go live date April 2024
- Maintain and monitoring youth support performance in all areas
- Lead, develop and implementation of a model of good practice across the SW to enable UASC young people to successfully settle within Gloucestershire and the SW region
- Better align CQAT with Placements Commissioning
- Retain and resource support for young adult carers via GYC for April 2023
- Retender Appropriate Adults Service from September 2023
- Deliver new direct provision Saturday Club and Holiday playscheme short break provision accessible to all areas of the County from April 2022 – this is ongoing in 2023.
- Tender the NEW Short Breaks Framework - during 2023/24
- Develop a 2 bedded residential respite facility for children and young people with very challenging behaviour during 2023/24
- Develop two 6 bedded homes to be run on a therapeutic model, both of which will have supported accommodation as part of the contract
- Develop a placement portfolio of GCC through the capital programmes for the design development and delivery of, Southfield and Townsend
- Placement Commissioning Team - consideration to launch Care Cubed finance system
- Placement brokerage Team trialling BERRI placement screening tool, which supports the assessment of need when commissioning a placement
- Implement and mobilise 28 Day Fostering/ PACE and Remand Beds with a new contract from July 2023
- Deliver GCC new Sufficiency Strategy for the next 3 years
- Develop a pseudo framework to deliver a multiyear opportunity to develop residential provision for young people aged 12 – 17 years
- Development of a range of priorities in the NHS Long Term Plan

- Delivery of priorities as outlined in the NHS England CYP Transformation Programme
- Recommissioning of the C&FCs into a locality focused Family Hub model to be completed by 31st March 24
- Explore the retendering of FSM support
- Develop and roll out the school improvement project model to increase pace and impact of school intervention activity
- Implement the new Virtual School Improvement plan to improve the impact of the service on educational outcomes for CIC, including the roll out of the E-PEP record to the schools' system
- Explore and embed a corporate grandparent offer for care leavers who become parents
- Deliver the HAF programme 23/24
- Deliver FSM's holiday provision 23/24
- Develop an offer for children and young people under the age of 13 who are affected by Domestic abuse in partnership with Public Health
- To explore and deliver on an Equality, Diversity and Inclusion agenda across the Children's Hub
- To deliver a parent champion model aimed at our most disadvantaged communities and target groups that will align with Family Hubs on commencement of contracts
- To rollout the digitalisation programme for EHCP casework alongside longer term practice changes around EHCP assessment processes
- To re-shape the Educational Psychology Service to meet statutory, traded and WER demand within budget
- To review the SEND Local offer, including the coproduction work with the Future Me YP Ambassadors
- To progress the transformation of the Alternative Provision service to a unified service in appropriate accommodation for primary and secondary provision
- To provide HTST and SENTE provision in line with demand in a challenging tendering environment
- To restructure Traded services to ensure a MAT offer and services operating within revenue
- To maintain Early Years' sufficiency against national factors such as the ending of furlough and changes to national minimum wage on patterns of demand and provider capacity/sustainability.
- To manage EY sector needs arising from commissioning activity either underway or about to commence linked to Family hubs, Children and Families Centres
- Continue with Direct payments
- Continue with the Innovation project- short breaks
- Continue with delivery of the Household Support Fund
- Devise an options appraisal for a new delivery model for Gloucestershire

Early Years' Service

The aim of the EY service is to improve outcomes and reduce inequalities for all children aged 0-5 years by addressing the following priorities:

- Ensure all children have access to high quality early years' education/childcare provision.
- Have systems in place to identify and support children with additional needs/SEN as early as possible, providing a higher level of intervention for children with the most complex needs.
- Have systems, processes, and practices in place that support children to prepare for school and to develop the fundamental skills for learning.
- Support good transitions to school and supporting schools to ensure that children receive good quality teaching, learning and play experiences in their reception year enabling them to be safely included and to make good progress
- Ensure that our most vulnerable children (pre-birth to 5) have access to, and confidence in, universal and targeted provision within their communities to enable parents to be confident in supporting their child's development, and giving all children the best start in life

These priorities also help to meet the Health and Wellbeing key areas of responsive parenting, childhood poverty, school readiness and vulnerable children.

Actions to achieve the above priority aims are:

Attainment, disparities and narrowing the gap

- Commission the delivery and review the impact of a specialist SEND childcare and assessment provision.
- Pilot and extend communication and language pathway to identify and respond children at risk of or presenting with emerging language/communication delay.
- Develop and share a range of toolkits for EY practitioners to use to support communication and language development
- Continue to provide a range of training and support to the EY and childcare sector to improve quality of inclusive practice
- Implement new Tier 3 multi-agency planning group for children with complex needs
- Monitor fixed term and permanent exclusions of children aged 2-7 years to identify gaps/missed opportunities for early identification
- Identify schools with low % of children attaining GLD, identify EY feeder settings, explore locality support available (universal offer), identify gaps, and missed opportunities
- As above for children eligible for FSM
- As above for Black Caribbean children and Black Caribbean/White children
- Offer EYFS quality assurance (Moderation) to schools scoring below national average, those in the lowest scoring cohort, those with high numbers of children eligible for FSM and from BAME groups and those with the biggest FSM and ethnicity gaps
- Identify individual children with achieving below expected levels and review evidence and judgements
- Offer a range of training, support, and resources to well established PVI groups to enable them to provide effective parenting support, identification of emerging needs and signposting for targeted support
- Deliver 6 Parent/Baby/toddler PEEP groups across Gloucester city
- Identify gaps in county for parent/baby/toddler support groups
- Work with PVI sector to address gaps, and/or set up GCC led groups where needed

Sufficiency and take up:

- Develop systems and processes to monitor and assess demand and sufficiency of childcare for children with SEND

- Analyse the take up of early education/childcare entitlement for children with EHCPs now in Reception, Yr1 and Yr2
- Promote early education entitlement for Asylum seeking children
- Use data from the provider self-update portal to ensure that childcare provision across the county is accessible to and meets the cultural needs of children from all ethnic backgrounds
- Conduct specific consultation with parents from a range of ethnic backgrounds to understand if there are any barriers to accessing childcare provision and if there is consistent experience of settings understanding and responding to the cultural beliefs and needs of children from all ethnic backgrounds
- Develop an effective system to collect parental feedback regarding access to childcare and take up of funded places
- Complete a Childcare Sufficiency Assessment report annually to reflect the county position
- Liaise with the School Place planning team to identify all proposed housing developments, calculating estimated number of additional EY places needed, develop options appraisals to increase EY places where necessary
- Closely monitor the childcare market, impact of covid, identify any areas of concern and options to increase lost places as appropriate
- Develop and implement a targeted approach to increase the take up of 2-year-old funding from April 2022

Context and Strategic Direction

The strategic vision for Adult Social Care in Gloucestershire is,
... to be somewhere individuals, families and communities are able to stay well and live independently, with excellent services delivered by a skilled and valued workforce who are proud to make a difference. We will work to empower, support, build trust and protect people with a focus on prevention, early intervention, and enablement.

The legislative basis for our work is mainly covered within the Care Act 2014 and updated in the recent Health and Care Act 2022 (<https://www.legislation.gov.uk/ukpga/2022/31/contents/enacted>). Through the new Act, the Government is committed to creating a sustainable adult social care system that is fit for the future, alongside its programme of wider healthcare reform. It identifies that the Government will work with leaders in local Government, the NHS and service users and carers, to offer choice, control and independence to care users; provide an outstanding quality of care; and be fair and accessible to all who need it, when they need it.

Within Gloucestershire, the model of care which has been developed is set out below. The strategic ambition for Adult Social Care continues to be to support people to live independently. The offer will include: - choice, control, and independence to care users; provide an outstanding quality of care; and be fair and accessible to all who need it, when they need it (Gloucestershire County Council, 2022).



Extraordinary inflationary increases and Covid impact

In Gloucestershire, as elsewhere the most pressing challenge to provider sustainability is the current financial situation which is putting extreme pressure on social care ((Boccarini, Rocks, & Shembavnekar, 2022), (Lloyd, 2022)). Cost of living increases impact the prices of goods and services and as staff feel the pinch wages need to keep pace. Providers listed these worries as their greatest concerns when we met with them to undertake the cost of care exercise: -

- Current cost of living crisis is subsuming other concerns and rapidly becoming untenable.
- Fuel prices are driving staff from the home care market, and they cannot afford to drive to customers.
- Fuel prices are causing care homes excessive bills and they fear for the impact of this during the Winter.
- Recruitment is at an all-time low, wages paid in other industries continue to attract potential staff.
- Retention of staff is challenged by the numerous and increasing pressures they are experiencing.
- Staffing costs and the need to compete with other industries are having a significant impact on business models.
- Ongoing Covid related costs e.g., staff isolation is an issue.

This feedback aligns with our own assessment that the market is facing a period of unprecedented pressures.

Needs Analysis

The prevalence of needs of the different vulnerable people in Gloucestershire are captured within the documents and links listed below.

- Population projections 2018 - 2043
<https://www.gloucestershire.gov.uk/media/2099800/overview-population-projections-for-gloucestershire-2018-2043.pdf>
- Older Persons Prevalence of need 2020
https://www.gloucestershire.gov.uk/media/2099482/op_prevalance_of_need_2020_final.pdf
- Learning Disabilities and Autism Needs Analysis
<https://www.gloucestershire.gov.uk/media/2112214/your-voice-matters-report-final.pdf>
- Physical Disabilities and Sensory Impairment Needs Analysis
https://www.gloucestershire.gov.uk/media/1520650/joint_pdsi_needs_analysis_report_2016.pdf
- Mental Health and Wellbeing Needs Analysis
https://www.gloucestershire.gov.uk/media/1520644/mental_health_needs_assessment_2017-4.pdf
- Market Position Statement 2018-2019
<https://www.gloucestershire.gov.uk/business-property-and-economy/support-and-advice/gloucestershire-market-position-statements/>

The key messages from these documents: -

- The increase in the number of people aged 65 and over in Gloucestershire is predicted to be 2.2% for 2023-24. The **average yearly rise** in the number of people with dementia in Gloucestershire is predicted to be 2.7% between 2020-25 and 3% between 2025-30.
- In 2023/24 a predicted increase in people with a Learning Disability by 2% for people critical or substantial needs.
- There has been a rise in the number of people with a neurological condition/Acquired Brain Injury who require support.
- By successfully tackling health inequalities so people with disabilities and health conditions are living longer, but with more complex and specialist needs.
- The number of people in Gloucestershire diagnosed with schizophrenia, bipolar affective disorder or other psychoses has increased from 4,446 in 2012/13 to 5,177 in 2018/19, a rise of 16.4%. Following the pandemic there is an increase in some conditions such as disordered eating.
- There were 62,644 unpaid carers (10.5% of the population) in Gloucestershire in 2011, the majority of whom were aged 50 or over (64%). National studies show that 40% of unpaid carers look after a parent, 18% look after a spouse, partner, or cohabitee, and 17% look after a son or daughter.

Resources

Reflecting the needs analysis above and the additional demand this will create for Adult Social Care, the proposed MTFS increase of £24.839m and includes £5.500m for demographic growth. There is £9.148m to meet contractual inflation (including the impact of national living wage and the reversal of the 2022 national insurance changes), £3.138m for the Assurance Self Evaluation and Market Sustainability reviews being undertaken and pay inflation including back pay pressures of £3.359m. Also, as a result of recent Government announcements regarding Adult Social Care, there is an additional £2.807m of new funding from the Adult Social Care Discharge Fund (which is pooled under the Better Care Fund) to support and improve discharges from hospital and £0.887m of funding, which was previously received as an annual grant, to fund activities designed to promote independent living.

The increases are then offset by £5.072m which includes savings within the Adults Transformation Programme of £4.770. In addition, the release of a proportion of a S117 provision. This gives an overall position of a net increase of £19.767m. The savings are expected to be delivered by projects to reduce demand, increase income, and deliver cost efficiencies, as despite slippage due to the impact of Covid19 on the sector our change projects continue to deliver such benefits. However, there is concern regarding increasing instability in the sector as both changes in service demands and available workforce are reflecting the negative impact of the Pandemic, the loss of staff from Eastern Europe and the cost-of-living crisis, particularly in relation to fuel, energy and food costs.

Outcomes and Priorities for the year

Commissioning Priorities for 2023-24:

- Prepare for the implementation of Care Act reforms.
- Develop stability in the social care sector including through initiatives to develop skills and capacity in the workforce.
- Deliver transformation through: -
 - Embedding early intervention and prevention, together with strength-based working, into all aspects of our work across Adult Social Care.
 - Developing our 'Enhanced Independence Offer' to improve the impact of short-term care to ensure people regain their independence whenever possible.
 - Exploring the potential for technological solutions to support carers, reduce demand and improve the quality of care that people receive.
- Provision of place-based care delivered closer to home by a competent workforce.
- Provision of integrated support wrapped around the person when and where they

need it.

- A focus on addressing inequalities which includes ensuring services are reasonably adjusted to support and care in a personalised way.
- For example looking at health inequalities the LD & Autism Clinical Programme Group's priorities include health promotion & reducing inequalities; improving quality of services; better start in life for Children & Young People; moving people back into the community & preventing admission; improving the autism diagnosis pathway
- Use existing resources to go further, creating opportunities to work more collaboratively and creatively with partner agencies, third sector organisations and communities.
- Develop the market to enable greater choice and more flexible, sustainable models of care and support.
- Operate in a more person-led way to develop independent living options and maximise the resilience of people.
- Prepare for the implementation of the CQC assurance process for Adult Social Care.

Context and Strategic Direction

The Council strategy 'Building Back Better' provides the strategic context for our work to support local communities to recover from the pandemic. We will take a lead role in delivering the Council's commitment to listen to our local communities and developing how we work alongside neighbourhoods to develop plans that build on their strengths and meet the needs and aspirations of residents.

The pandemic highlighted the inequalities facing the most vulnerable and the cost-of-living will also bring challenges for our communities. Tackling inequalities underpins our strategic direction and we will continue to prioritise work to reduce disparities in health outcomes and ensure that all residents have the same opportunities to enjoy good health and wellbeing.

As a county, we are learning to live safely with Covid and in line with the Council's statutory responsibilities for health protection, the team will continue to work with system partners to monitor the situation and provide assurance that Gloucestershire is prepared to deal with any resurgence, alongside other infectious disease threats.

The war in Ukraine is continuing to shape lives, and over the course of the last year, the team has been working with system partners to deliver the Homes for Ukraine programme, welcoming over 1,200 Ukrainians into the county (as of October 2022). This will remain a strategic priority over the next 12 months alongside work with partners to support the health and wellbeing of other migrant and refugee communities in the county.

Our local health and care system is also changing. Our strategic direction in 23/24, will be shaped by the Council's role in the *One Gloucestershire Health and Wellbeing Partnership*, the county's new Integrated Care System (ICS). As a public health team, we will work with the local NHS, social care and the wider public, voluntary and community sector to take a joined-up approach to delivering the new ICS strategy; alongside the ongoing delivery of the strategic priorities in the county's Joint Health and Wellbeing Strategy.

Needs Analysis

Our understanding of need in the local community is set out in our Joint Strategic Needs Assessment (JSNA) which is a strategic planning tool that brings together the latest information on the health and wellbeing of people who live in Gloucestershire. It tells us that overall, health outcomes are above the national average and deaths from the major diseases like cancer, heart disease and strokes are below the national average and falling.

However, there are areas of the county where residents' outcomes fall well below national averages and where, as a result, local people are more likely to depend on the services we provide. 19,415 people (3.1% of the county's population) live in areas amongst the most deprived 10% in England. We also have an ageing population. The proportion of people in Gloucestershire aged over 65 has increased from 18.7% of the population in 2011 to 21.7% of the population in 2021.¹ The proportion of people over 65 is set to increase by over 50% from the 2018 baseline by 2043, highlighting the ongoing need for effective preventative interventions across the life course that will help people to age well.

The health of people living in Gloucestershire has not been improving over time as seen in other parts of the country. Life expectancy at 65 years of age is better in Gloucestershire compared to England overall, but it is not improving in line with the national trends, especially for females. Although less pronounced than the England average, there is a gap in life expectancy between our most and least deprived areas. In Gloucestershire (2018-2020), inequality in life expectancy at birth is 7.6 for males in the most deprived areas of the county when compared to the least deprived, and 5.8 years for females.²

Evidence suggests that some individuals may be more likely to experience poorer health outcomes than others often linked to other vulnerabilities or disadvantages in their lives. This includes people with disabilities, those from ethnic minorities, LGBTQ+ individuals or those experiencing poor mental health.

People from ethnic minorities communities for example, are more likely to live in areas of deprivation in the county and during the pandemic, Black and Asian people were between 2.5 and 3 times more likely to be admitted to hospitals in the county with COVID-19 than White people of the same age.³ In a 2021 survey carried out by Inclusion Gloucestershire on the experiences of people facing

disabling barriers, almost a fifth of respondents said they were unhappy with their access to leisure and social activities.⁴ Understanding and addressing inequalities such as these remains a priority.

When we compare Gloucestershire to other similar areas (local authorities with a similar demographic), there are some key areas that stand out as needing additional focus.^{1,5} For example, most recent data (2019/20) shows that our prevalence of childhood obesity in reception age children, although comparable to our statistical neighbours, increased in the last year of complete data. Additionally, we exceed our statistical neighbours' average for late diagnosis of HIV, and for rates of smoking at time of delivery in pregnant women. The pandemic has impacted on many people's mental health and under 75 mortality for those with a Severe Mental Illness in the county is higher than average and has been for some time.

It is vital that we maintain an up-to date picture of local need, particularly given the legacy of the pandemic for our communities and current economic challenges. Data is only part of the story, and we will continue to listen to our communities and build local insight into our commissioning decisions.

Resources

The directorate receives a c.£25 million annual Public Health grant from the Government to commission our core programme of health and wellbeing services; and deliver our mandated duties. We also receive separate funding from the Council to support the provision of Community and Accommodation Based Support and Domestic Abuse support services.

The Council is receiving additional grant funding from the Department of Levelling Up and Communities (DLUHC) (currently on an annual basis) to deliver its new statutory duties under the Domestic Abuse Act 2021. Separate to this the council also expects to receive additional government funding from the Supplemental Drug

⁴ Inclusion Gloucestershire (2021) Survey: Social & Leisure Opportunities. Participants included those facing disabling barriers, and family and friends and paid staff who support those facing disabling barriers.

¹ Gloucestershire County Council. Census 2021 The First Release – a briefing. <https://www.gloucestershire.gov.uk/media/2116831/first-release-full-briefing.pdf>

² Public Health England, Fingertips Dashboard: <https://fingertips.phe.org.uk/profile/public-health-outcomes-framework/data#page/1/gid/1000049/pat/6/ati/402/are/E10000013/iid/90362/age/1/sex/1/cat/-1/ctp/-1/yrr/3/cid/4/tbm/1>

³ Source: Gloucestershire Hospitals NHS Foundation Trust cited in Gloucestershire County Council (2020) Report of the Director of Public Health, Beyond Covid: Race, Health and Inequality in Gloucestershire.

⁴ Inclusion Gloucestershire (2021) Survey: Social & Leisure Opportunities

⁵ Public Health England, Public Health Dashboard: Gloucestershire (2020). [Healthier Lives - Area Details \(phe.org.uk\)](https://healthierlives.phe.org.uk/area-details) [Local Authority Health Profiles - Data - OHID \(phe.org.uk\)](https://healthierlives.phe.org.uk/local-authority-health-profiles)

and Alcohol Treatment and Recovery Grant to support the local implementation of the recommendations from the National Drugs Strategy 2021.

The team is currently administering funding received by the Council from the Government to support delivery of the Homes for Ukraine programme.

Our net submission to the Medium-Term Financial Settlement in 23/24 totals £834K. This includes funds required to meet the inflationary increases in contracts linked to pay increases for Agenda for Change for health-related staff and other community-based support contracts. Our funding request to meet cost pressures has been offset by savings, including savings derived from changes in the commissioning of support for self-harm, community-based contracts and a reduction in the budget due to lower activity in a few services.

Outcomes and Priorities for the year

- Deliver on our strategic commitment to support the Levelling Up priorities in the Council Strategy; including launching the 'Levelling Up Together' grants programme, allocating the 'Build Back Better' Councillor Grants, and developing our approach to how we work alongside our diverse neighbourhoods and communities to better understand and respond to their needs.
- Continue prioritising work to tackle health inequalities throughout all our workstreams, including championing a new Health Inequalities toolkit, and developing a county wide Anchor Institutions approach.
- Ensure we continue to build our understanding of local need and inequalities both in access to support and health outcomes; and use this insight to guide how we shape our services and develop our approach to working with individuals and communities.
- Work with system partners to encourage and enable individuals and communities to adopt healthier lifestyles across the life course, particularly those who face the greatest challenges.
- Continue to lead and support work to ensure that all children and young people have the best start in life, including supporting the development of Family Hubs, embedding the new community weight management service for children and young people; and continuing our work to reduce smoking in pregnancy.

- Implement the Council's statutory responsibilities for health protection assurance; and work with system partners, including the UK Health Security Agency to oversee delivery of the county's Living Safely with Covid plan; monitor Covid-19, ensure we can deal with any resurgence, and respond to threats from other infectious illnesses.
- Deliver mandated public health functions including health protection assurance, sexual health services, oral health promotion, the National Child Weighing & Measuring Programme, NHS Health Checks, Public Health Nursing Services and providing a public health "core offer" to the ICS.
- Continue to work with system partners to lead the Homes for Ukraine programme.
- Contribute to the development and delivery of the new Integrated Care Strategy for 'One Gloucestershire'- the county's new Health and Wellbeing Partnership.
- Deliver against the 7 priorities of the Joint Gloucestershire Health and Wellbeing Strategy (Physical activity, Adverse Childhood Experiences (ACEs), Mental wellbeing, social isolation and loneliness, Healthy lifestyles, Best Start in Life, and Housing)
- Continue to use our expertise in understanding population health impacts to support other teams within the Council and our system partners to embed health and wellbeing within transport and infrastructure plans and programmes on the natural and built environment; for example, contributing technical expertise to work on improving air quality.
- Work with system partners to support the health and wellbeing needs of individuals with complex needs and continue to manage commissioning through the Community and Accommodation Based Support Framework.
- Lead the Domestic Abuse Local Partnership Board and implementation of our statutory duties for Domestic Abuse.
- Work with partners to improve population mental health and wellbeing in line with the countywide Mental Health and Wellbeing Strategy; and roll out a new mental wellbeing helpline for adults.

- Work with our Provider and system partners to ensure a high-quality adult community drug and alcohol service is delivered and implement the recommendations in the National Drug Strategy.
- Continue to work with providers and partners to ensure access to high quality sexual health services in the county and promote the prevention and early diagnosis of sexually transmitted infections and HIV.

Context and Strategic Direction

Context

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

In addition to the delivery of place changing services which enable the county to grow and prepare for the future, the Directorate has a strong regulatory role which is particularly important in terms of place making and ensuring that areas are pleasant to live in and normal life can exist, services such as parking services, registration, well maintained highways and planning enforcement have a large impact on people's lives.

The total budget for 2023/24 is £217.0 million split between £92.8 million of revenue and £125.0 million of capital.

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

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

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

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

Strategic Direction

It is essential we continue to plan for a sustainable future. This means we need look forward to influencing the delivery of sustainable growth for the next 10, 20, 30 years and beyond.

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

We will also manage the delivery of improvements to the Gloucester Southwest Bypass at Llanthony Road and help to deliver the Gloucestershire Sustainable Travel Corridor having successfully attracted £40 million funding for sustainable and active travel provision through the county.

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

Maintaining and attracting new employment opportunities is key to Gloucestershire's offer and we will continue to work with partners to promote the county. Examples of this include the delivery of Cyber Central as part of the Golden Valley Development in the West of Cheltenham and work with the Integrated Care Board to attract and retain employees in the health and social care sectors.

As a Directorate we will steer the council's response to supporting the local economy and maintaining employment opportunities. We will manage this process by delivering targeted sectoral support; support for those furthest from the labour market or with challenges entering or staying in work; accelerated broadband roll out to improve connectivity and ease of trading; and the delivery of skills and qualifications needed by local employers and residents.

A key theme is to minimise unemployment as the impact of the Covid-19 pandemic, skills shortages and inflationary pressures take effect. We aim to manage increasing employment inequalities and reducing health inequalities associated with long term unemployment by ensuring all residents have access to information, advice, guidance, and support to help them access employment.

The Employment and Skills Hub will provide the 'front door' to the employment and skills 'landscape' for individuals and employers. The Hub will link into and work with external providers to coordinate different support services and training providers that best suit the individual. This could include training, employment, apprenticeships and traineeships for residents and advice and training for employers. We will also work with those sectors who are struggling to recruit staff and local providers to identify skills gaps and create training and employment

programmes leading to sustainable outcomes for employers and individuals.

We will develop and lead the implementation of an Inclusive Employment strategy to ensure people of all ages and from all backgrounds that are inactive in the labour market or at risk of long-term unemployment have equality of access to employment and training opportunities. We will also co-ordinate and implement new programmes which will support young people who are at risk of becoming Not in Education, Employment or Training (NEET) or who are already NEET. This will help prevent their long-term unemployment by developing the skills and experience they need to establish long term career goals.

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

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

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

The pace of progress on our ambitious major infrastructure projects portfolio has continued and this will ensure that the county will benefit from significant inward investment during 2023/24 intended to remove barriers to the delivery of new homes and the creation of new employment opportunities. Our Major Projects team will focus on projects across the strategic and local network which support Gloucestershire's aspirations.

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

The way people connect and use their local communities has changed following the impact of the Covid-19 pandemic and it is important that we are able to be responsive to this change, while continuing to deliver the council's priorities. As a Directorate we will need to be brave to innovate and take risks where there is a strong case for influencing behaviours where they do not support sustainable behaviours. This is especially relevant as we manage our transport network to deliver a step change on active travel provision as part of the need to reduce transport derived carbon emissions as part of commitment to be carbon 'Net Zero'

by 2030.

We will lead development of the Climate Change Strategy and delivery of the rolling action plan in partnership with Gloucestershire's district councils, NHS and Police that reduces council emissions to net zero by 2030 and helps reduce Gloucestershire's emissions to net zero by 2045. This includes supporting the implementation of the Woodland Trust and Forestry Commission funded schemes to increase tree coverage, biodiversity, and carbon sequestration within the county; and consolidate our vehicle management and maintenance across the council and assist services with replacing diesel/petrol cars and vans with electric and ultra-low emission vehicles. Help will also be provided to support the implementation of the agile workforce plan and expand carbon literacy skills training for members and staff. Through our Adult Education Service and Employment & Skills Hub we will also identify 'green'/sustainable job opportunities and career pathways and, where it fits with our capacity, we will deliver, or signpost skills and qualifications needed to progress into these job roles.

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

The planning of places is critical to successful developments and sustainable living, and we will continue to work with our partners to influence and support the production of long-term growth plans. It is not just how a development looks and feels, but how it connects and functions with its neighbouring areas when accessing education, culture, training, and employment opportunities. If this is considered early on it can have a long-term positive impact on an individual's health and wellbeing, creating vibrant and resilient communities which are less dependent upon stretched public services.

Our commissioning strategy is to:

- Build positive relationships with partners, contractors and communities to enable us to deliver a sustainable future;
- Use our network of library growth hubs, Innovation Labs, the Adult Education Service and our Employment & Skills Hub to support Gloucestershire residents and businesses to continue to contribute to the economic regeneration of the county; and
- Provide leadership to tackle the challenges of climate change, demographics, community safety, housing, employment and skills, and transport.

Needs Analysis

Gloucestershire has a prosperous and resilient economy set within a highly attractive natural environment, which offers a high standard of living for local residents. The population of Gloucestershire was estimated to be around 645,100 in 2021^[1]. Assuming current population trends continue, ONS projections suggest that the population in Gloucestershire will reach 683,849 by 2028 and 738,482 by 2043^[2]. As the population continues to grow it brings with it an increased demand for services, jobs, houses and more, and opportunities for increased productivity and investment.

The dominating feature of population projections for 2018 to 2043 is the sharp increase in population in the age group 65 or over, which is projected to increase from 134,973 in 2018 to 205,865 in 2043 (an increase of 52.5%). The working age population (aged 20-64) is projected to rise by only 6.5% over the same period. This growth is slower than the national trend for this group and means that by 2043 the working population in Gloucestershire will have fallen from 56.2% of the population to 51.4% of the population^[3].

Although Gloucestershire generally benefits from a high standard of living, this is not evenly distributed across the county, and pockets of deprivation do exist particularly in the main urban areas and in some of the market towns^[4].

A strong economy is essential if we are to realise the potential that employment has to improve the health of the local population. Gross Value Added (GVA) is a measure of the value of goods and services produced in an economy and are the main indicator used to monitor the overall economic wellbeing of an area. The total GVA of the Gloucestershire economy was approximately £18.3 billion in 2020, representing 13% of the value of output in the South West and 0.9% of the UK economy. According to latest figures, GVA per head in Gloucestershire was £28,600, which was above the South West (£24,965) and below the UK average (£29,063)^[5].

There are around 28,835^[6] businesses in the county supporting a workforce of approximately 307,000 people^[7]. The majority of the businesses in the county are small, with 85% employing less than 9 people^[8]; this reflects the picture at national level. Both manufacturing and health are significant sectors in terms of employment accounting for 10.4% and 14.0% of employment respectively^[9]. Other major sectors include education, accommodation and food services and wholesale and retail. There is a positive entrepreneurial culture in Gloucestershire, businesses starting up have very high survival rates with 90.3% of businesses born in 2019 surviving 1 year and 45.4% of business born in 2015 surviving 5 years, this compares to a national average of 88.3% and 39.6% respectively^[10].

Essential services are those necessary to ensure the full social inclusion of people in society. Gloucestershire has around 3,300 miles of roads^[11] and over a quarter of a million households. Over 40,000 households are without a car or van to enable them to access essential services^[12].

The county's natural environment is a valuable resource. The rural nature of the county is what attracts many residents to the area and facilitates access to open space improving health and wellbeing; however it can also create problems of

accessibility and isolation. This can affect all parts of the population and is a particular problem for people who rely on public transport and the elderly. Managing bus service provision and ensuring internet access is essential to keep communities joined up to local essential services.

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

There is evidence that noise pollution can lead to a range of health problems including increased stress, strokes, high blood pressure and heart attacks. The county has low levels of population exposed to road, rail and air transport noise pollution both during the day (3.4% of the population) and at night (5.9% of the population). This is broadly in line with the regional average and below the national average^[13].

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

In 2020 Gloucestershire's carbon dioxide emissions stood at 4.3 tonnes per capita, this was slightly higher than the regional total of 3.9 and in line with the national total of 4.3 tonnes per capita^[14]. Considerable work has been undertaken in recent years to reduce carbon dioxide emissions to mitigate the impact of climate change; this action has seen emissions in Gloucestershire fall from 8.0 tonnes per capita in 2005 to 4.3 tonnes in 2019.

The disposal of waste is an important environmental issue due to the pressures created by the use of transport and landfill sites, which includes the emission of methane, carbon dioxide and other greenhouse gases. Around 300,544 tonnes of household waste was produced in 2020/21 in Gloucestershire. The projected increase in population and continued economic development means this figure is likely to increase over the coming years. The Gloucestershire Energy from Waste facility at Javelin Park has significantly reduced the county's dependence on landfilling (with some 97% of household residual waste now diverted from landfill), whilst recovering value from waste in the form of electricity, recyclable metals, and aggregate. Despite excellent progress on waste recovery, waste reduction, reuse

and recycling remain the best waste management outcomes for the environment. Our countywide recycling, reuse and composting rate of 50.6% remains above the national average of 42.3%^[15], but has plateaued in recent years. Further work is needed with district council partners and with local communities to reduce waste and associated carbon dioxide emissions.

^[1] 2021 Census, ONS

^[2] 2018 based Sub National Population Projections, ONS

^[3] Ibid

^[4] Indices of Multiple Deprivation 2019, MHCLG

^[5] Regional gross value added (balanced) per head and income components, ONS

^[6] UK Business Counts – Local Units 2020, ONS

^[7] Business Register and Employment Survey, ONS

^[8] UK Business Counts 2020 – Local Units, ONS

^[9] Business Register and Employment Survey, ONS

^[10] Business Demography, ONS

^[11] LTP, 2020-2041

^[12] 2011 Census, ONS

^[13] Public Health Outcomes Framework, PHE

^[14] UK local authority and regional carbon dioxide emissions national statistics: 2005-2020, BEIS

^[15] Local Authority Collected Waste Statistics, DEFRA

Resources

Budgets

EE&I have a total revenue budget of £92.832m which is an increase from the revised MTFS base budget 22/23 of £10.037m as summarised below, the detail can be found in Annex 2.

-£ 0.656m One off budget removal and in year virements

£ 8.340m (48%) Permanent contractual inflation & extraordinary inflation 2 yrs.

£ 1.676m (10%) Pay inflation

£ 3.584m (20%) Permanent increases

£ 3.877m (22%) One off funding

£17.477m Total Cost increases

-£ 1.930m (28%) Ongoing cost reductions

-£ 4.203m (62%) One off cost reduction

-£ 651m (10%) Ongoing income target

-£ 6.784m Total cost reductions

£ 10.037m Total revenue budget increase for 23-24

The capital budget for 23/24 is £125.057m which is summarised below, the detail

can be found in Annex 8.

| | |
|------------------|--|
| £ 25.280m | 23/24 Annual capital grant settlement estimated - Annex 8c |
| £ 2.935m | 23/24 MTFS Capital bids - Annex 8b |
| £ 10.000m | Existing investment in Structure Maintenance |
| £ 42.181m | Major projects including Jct.10 at £36.4m |
| £ 21.337m | Specific Cycling projects |
| £ 23.324m | Other various existing schemes |
| £125.057m | Total Capital Programme for 23/24 |

Resource

As a Council we are facing continued difficulty in recruiting and retaining employees in professional roles within the Economy, Environment & Infrastructure Directorate at a time when there is an emphasis on the role of its functions in building the economy.

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

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

Effort is being put into expanding apprenticeships across EE&I to “grow” the experienced and senior staff of the future (not least through the Skills Academy set up as part of the Gloucestershire Highways Contracts), however this doesn’t address the increasing demand on the Directorate now or the drain of knowledgeable and experienced staff. The inability to fill posts with directly

employed staff means that the Council has to seek to engage consultants from professional firms at fee rates that exceed the cost of directly employing staff and so the costs of projects are increased. We welcome the review of apprenticeship salaries across the authority as several teams within EE&I have struggled to recruit apprentices.

Articles in the HR press have confirmed these pressures e.g. the “Report on Jobs” survey by the Recruitment and Employment Confederation (REC) and KPMG found the rate of growth of permanent starting salaries increased in September 21. More than half (57 per cent) of the 400 UK recruiters and consultancies polled noted higher pay for new permanent joiners, compared to less than 1 per cent who recorded a fall. Those involved with the survey suggest the increase in starting salaries was mostly because of the increased competition for workers and efforts by firms to attract applicants. The report cited a recent REC survey of recruiters which found that three in five (58 per cent) have over 30 per cent more vacancies than before the pandemic, and nearly all (97 per cent) said it is taking longer to fill them. In addition, another article quoted the Open University’s annual Business Barometer in conjunction with the Institute of Directors finding that 45% of organisations are having trouble recruiting for non-senior roles. Around a quarter (24%) of leaders who responded thought that finding staff with the right skills would be their biggest challenge over the next five years.

Outcomes and Priorities for the year

Highways & Infrastructure

- Continue to maintain and operate the Highway and Public Rights of Way networks effectively and efficiently and comply with statutory functions including operating an effective regime of inspection, maintenance and record keeping.
- Continue the delivery of the £100m road resurfacing pledge, moving the focus to local roads across the County.
- Continue to deal proactively with ash die back across the network.
- Explore and maximise opportunities for data-led investment in building network resilience.
- Deliver major transport projects to enable economic growth including M5 Junction 10 and the wide-ranging capital portfolio including bridge and geotechnical schemes as well as projects to support district councils across Gloucestershire.
- Deliver major active travel schemes to facilitate the use of cycling when accessing key services and employment opportunities. Continue to support and develop accessibility in the county through working with community groups.
- Continue to support apprentices and the growth of construction skills through the delivery of the Highway Skills Academy
- Continue to embrace the opportunities which new technology brings, to working methods and changing practices in response to challenges from climate change, covid19 etc.
- Support and implement the improvements from the customer improvement programme.

- Work on embedding a focus on climate change, carbon reduction and biodiversity across the highways programme.
- Strengthen governance arrangements between council and contractors to optimise collaborative working practices, improve delivery performance and increase customer satisfaction.

Planning and Economic Development

- Deliver the Multi Modal Model which is a key tool in planning for sustainable development and challenging car dominated development proposals
- Develop Mass Rapid Transit system linking primary urban areas and beyond
- Influence Strategic Road Network & Rail Investment decisions
- Progress the M5 Junction 9 project to public consultation in Summer 2023
- Continue to support National Highways in the delivery of the A417 'Missing Link' scheme
- Develop and implement a transport decarbonisation strategy for Gloucestershire
- Promote Gloucestershire's Investment Zones
- Support the review of Local Plans including the Joint Strategic Plan – taking a lead on the county's future growth agenda
- Deliver Broadband to remaining isolated properties through the Fastershire project
- Implement and review the adopted Local Transport Plan and Minerals Local Plan & embark on a review of the Waste Local Plan
- Determine all planning applications in a legally compliant and timely manner and use enforcement powers as appropriate
- Ensure that development is sustainable by protecting the county's unique natural and historic environment
- Continue to invest in flood alleviation schemes and measures throughout the county
- Take a leading role in the challenge and review of Community Infrastructure Levy policies with the districts to ensure that income from developments for the provision of strategic infrastructure and transport to mitigate against the negative impacts of development is maintained at an adequate level

Community Infrastructure -

- Continue the roll out of on-street electric vehicle charge points with Connected Kerb as part of our plans to install 1000 over the next four years
- Increase levels of walking and cycling through active travel and investment in infrastructure including, the Cheltenham to Gloucester cycle spine, Llanthony Road improvements and continuing positive links with Active Travel England.
- Continue to oversee-scooter trials in Cheltenham and Gloucester to further increase use and coverage; manage the transition to a new regulatory framework later in the year.
- Provide the client lead on the Arle Court Transport Hub, exploring potential for more multi-modal journeys and if appropriate use by long distance coach services.
- Work with bus operators to increase the stability of the network and passenger confidence within a very challenging bus passenger market and

progress the Gloucestershire Bus Service Improvement Plan in partnership with bus operators, investing in infrastructure and wider measures to increase bus use and support levelling up across the county.

- Oversee the timely review and procurement of all public transport contracts and provide safe Home to School transport for 5,800 children and commence the review of the service to deliver efficiencies.
- Continue to learn from demand responsive transport services launched for rural communities in the Forest of Dean and north Cotswolds funded from the £1.3m DfT Rural Mobility Fund.
- Upgrade traffic signals to improve pedestrian safety and signal condition
- Continue to implement parking management schemes, linking these to improving safety and decarbonisation
- Provide highways and transport advice on planning applications to secure sustainable development and mitigation to support growth and development
- Support the delivery of developer's highways and transport infrastructure in a timely fashion to support growth and development
- Continue to use the legislation to effectively manage utilities across the network and ensure their accountability to communities.
- Proactively manage applications for Definitive Map Modification Orders to support access to the countryside and use of the public footpath network
- Reduce level of killed and seriously injured casualties across the county through the development of a delivery plan associated with the recently adopted Road Safety Policy.

Library and Registration Service

- Deliver the new 5-year library strategy 2023-2028.
- Assist with the growth of businesses and individuals to support economic recovery through the delivery of the Intellectual Property service, promotion and marketing of The Growth Hub @ The Library and embedding the innovation labs.
- Expand digital and virtual services and activities available through Libraries and the Innovation Labs.
- Expand the strong network between education/businesses and communities to enable increased digital growth through the extended network of new library innovation labs.
- Support the County Council's Climate Change Strategy through provision of information and activities in local communities.
- Launch and embed the new Stroud library within the Five Valleys Shopping Centre.
- Work with University of Gloucestershire on the relocation of Gloucester library to the new City Campus building.
- Advocate for public libraries role in the regeneration of high streets and explore further relocation opportunities that will enable easier access to library services.
- Deliver the Immersive Reality centre in Oakley to encourage digital and creative engagement.
- Deliver Arts Council England's vision as one of their National Portfolio Organization's.
- Contribute to Gloucestershire's diverse population by delivering the county's

Citizenship Ceremonies.

- Support the county's residents to access local registration services by reviewing office locations ensuring they are easily accessible.
- Develop digital Registration Services brought about because of the Data Protection & Information Bill.
- Develop how wedding ceremonies will be delivered considering the outcomes of the Law Commission Review.

Environment & Waste

- Manage and deliver waste treatment contracts to ensure that waste is managed in line with the waste hierarchy – reduced, reused, recycled or recovered. Key contracts include:
 - Household Recycling Centre management;
 - Green waste composting;
 - Anaerobic Digestion of food waste; and
 - Energy from Waste.
- Manage the electricity off-take contract for the sale of energy generated through the Javelin Park Energy from Waste facility
- Manage the materials off-take contracts (materials reuse, recycling and recovery) for the Household Recycling Centres
- Chair the Gloucestershire Resources and Waste Partnership with district councils, working in partnership to deliver:
 - A new Resources and Waste Strategy for Gloucestershire; and
 - A shared communications plan for the promotion of waste prevention and recycling messages across the county
- Support Climate Leadership Gloucestershire in developing a coordinated countywide response to the climate and ecological emergencies in partnership with Gloucestershire's district councils, NHS and Police.
- Lead the development of the Council's Climate Change Strategy and manage delivery of the rolling annual action plan
- Support the work of the Gloucestershire Local Nature Partnership in developing nature-based solutions to climate change and promoting nature recovery, with particular focus on delivery of the Gloucestershire Tree Strategy through our commitment to plant 1 million trees in Gloucestershire by 2030.
- Develop and implement the "Greener Gloucestershire" annual community engagement strategy promoting community action and behaviour change to reduce climate change and protect the natural environment
- Develop plans to decarbonise council buildings and work with our providers to reduce emissions associated with council services
- Coordinate delivery of the Gloucestershire Air Quality Strategy, working with public health colleagues, district councils and other stakeholders to improve local air quality
- Continued management and investment in County Council Gypsy & Traveller sites to improve living standards and environmental sustainability
- Continued provision of Gypsy & Traveller liaison to support the well-being of both travelling and settled communities across the county

Adult Education

- Widen participation in learning by helping adults to overcome the barriers that prevent them from successfully taking part in learning – whether the learning is for personal development, family support or in connection with employment
- Help residents cope with their cost-of-living challenges through the development and delivery of courses (e.g. cooking on a budget, budgeting skills, DIY skills to reduce bills) and the signposting to appropriate support (e.g. debt advice, financial planning advice, recycling and repair services, etc.)
- Manage and deliver the Gloucestershire Multiply, numeracy programme through a combination of direct delivery and working with partner organisations. Create a numeracy champion programme to support employers to promote numeracy and career progression within their specific organisation.
- Help refugees and other residents in need of English language skills through the expansion of and countywide delivery of English for Speakers of Other Languages (ESOL) courses
- Provide high quality training and support for employers in the county that helps meet their business objectives. Work with local employers to create new apprenticeships.
- Ensure that learning opportunities and the accompanying support for learners fit with local, regional and national priorities and are of high quality
- Support the priorities identified in the Gloucestershire Skills Strategy 2022-27 and in the emerging Local Skills Improvement Plan including support for the improvement of digital and 'green'/sustainable skills and in specific sectors that are experiencing skills gaps, shortages, and recruitment challenges e.g. health and social care.
- Develop a comprehensive offer of online Continuing Professional Development (CPD) courses to enhance the basic Adult Education offer across GCC as well as externally for employers.
- Deliver an efficient and effective service which maximises the resources available to pay for adult learning in the county and secures external funding for this where possible.

Employment and Skills Hub

- Provide support for people whose disability or health condition affects their ability to gain or sustain employment and for whom existing support (e.g. through DWP-funded programmes) is insufficient to meet their needs
- Ensure all residents, regardless of their employment status, can access employability and skills information, advice, guidance and support
- Co-ordinate and deliver support to economically inactive residents through VCSE partner organisations (the Employment & Skills Hub Outreach Project). Use this project and learning from it to develop an evidence base and a programme funded by UKSPF to support those furthest from the labour market into employment, education, or training.
- Work with employers to create more inclusive workplaces and open up opportunities for those with barriers to employment. Help these employers to

improve their recruitment practices and fill vacancies.

- Improve accessibility for young people to take part in work experience opportunities with local employers
- In partnership with Education colleagues, create sustainable pathways for young people who are disadvantaged in the labour market including those who are care experienced and/or NEET
- Utilise funding from the Integrated Care System (ICS) to develop initiatives addressing health inequalities for people at risk of long-term economic activity and working across ICS business areas to identify opportunities for employment and work placements for young people who have barriers to entering the labour market
- Deliver an efficient and effective service for all residents to access employment and skills support, ensuring value for money and the effective use of resources available including securing external funding, when available

Employment and Skills Co-Ordination

- To help co-ordinate and inform the planning and delivery of national, regional, and local employment and skills initiatives in Gloucestershire
- Inform and influence the key employment and skills funds and delivery strategies in Gloucestershire to ensure spend based on need and local priorities: Adult Education Budget; Careers & Enterprise Company; UK Shared Prosperity Fund; Strategic Development Fund; Local Skills Improvement Plan; Integrated Care Board; DWP programmes; National Careers Service, etc.
- Support the 'Transition to work' workstream of Gloucestershire Children and Young People's Wellbeing Coalition
- Seek and secure sustainable options for the Gloucestershire Careers Hub

Context and Strategic Direction

Gloucestershire Fire and Rescue Service

The strategic direction of the Service is determined by the Community Risk Management Plan (CRMP) 2022-26. This is a statutory document outlining how we will match our resources to risks within the county through key objectives:

People and Social Responsibility

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

Workforce 'Fit for the future'

Develop and shape our Workforce to be 'fit for the future,' strengthening health and wellbeing and ensuring that our people are equipped with the knowledge, skills and experience to continue building a safe, effective and resilient service to the people of Gloucestershire

Prevention

Deliver tailored prevention activities that effectively and efficiently improve the safety, health and wellbeing of the diverse people who live, work in or visit Gloucestershire.

Protection

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

Response Arrangements

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

Response Standards

Implement National Operational Guidance and approved National Fire Standards to assure and support operational competence, learning and preparedness.

Collaboration

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

Asset Management

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

Digital, Data and Technology

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

His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) reported Areas for Improvement across the Service which are being managed through its Portfolio Management Office (PMO). These are a broad spectrum of improvements across the three pillars of effectiveness, efficiency and people. The PMO assists to oversee and manage change across the Service, ensuring that projects are adequately resourced, delivered on time and in scope.

There has been an increased focus on the two causes of concern identified by HMICFRS during their inspection in November 2021. This stated that the Service: -

- Hasn't done enough since the last inspection to embed its values and associated behaviours, and promote a positive workplace culture
- Hasn't done enough since the last inspection to improve understanding of the importance of equality, diversity and inclusion (EDI) and remove barriers to establishing EDI in the service.

To assist to support and monitor progress the GFRS Improvement Board has been established to gain support of the wider County Council. The Improvement board acts as a critical friend as the Service continues its improvement journey to:

- Maintain oversight to ensure that all the required improvements and quality assurances associated with the improvement journey by the Management Team are achieved in a timely manner;
- Add scrutiny and rigour towards achieving the required outcomes;
- Support the Management Team by removing barriers where progress is hampered by elements outside of its control;
- Review the evidence, by way of Status (Ratification) Reports which demonstrates that improvements are embedded within the organisation by the implementation of robust systems, processes, policies and procedures.

The Service is also ensuring the safety and wellbeing of its staff and the communities by embedding the Fire Professional Standards. These are overseen by the Fire Standards Board that has been set up to administer the identification, organisation, development and maintenance of professional Standards for Fire and Rescue Services in England. There are currently 12 Fire Professional Standards that cover subjects such as emergency response driving, fire investigation and emergency preparedness and resilience.

Trading Standards Service

Trading Standards continues to support consumers and businesses across Gloucestershire in line with Council ambitions for sustainable growth and levelling up communities. The work of the Service supports a vibrant County. Economic growth is supported by tackling businesses who gain competitive advantage through non-compliance and by supporting legitimate business. This is especially important as local businesses struggle to recover from the pandemic.

Strategic priorities are:

- Animal welfare and disease control: supporting the rural economy and working with farmers to mitigate disease risk. Emergency response to disease threats such as Avian Influenza.
- Food safety and standards: ensuring quality and composition of food with specific focus on allergen information.
- Product safety: supporting the work of Public Health addressing health and wealth inequality across the County by tackling sale of illegal tobacco and disposable e-cigarettes as well as access to age related products by young people.
- Tackling rogue traders and tackling scams: supporting vulnerable consumers and those who are victims of organised and targeted fraudulent activity. Leading on establishment of Multi Agency approach to tackling scam activity.

Priorities are determined on risk-based analysis of intelligence, consideration of emerging issues, statutory responsibilities and local influences.

Civil Protection Team

As a Category 1 responder under the Civil Contingencies Act 2004, Gloucestershire County Council has a statutory responsibility to comply with the assigned duties of the Act. The Civil Protection Team continue to support the County Council (and some District Councils via SLA's) to be compliant with the statutory duties.

As we transitioned to 'living with Covid,' the Civil Protection Team have supported a number of work streams including:

- Facilitated a number of GCC structured debrief sessions to reflect on response and capture learning.

- Supported all the GCC response teams (awareness sessions & exercises).
- Produced – Silver & Gold Group toolkit, GCC emergency management training strategy, awareness session for Members.
- Continue to support GCC with the implementation of business continuity management.
- Continue to provide 24/7 duty officer to coordinate / support response to incidents in the County.
- Supported emergency management arrangements for the Royal International Air Tattoo (RIAT).
- Supported GCCs response to the passing of Her Majesty the Queen.

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

Coroners Service

The Coroner service continues to fulfil its core objectives: taking and processing death referrals, conducting post mortem examinations and preparing cases for inquest whilst dealing with the backlog of cases that was created during the Covid 19 pandemic. Although overall numbers to the service remain constant, complexity of cases continues to escalate and this is leading to staff becoming stretched. The past year has shown that pinch points in the service are becoming stark, particularly with regards to Coroner cover and the general costs associated with provision of the service.

Needs Analysis

Fire and Rescue Service

GFRS identifies risks via Community Risk Profiles (CRP) which analyse previous incidents, fire safety audits and safe and well visits and future risks that could lead to emergency incidents in the future.

The CRP's inform our decision making regarding the most suitable prevention, protection and emergency response arrangements to manage risk to an acceptable level. The risks we consider include: -

- Fatalities, reflecting the number of people killed at an incident.
- Casualties, covering those requiring medical intervention resulting from an incident and mental health casualty.

- Evacuation and shelter from hazardous events.
- Behaviour, public perception and anxiety.
- Economic, to include property damage, heritage loss and business disruption.
- Disruption to essential services including transport, utilities, finance, communications and other Emergency Services.
- Environmental, including all types of pollution to the environment

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

Over the last 10 years, population growth has been concentrated in the urban areas although there is now a growing tendency towards residential development in more rural locations. It is for this reason that there is an objective concerning our response arrangements within our CRMP to review our existing arrangements to ensure that we have the required number of resources, with the right people and equipment, at the right time, in the right location. To achieve this an independent modelling company has been commissioned to model our future response arrangements based on historical data and what we know the future is likely to bring in terms of risk.

The Fire Sector has seen dramatic change in the function and services it provides over the last 40 years. The incident types that Firefighters attend in 2021 are very different to those in the 1980's and much more broad ranging. The specialist functions our On-call Firefighters support, both locally and nationally, have increased with a need for further training in areas such as co- responding, terrorism, rope rescue, water rescue and hazardous materials. Changes in roles can be linked to our governance through the Fire Services Act 2004 and the Civil Contingencies Act 2004, which set our statutory duties. A number of changes have also been made through the ongoing Government drive for the Fire Service reform agenda. Our On-call Firefighters regularly support other partners and healthcare professionals in the delivery of their functions.

In order to provide the level of service determined by our CRMP and HMICFRS, GFRS needs to increase available resource supporting frontline services. This will allow the Service to improve overall and embed the new and emerging Fire Professional Standards

Trading Standards Service

Demand needs and drivers:

- Each year there are around 9,000 contacts on the service from local consumer and businesses across with concerns or requests for assistance

across all areas of responsibility.

- Statutory responsibilities to be delivered on behalf of the County Council
- National requirements, especially in relation to food and animal feed
- National requirement to focus on new legislation supported by fixed term 'new burdens funding'

Concerns:

- Age profile of service requires implementation of effective succession planning to develop qualified and competent professionals

Of specific relevance this year is a requirement by the Food Standards Agency to deliver mandatory food standards interventions to approximately 1500 high and medium risk food businesses and the concerns over ability of the service to resource that work.

The work delivered by the service has a neutral impact on any particular group although it is recognised there is little understanding of how members of protected groups contact the Service. Mapping work is planned to help understand this.

Civil Protection Team

Historical data shows that when and where incidents happen cannot be predicted but we do know that in the county we usually have a number of flooding incidents over the winter months and water outages throughout the year. In addition, we are as a country, experiencing more severe weather events (i.e.: Storms & Heatwaves) which are predicted to increase.

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

Coroner's Service

History shows that death profiling in Gloucestershire remains reasonably consistent year-on-year and the service has no intelligence that suggests this is going to change in the short to medium term. The Senior Coroner intends reviewing her staffing structure to identify alternative ways of working to ensure staff are able to cover workloads without becoming too stretched. The mortuary team remains fully staffed and appropriate for the needs of the business.

Resources

Revenue Funding

The Community Safety Directorate net revenue budget requirement for 2023/24 totals £23.326m and is split as follows:

- Fire and Rescue Service £20.667m
- Coroner's Service £1.423m
- Trading Standards £995k
- Civil Protection Team £241k

The Civil Protection Team gross expenditure budget totals £339k with £97k income funding for Officers coming from Service Level Agreements with District Councils and the Gloucestershire Prevent Partnership Board.

This directorate budget requirement is a net growth of £3.191m on the previous year, including a small £8k increase in fees and charges income. £1.448m relates to pay inflation across all four services.

£1.547m of budget growth is within the Fire and Rescue Service. This will ensure there is sufficient resourcing to deliver the CRMP objectives and improvements required by HMICRFS.

£163k investment in the Coroner's Service will provide staffing resilience for the Coroner and help to alleviate the increased costs of post mortem fees.

£41k additional funding for Trading Standards is to assist with succession planning and the required Food Standards Agency interventions.

Capital Funding

Fire and Rescue

The CRMP highlights the importance of asset management and investment in facilities, vehicles and equipment enabling us to deliver a professional service to our communities. In support of this, new capital schemes, totalling £785k, include:

- Stroud Community Fire & Rescue Station access £416k
- Provision of treadmills for fitness testing £86k
- Fleet charging system £155k
- Equipment to support alignment with the National Operational Guidance programme £128k

Outcomes and Priorities for the year

Fire and Rescue Service

Our commissioning intentions for 2023/24 are to:

- Deliver of the Gloucestershire Fire and Rescue Service Community Risk Management Plan (CRMP) 2022 – 2025 to reduce the risk of fire and other emergencies within the county.
- Respond to the outcomes of the HM Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) report.
- Ensure the safety and wellbeing of our staff and the communities we serve by embedding the Fire Professional Standards

Specific planned activities for 2023/24 include:

- Implementation of the Cultural Change Plan (*including specific training for managers and staff on equalities, inclusion and diversity; tackling the issues of concern in the HMIC report*).
- Implementation of National Operational Guidance
- Development of a Collaboration Framework
- Fire safety risk review
- Delivery of the Emergency Service Network Programme
- Procurement and roll-out of specialist PPE

Trading Standards Service

Specific planned activities for 2023/24 include:

- Delivery of official food controls in line with mandatory and statutory responsibilities.
- Deliver against strategic priorities, supporting consumers and business
- Planning for business support following changes as EU retained law is revoked or amended for introduction as UK domestic legislation.
- Staff development and succession planning.
- Map source of demand on service to better understand who accesses it and to inform service delivery to avoid bias.
- Develop partnership working

Civil Protection Team

Specific planned activities for 2023/24 include:

- Reviewing the current service delivery model for the team so that GCC is the core focus (review of SLA agreements)
- Continuing to support GCC with business continuity and emergency management planning
- Continuing to provide 24/7 duty officer and respond to incidents as required

- Working with LRF to agree plans are allocated across members proportionately
- Workforce planning – explore apprenticeships in Civil Protection

Coroner's Service

Specific planned activities for 2023/24 include:

- Recruitment of a part time Area Coroner
- Continued review of pathology provision as this remains the greatest risk to service delivery
- Senior Coroner review of staffing structure/provision

Context and Strategic Direction

The role and purpose of Corporate Resources is predominantly to support the smooth running of the Council as a whole. This is achieved by ensuring robust strategic planning, financial and risk management, supporting effective governance for Councillor and Officer decision making, managing the Council's property and ICT assets enabling services to work together efficiently and effectively, whilst providing effective internal and external communications.

This is accomplished within an increasingly challenging context, but one that also presents opportunities for the Council to play the lead role in shaping Gloucestershire's future, attracting inward investment for land, property and growth and working in partnership to improve outcomes for local communities, particularly those who are most vulnerable.

We continue to see increasing demand for our most critical services. The number of children and families in contact with Children and Family Services continues to grow, although growth in the number of Children in Care is showing signs of steadying. Conversely, there is an unprecedented rise in the number of children requiring Education Health and Care Plans (EHCPs), placing extreme pressure on those services.

This, in turn, places indirect demands on Corporate Resources services in the form of increased activity in the courts requiring legal advice and advocacy, support for the procurement and provision of sufficient children's placements, increasing numbers of information requests and complaints where services have struggled to meet these growing demands, as well as financial management assisting with the modelling and financial tracking of the spend.

In Adult Social Care, the full impact of legislative changes arising from the implementation of the 'social care cap' is yet to be seen and understood. There is currently some uncertainty as to whether Government will implement its plans in full. The reforms will impact every aspect of Adult Social Care, ranging from the sustainability of the local care market, that will be underpinned by a market strategy and pricing plan designed to support the development of appropriate care services at sustainable prices, through to the introduction of a care account and associated cap on the financial contributions made by individuals, and changes to the thresholds at which individuals will be required to make financial contributions.

These reforms will change the way in which Adult Social Care is delivered, the costs to the taxpayer, and anyone assessed to need care and support. The implementation of the reforms will require a significant investment of resources, human, ICT and financial. Following their implementation, they will materially change the associated business processes and ways of working for many teams, including Finance and ICT, and will have a major impact upon the future financial planning and budget management relating to Adult Social Care. In addition, the establishment of the Integrated Care System within Gloucestershire requires ever closer working partnerships with local NHS organisations and colleagues, which

continue to require additional investment of human resources and the management of joint funding arrangements. Nevertheless, the number of working age adults and older people needing care support continues to grow, and their needs continue to become increasingly complex. Corporate Resources has an important role to play in helping those services prepare for, and adapt to, those changes, through providing data, insight and analysis to understand the potential impact and cost of those reforms, by helping to reshape care markets and provision to help more people stay independent in their own homes, all whilst making sure that residential care provision is better able to support those individuals with the most complex health and care needs.

As the country adapts to living with Covid, our Public Health team must balance managing the ongoing effects of the pandemic, resuming 'day job' priorities and working with voluntary and community groups to rebuild their resilience through assisting them in responding to growing levels of need and financial hardship, particularly in our most vulnerable communities. Corporate Resources continues to provide support in communicating messages to those communities and the wider public, by supporting and advising on the development, administration and governance of grant schemes and managing the remainder of the additional funding that was provided to support Covid recovery whilst removing the long-term reliance on that funding.

Within Environment, Economy and Infrastructure, Corporate Resources work with colleagues on a range of ambitious and challenging infrastructure projects that are designed to stimulate and support the County's economic growth – all requiring significant input and expertise from asset management, legal, finance, procurement and communications teams.

In addition, there are cross-cutting challenges affecting all areas of Council business:

- The effect of inflation and the pressure on public sector spending will mean that all parts of the Council will need to make difficult choices around resources. Many intended improvements to services will have to be reviewed, prioritised, scaled back and delayed in the face of a financial climate that appears increasingly tough.
- The Council (like many other public bodies) is facing ongoing challenges in recruitment and retention of staff, particularly in areas that compete directly with private sector employers. As a result, our HR and recruitment teams are exploring fresh and innovative ways to attract and retain good quality staff and develop career pathways that enable the growth of our own talent.

ICT remains on a journey of rapid transformation. Having taken great strides forward in stabilising our ICT environment and protecting our data against the ever-present risk of cyber-attack, the Council is in the early stages of implementing M365 – a suite of tools which will transform the way that teams work and collaborate with colleagues and the wider public sector.

Corporate Resources are also supporting significant improvement work across other Council services:

- Having been re-inspected in 2022, Children's Services are no longer in

intervention. However, continual improvement is required to ensure services are able to provide necessary and consistent support for our children, young people and families.

- With the introduction of an external inspection process within Adult Social Care, an evidence-based approach is required to ensure expectations are achieved and maintained.
- A significant programme of improvement across our Fire and Rescue Service is underway where the need to address a number of cultural challenges, particularly in the area of Equality, Inclusion and Diversity is required.

Needs Analysis

The key trends affecting need and demand for Council Services increasingly impact the support services require from Corporate Resources. The key trends are identified as:

Growing numbers of vulnerable children needing the Council's support

Impacts for Corporate Resource teams include:

- Assisting to attract, train and retain social workers
- Supporting the procurement of packages of care and helping the Council to secure the placements needed at an affordable price
- Providing data and analysis to predict and model demand and support performance improvement
- Supporting an increasing number of children going through legal proceedings and pre-proceedings
- Increased demand on complaints and request management processes
- Predicting the need for school places, in particular, children with Special Educational and Mental Health needs, and working with partners to provide an adequate supply, including a number of significant school building projects in the pipeline

An ageing population with increasingly complex care needs

This means a bigger role for Corporate Resources support services in:

- Predicting and modelling the impact of population growth on demand for local services and infrastructure
- Assisting to secure sufficient funding to meet the future needs of the population
- Reshaping the provider markets for both domiciliary and residential care and supporting the sustainability of those markets whilst, at the same time, ensuring that the Council can secure care at an affordable price
- Making better use of data to improve population health and target preventative services

Housing and economic growth

- A growing population means that the County will need to provide adequate housing. While that is a role for district councils, the County Council has an important role to play in ensuring that growth is delivered in a way that is sustainable, low-carbon and is supported by the necessary jobs and

infrastructure

- Supporting major strategic infrastructure projects, including major capacity improvements to junctions 9 and 10 of the M5
- The Council is a key partner in a number of significant schemes and infrastructure projects, as well as playing a lead, co-ordinating role in the development of proposals across Gloucestershire

Tackling inequalities

- The pandemic has increased and exacerbated existing inequalities between communities where outcomes are good, and those where they are not. The cost-of-living crisis and in particular, the rising cost of fuel is further amplifying those inequalities and placing an increasing number of families in financial hardship
- Support services will be involved in efforts to 'level up' those communities where inequalities are greatest, using Council resources and expertise to access national funding and broker solutions between partners that improve local quality of life

Resources

Corporate Resources 2023/24 net revenue budget is £44.488 million which is a net increase of £6.807 million.

- Investment of £7.694 million in:
 - £2.620 million of pay inflation
 - £2.529 million of prices inflation
 - £1.258 million staffing & recruitment
 - £937k in IT upgrades and security posture improvements
 - £350k 3rd Party Fees
- Savings of £887k from:
 - £530k Efficiencies from digitalisation / automation across all areas
 - £247k Income generation from Quayside phase 2
 - £110k Income generation - 3% increase to all income budgets

Technical and Countywide 2023/24 net revenue budget is £29.188 million which is a net decrease of £5.312 million.

- Investment of £1.512 million in:
 - £902k of Pay Contingency to allow for 4.5%
 - £456k to fund the Capital Programme
 - £154k of pay inflation
- Savings of £6.824 million from:
 - £3.900 million Increase in interest credits
 - £1.800 million Reduction in Surplus T&C Budget
 - £1.124 million Reversal of NI increase

Outcomes and Priorities for the year

Customer experience (Council Strategy priority): Corporate Resources endeavour to ensure it is as easy as possible for all customers to contact the Council, with staff continually resolving requests and questions quickly, fairly and efficiently. The current focus on introducing consistent customer service standards, reviewing training resources, improvements to the website and building on relationships with external partners will assist to implement an approach that provides customers with a consistent experience and enables improved response tracking.

ICT and cyber security: To build on progress over the last year, Corporate Resources will:

- Complete the roll-out of the Microsoft 365 suite and continue to exploit use of the tools to both improve services for citizens and increase efficiencies
- Continue to develop the digital skills of our workforce
- Continue to improve our security with increased focus on achieving Cyber Essentials Plus
- Increase our use of software as a service and reduce our reliance upon on-premise data centres
- Having made substantial progress with stabilising the Council's own ICT infrastructure, turn our attention to developing a wider, more outward facing digital strategy

Equalities, diversity and inclusion: Having undertaken a self-assessment using the Equalities Framework for Local Government, we recognise the need to consistently embed equalities into the way the Council plans and progress services and works with local people and communities. Our priorities in this area for the coming year will be to:

- Ensure that all services are collecting equalities data in a consistent and coherent way, enabling an improved understanding of the impact of those services on different and diverse communities
- Improve the quality and timeliness of Equality Impact Assessments in order that the Council has a deep understanding of how its decisions will affect those with protected characteristics
- Ensure that managers across the Council undertake the new programme of learning and development to improve their ability to develop inclusive teams and services, as well as understand their personal impact on colleagues
- Take positive steps to attract candidates from under-represented groups and to encourage the successful promotion of colleagues from ethnic minorities and those with disabilities
- Proactively support our employee networks to increase employee engagement and shape workforce priorities

Strategic procurement transformation: We are transforming our approach to Procurement to make it more dynamic, more streamlined and easier for commissioners to secure best value in procuring the services the Council needs. We will take a more risk-aware approach, using the commissioning pipeline with colleagues in each Directorate to identify the opportunity to make savings and

secure better outcomes; we will make more use of pre-existing frameworks wherever these can meet the needs of the Council in order to save time and money; we will launch and disseminate an online toolkit that will help commissioners to self-serve for lower value/lower risk contracts, planning further ahead to secure the best deals for our service users; and we will continue to embed social value within all major contracts to secure added value for local communities. We will work with our suppliers to understand market risk and analyse our supplier base to ensure we rationalise our relationships and spend in a way that benefits the supply base and the Council. We will work closely with strategic partners to drive value through existing arrangements.

Legal services transformation: The reduction in reliance on locums, external legal advice and other local authorities will continue through our 'grow our own' strategy. This is a long-term strategy that is showing early signs of success, with the first cohort of legal assistants due to progress into lawyer roles during the year. Alongside this, a review of contracting arrangements will be undertaken to ensure best value is secured for the Council, only using external legal advice where necessary to manage risk or secure specialist advice. The implementation of a new case management system will be completed and used to improve and automate processes across the team.

Workforce - recruitment and retention: Commitments for the next year include:

- Use of the Council's employer brand to build a profile and reputation that is proven to attract and influence candidates. A consistent, positive message, supported by personal stories, will be portrayed highlighting the benefits of working within the Council. The newly modernised recruitment website will align with the branding, along with an increased profile in the recruitment market and across social media
- A clear statement of the benefits of working for the Council to promote the overall package will be provided, and include agile working and career development, whilst clearly placing public service at the heart of the organisation
- To encourage higher staff retention rates, there will be an increased focus on developing the workforce, including growing our own professionals and use of apprenticeships at all levels for career development. A wider package of upskilling/reskilling training will be offered to further support employee engagement and retention

Agile working: The vision of Corporate Resources is for the Council to become an organisation that empowers and enables its staff to work where, when, and how they choose, whilst continuing to meet business needs and promoting a healthy work / life balance. The tools, technology, and support enabling our staff to work in a more flexible way, travel less and collaborate more easily with others have/are being provided and, in many cases, this has realised a better work/life balance. This will continue to be an area of focus and activity as the use of this new flexibility to reimagine how we deliver our services to better meet customer needs continues.

Maximising use of our estate: Corporate Resources continue to work closely with 'One Gloucestershire Estate' partners as part of the 'One Public Estate

Programme' in identifying opportunities to optimise the use of the public estate. Co-location, shared resources, joint development schemes and shared opportunities for renewable energy projects and carbon saving schemes are all currently underway or in development.

Progressive management of the rural estate continues to enable the promotion of land for development as part of the strategic planning process to provide much needed housing and associated infrastructure in Gloucestershire. The retention and equipping of the remainder of the rural estate will continue to contribute to local food security and the support of rural communities.

Area based property planning will ensure that all localities have suitable property and infrastructure in place to support the delivery of services and back-office support. Property will be remodelled to suit new hybrid ways of working and enable staff to work in a more productive and sustainable way.

Business intelligence: Power BI dashboards have been deployed to the Council's two biggest service areas, Children and Families and Adult Social Care. Development will now focus on Gloucestershire Fire and Rescue Service, where datasets will be brought together into the business analytics platform with a view to developing a range of dashboards supporting service oversight and improvement. Within the more financially challenging context, a review of priorities for further deployment of Power BI will be undertaken, with increasing likelihood for the need to rely on existing software and processes for Corporate Performance management. However, the intended move of the Joint Strategic Needs Assessment into the new platform will automate some of the processes involved in its production and improve the extent to which public health and other colleagues can self-serve and use the toolset to interrogate and drill down into data.

Whereas developments to date have relied heavily on our external data partners, this strategy will see a more hybrid approach with GCC analysts working with and alongside external partners to develop business intelligence products and dashboards. Partnerships will increasingly move towards providing strategic advice, thus developing our own internal capacity and capability, leading to increased self-sufficiency.

Enterprise Resource Planning (ERP) implementation: The Council has commenced a programme of work that will introduce fundamental change to the way in which it records and manages some business-critical functions and tasks, specifically impacting Human Resources, Payroll, Procurement, Contract Management, Financial Management, Debt Management, Accounts Payable and Accounts Receivable. This coordinated programme of development and improvement involves the implementation of new and updated IT systems, including a replacement of the existing SAP ERP system, and will also involve review and improvement of business processes, requiring effective change management.

The programme is anticipated to take approximately 18 months to complete, which commenced October 2022 and running throughout 2023/24. The programme team assembled to deliver these changes has been designed to retain knowledge and

experience within the Council, ensuring that future opportunities for further development and improvement offered via the new ERP system (SAP S/4 Hanna with RISE) can be capitalised upon more readily. The ERP system is hosted in the Cloud, enabling enhanced access for maintenance and upgrades.

There will be a direct impact upon a number of teams within the Corporate Resources directorate, including HR, Procurement, the Business Service Centre (BSC), Finance and IT, whilst ultimately teams will be impacted as a consequence of the council wide use of the ERP system and its functions.

Business continuity will be at the heart of the programme, recognising the business-critical nature of its implementation, whether for statutory reporting, record management, information security, financial control and performance management reporting to Members and the public.

Annex 2 – Budget Movements by Service Area

Medium Term Financial Strategy – 2023/24 Budget – Overall Summary

| Budget Area | Approved 2022/23 Budget | Removal of 2022/23 One Off Budget Adjustments | Agreed Budget Transfers between Service Areas | Revised MTFS 2022/23 Base Budget | Pay Inflation Costs | Cost Increases | Cost Reductions | Proposed 2023/24 Budget | Cash Increase / Decrease | Percentage Increase / Decrease |
|--|-------------------------------|--|---|---|------------------------|-------------------|--------------------|-------------------------------|--------------------------------|--------------------------------------|
| | £'000 | £000 | £000 | £'000 | £000 | £000 | £000 | £'000 | £000 | % |
| Programme Budget Areas | | | | | | | | | | |
| Adults | 165,007 | -578 | -345 | 164,084 | 3,359 | 21,480 | -5,072 | 183,851 | 18,844 | 11.42% |
| Vulnerable Children | 116,000 | -1,866 | 2,189 | 116,323 | 3,769 | 11,088 | -1,074 | 130,106 | 14,106 | 12.16% |
| Other Children Services | 23,703 | -976 | -2,931 | 19,796 | 1,041 | 6,256 | -205 | 26,888 | 3,185 | 13.44% |
| Economy, Environment and Infrastructure | 82,795 | -1,454 | 798 | 82,139 | 1,676 | 15,801 | -6,784 | 92,832 | 10,037 | 12.12% |
| Community Safety | 22,091 | -810 | -1,146 | 20,135 | 1,448 | 1,751 | -8 | 23,326 | 1,235 | 5.59% |
| Prevention & Wellbeing | 35,651 | 0 | -31 | 35,620 | 187 | 894 | -247 | 36,454 | 803 | 2.25% |
| Corporate Resources | 39,490 | -1,868 | 59 | 37,681 | 2,620 | 5,074 | -887 | 44,488 | *4,998 | 12.66% |
| Technical & Countywide | 36,593 | -3,500 | 1,407 | 34,500 | 1,056 | 456 | -6,824 | 29,188 | -7,405 | -20.24% |
| Total Budget | 521,330 | -11,052 | - | 510,278 | 15,156 | 62,800 | -21,101 | 567,133 | 45,803 | 8.79% |

**The growth figure for Corporate Resources is higher than previous years due to the impact of increased utility fees and fuel inflation. This accounts for £2.331m of the net increase of £4.998m*

2023/24 Adults Budget including the National Adult Social Care Levy

| | Cost Increases £000 | Cost Reductions £000 | £000 |
|---|---------------------------|----------------------------|----------------|
| Approved MTFS 2022/23 Budget | | | 165,007 |
| Removal of 2022/23 One Off Budget Increases | | - | 578 |
| Agreed Service Budget Transfers | | - | 345 |
| Starting Budget (2022/23 Revised Budget) | | | <u>164,084</u> |

Budget Changes:

Cost Increases

| | |
|--|-------|
| Pay Inflation 23/24 (4%) | 1,673 |
| Back Pay 22/23 Pressure (4.4%) | 1,686 |
| NLW Inflation (Providers) | 2,550 |
| Demographic Growth - Older People | 1,627 |
| Demographic Growth - Physical Disabilities | 126 |
| In-House Services Cost Increase - Unavoidable Commitment Amount | 1,871 |
| Demographic Growth - Mental Health | 698 |
| Demographic Growth - Learning Disabilities | 1,163 |
| Transforming Care Programme and Associated Discharges | 15 |
| Bed Based & Community Based Inflationary Assumptions | 6,598 |
| Assurance Self Assurance and Market Sustainability | 3,138 |
| Activities to Improve Hospital Discharges | 2,807 |
| Activities to promote independent living (previously funded from a specific grant) | 887 |

Cost Reductions

| | |
|---|--------|
| Tech Strategy, digital & workforce | -950 |
| Parity of offer across all client groups incl. Specialist Services review | -500 |
| Transitions | -100 |
| Enhanced Independence Model inc Reconfigured In House Services, | -544 |
| Strengths/outcomes/independence focus in commissioned services | -350 |
| Demand Management | -130 |
| Transformation productivity and effectiveness | -1,478 |

One Off Cost Reductions

| | |
|------------------------|------|
| S117 Provision Release | -302 |
|------------------------|------|

Income Targets

| | |
|-------------------|------|
| Income Targets 3% | -718 |
|-------------------|------|

| | | | |
|----------------------------------|---------------|---------------|---------------|
| TOTAL PROPOSED NET CHANGE | 24,839 | -5,072 | 19,767 |
|----------------------------------|---------------|---------------|---------------|

| | | | |
|--|--|--|-----------------------|
| 2023/24 Adults Budget including National Adult Social Care Levy | | | <u>183,851</u> |
|--|--|--|-----------------------|

2023/24 Children and Families Budget - Vulnerable Children

| | Cost Increases £000 | Cost Reductions £000 | £000 |
|--|---------------------------|----------------------------|----------------|
| <u>Budget Changes:</u> | | | |
| Approved MTFS 2022/23 Budget | | | 116,000 |
| Removal of 2022/23 One Off Budget Increase | | | -1,866 |
| Agreed Service Budget Transfers | | | 2,189 |
| Starting Budget (2022/23 Revised Budget) | | | <u>116,323</u> |

Cost Increases

| | |
|---|-------|
| Pay Inflation 23/24 (4%) | 1,901 |
| Back Pay 22/23 Pressure (4.4%) | 1,868 |
| Fostering/SGO Allowances/Adoption West contract price uplifts based on 4%. | 550 |
| The full year effect budget for fostering staff recruited part way through 22/23 | 62 |
| Contract inflation on the placement budget based on a 4% uplift to meet the cost of living increases incurred by providers | 1,431 |
| Implementation of the Systemic Practice model of social work to support the continued practice improvement | 80 |
| Legal fees - increase in the number of non-legal disbursements linked to the rise in care proceedings | 284 |
| Increase in the hourly rate for Direct Payments and Care packages for disabled children and young people | 320 |
| External Placements budget: Rise in number and cost of placements - the bid is based on increasing the budget to allow for 383 placements at an average unit cost of £116k per annum. The current year budget is based on a unit price of £108.6k although the forecast currently stands at £121.5k but is skewed by a few complex cases. The September Care Ladder shows 381 placements forecast. Reducing Children in Care numbers, improving the market sufficiency and the use of the in-house service will reduce the current requirement and future requirements into 23/24 | 6,235 |

One Off Cost Increases

| | |
|---|-----|
| External Placements budget: Rise in number and cost of placements - the bid is based on increasing the budget to allow for 383 placements at an average unit cost of £116k per annum. The current year budget is based on a unit price of £108.6k although the forecast currently stands at £121.5k but is skewed by a few complex cases. The September Care Ladder shows 381 placements forecast. Reducing Children in Care numbers, improving the market sufficiency and the use of the in-house service will reduce the current requirement and future requirements into 23/24 | 999 |
| Additional funding to cover the cost of the difference between permanent and agency staff so that agency staff are appointed when permanent staff are not available | 700 |
| Additional funding to meet the cost of high cost placements for Disabled Children and Young People | 352 |
| Children's Services - spend to save review of the recommendations of the MacAlister report "the independent review of children's social care" | 75 |

| 2023/24 Children and Families Budget - Vulnerable Children Continued | | Cost Increases £000 | Cost Reductions £000 | £000 |
|--|--|---------------------------|----------------------------|----------------|
| <u>Cost Reductions</u> | | | | |
| Efficiencies to be achieved through a range of measures set out in the Children's Services Financial Recovery Plan | | | -432 | |
| Reduction in number of Child Arrangement Allowances required | | | -70 | |
| ICT Floor Walkers - service not providing support required therefore resource released | | | -120 | |
| Commissioning of the Day Service at Trevone not taking place | | | -300 | |
| Release of funding originally allocated to commissioning for the development of Early Years services | | | -150 | |
| <u>Income Targets</u> | | | | |
| Income Targets 3% | | | -2 | |
| TOTAL PROPOSED NET CHANGE | | 14,857 | -1,074 | 13,783 |
| Children & Families - Vulnerable Children Budget 2023/24 | | | | 130,106 |

2023/24 Children and Families Budget - Other Children Services

| | Cost Increases £000 | Cost Reductions £000 | £000 |
|--|---------------------------|----------------------------|---------------|
| Approved MTFS 2022/23 Budget | | | 23,703 |
| Removal of 2022/23 One Off Budget Increase | | | -976 |
| Agreed Service Budget Transfers | | | -2,931 |
| Starting Budget (2022/23 Revised Budget) | | | <u>19,796</u> |

Budget Changes:

Cost Increases

| | |
|--|-------|
| Pay Inflation 23/24 (4%) | 515 |
| Back Pay 22/23 Pressure (4.4%) | 526 |
| Home to School Transport Contractual Inflation for 22/23 and 23/24 (4%) | 1,975 |
| Home to school transport - growth needed to cover expected increase in 23/24 SEN pupil transport entitlements plus increase in parent transport allowance | 2,674 |
| Provision for Statutory SEND services and SEND support services due to the increase in number of Education, Health and Care Plans (EHCPs) to work towards caseloads of 158 cases per worker based on 6000 EHCPs. This will include 11 caseworkers G7; 3 process coordinators G5; Deputy Service Manager RB1; 3 Locality Leads G11; 3 Admin G5; 0.5 FTE Education Psychologist and offset in traded income by £380k. | 1,411 |

One Off Cost Increases

| | |
|---|-----|
| Provision for Statutory SEND services and SEND support services to provide for 2.5 FTE Education Psychologists - One-Off | 196 |
|---|-----|

Cost Reductions

| | |
|---|------|
| Education Pensions: Reduce the budget based on an assessment of the reduction in no. of pensioners and spouses based on age and trends | -200 |
|---|------|

Income Targets

| | |
|-------------------|----|
| Income Targets 3% | -5 |
|-------------------|----|

TOTAL PROPOSED NET CHANGE

| | | |
|--------------|-------------|--------------|
| 7,297 | -205 | 7,092 |
|--------------|-------------|--------------|

Children & Families - Other Services Budget 2023/24

| |
|---------------|
| 26,888 |
|---------------|

* This budget excludes the ringfenced Dedicated Schools Grant (DSG).

2023/24 Economy, Environment and Infrastructure Budget

| | Cost Increases | Cost Reductions | |
|--|-------------------|--------------------|---------------|
| | £000 | £000 | £000 |
| Approved MTFS 2022/23 Budget | | | 82,795 |
| Removal of 2022/23 One Off Budget Increase | | | -1,454 |
| Agreed Service Budget Transfers | | | 798 |
| Starting Budget (2022/23 Revised Budget) | | | <u>82,139</u> |

Budget Changes:

Cost Increases

| | |
|--|-------|
| Pay Inflation 23/24 (4%) | 900 |
| Back Pay 22/23 Pressure (4.4%) | 776 |
| NLW Inflation (Providers) | 6 |
| Contract inflation | 6,313 |
| Energy from waste contract benchmarking | 1,493 |
| Libraries job evaluation | 292 |
| Parking - Loss of income | 1,000 |
| Road Safety Strategy delivery | 155 |
| Libraries loss of income | 108 |
| Highways & Transport Transformation Fund | 530 |

One Off Cost Increases

| | |
|--|-------|
| Highways & Transport Transformation Fund | 415 |
| Strategic advice to support long-term economic recovery | 38 |
| Developer guidance update for climate change | 27 |
| Arle Court park and ride loss of parking income | 27 |
| Additional arboriculture gang for highway works | 115 |
| Definitive Map Modification Orders staff resource | 55 |
| Integrated Transport Unit extraordinary contract inflation | 398 |
| Corporate Fleet Unit - Fuel extraordinary inflation | 129 |
| Future infrastructure business case development fund | 1,000 |
| Local Transport Plan update | 100 |
| Hartpury-Gloucester cycle corridor feasibility | 70 |
| Street lighting - extraordinary inflation | 1,500 |
| Mastergov software | 107 |
| Ash die back | 1,050 |
| E-Bike Hire Scheme (2 year trial) | 150 |
| Secure Bike Storage Solutions | 90 |
| Increase capacity for TRO Backlog | 150 |
| Severe weather planning and community preparations | 65 |
| Grit Bin Fund | 80 |
| Public Rights of Way Improvements | 125 |
| Support for Rivers task group | 100 |
| Enhance accessibility for disabled residents and a 1 yr. reduction in disabled parking permits | 43 |
| Fund option appraisals to develop community transport provision. | 70 |

| 2023/24 Economy, Environment and Infrastructure Budget Continued | Cost | Cost | |
|---|---------------|---------------|---------------|
| | Increases | Reductions | |
| | £000 | £000 | £000 |
| <u>Cost Reductions</u> | | | |
| Stop accepting tyres at HRCs | | -50 | |
| Income from reuse/repair centre(s) at HRCs | | -15 | |
| Consolidation of Closed Landfill Monitoring contracts | | -15 | |
| Return of growth provided in 22/23 for composting contract red diesel duty change | | -50 | |
| Recycling Street sweepings (instead of EfW treatment) | | -141 | |
| Street Lighting options | | -169 | |
| Highways local - Transfer £10k per member to capital | | -530 | |
| Broadband Partnership agreement | | -37 | |
| Street works permits cost recovery | | -100 | |
| Town centre & residential parking schemes in line with decarbonisation | | -200 | |
| Reduce flood revenue budget and transfer to capital | | -500 | |
| Library & Registration - efficiency savings | | -100 | |
| Increase Registration income | | -10 | |
| One Off Cost Reductions | | | |
| REGOs income | | -174 | |
| Electricity forward trading surplus | | -3829 | |
| HDM cost recovery | | -200 | |
| <u>Income Targets</u> | | | |
| Income Targets 3% | | -664 | |
| TOTAL PROPOSED NET CHANGE | 17,477 | -6,784 | 10,693 |
| Economy, Environment and Infrastructure Budget 2023/24 | | | 92,832 |

2023/24 Community Safety

| | Cost Increases £000 | Cost Reductions £000 | £000 |
|--|---------------------------|----------------------------|---------------|
| Approved MTFS 2022/23 Budget | | | 22,091 |
| Removal of 2022/23 One Off Budget Increase | | - | 810 |
| Agreed Service Budget Transfers | | | -1,146 |
| Starting Budget (2022/23 Revised Budget) | | | <u>20,135</u> |

Budget Changes:

Cost Increases

| | |
|---|-----|
| Pay Inflation 23/24 (4%) | 728 |
| Back Pay 22/23 Pressure (4.4%) | 720 |
| Additional Trading Standards Officer to cover succession planning and enable enactment of the statutory requirements of the Food Standards Agency | 41 |
| Additional Area Coroner's Position | 88 |
| Contract inflation | 174 |
| Increase in pathology/autopsy fees | 75 |
| Delivery of annual fitness testing for all Fire & Rescue Service operational staff | 25 |

One Off Cost Increases

| | |
|--|-----|
| GFRS Improvements - These additional resources will see further investment targeted towards firefighter safety, improvements in prevention and protection activities; and importantly continue the Service's work to improve its organisational culture. | 948 |
| Investment training costs - Learning & Development: increased demand for essential operational training courses due to high levels of firefighters in development following the retirement of experienced staff. | 175 |
| Investment training for On-Call staff due to an increase in specialist functions within the remit of the role. | 225 |

Cost Reductions

Income Targets

| | | | |
|--|--------------|-----------|----------------------|
| Income Targets 3% | | -8 | |
| TOTAL PROPOSED NET CHANGE | 3,199 | -8 | 3,191 |
| Community Safety Budget 2023/24 | | | <u>23,326</u> |

2023/24 Prevention & Wellbeing Budget

| | Cost Increases £000 | Cost Reductions £000 | £000 |
|---|---------------------------|----------------------------|----------------------|
| Approved MTFS 2022/23 Budget | | | 35,651 |
| Removal of 2022/23 One Off Budget Increase | | | |
| Agreed Service Budget Transfers | | | -31 |
| Starting Budget (2022/23 Revised Budget) | | | <u>35,620</u> |
| <u>Budget Changes:</u> | | | |
| <u>Cost Increases</u> | | | |
| Pay Inflation 23/24 (4%) | 93 | | |
| Back Pay 22/23 Pressure (4.4%) | 94 | | |
| Agenda for Change pay uplifts on contracts for Sexual Health and Public Health Nursing staff | 452 | | |
| Contract Inflation - Community Based Support & Mental Health Contracts (5%) | 367 | | |
| Behavioural research and pilot interventions around alcohol consumption | 75 | | |
| <u>Cost Reductions</u> | | | |
| NHS Health Checks: release of contingency due to decreased activity | | -80 | |
| Healthy Lifestyles NRT/FP10 reduction in activity | | -25 | |
| Community Based Support - release of unallocated resources against framework contracts | | -100 | |
| Changes in the self-harm helpline model as part of the reconfiguration of mental health wellbeing services with Adults Services | | -42 | |
| <u>Income Targets</u> | | | |
| Income Targets 3% | | 0 | |
| TOTAL PROPOSED NET CHANGE | 1,081 | -247 | 834 |
| Prevention & Wellbeing Budget 2023/24 | | | <u>36,454</u> |

2023/24 Corporate Resources Budget

| | Cost Increases £000 | Cost Reductions £000 | £000 |
|--|---------------------------|----------------------------|---------------|
| Approved MTFS 2022/23 Budget | | | 39,490 |
| Removal of 2022/23 One Off Budget Increase | | | -1,868 |
| Agreed Service Budget Transfers | | | 59 |
| Starting Budget (2022/23 Revised Budget) | | | <u>37,681</u> |

Budget Changes:

Cost Increases

| | |
|--|-------|
| Pay Inflation 23/24 (4%) | 1,323 |
| Back Pay 22/23 Pressure (4.4%) | 1,297 |
| LEGAL - 3 Paralegals for Corporate Team (Year 2 of 3-year pressure) | 33 |
| Introduce a paralegal role to each hub within the Corporate Team (Contracts & Procurement, Property and Infrastructure) to provide a higher level of support to the hubs to undertake legal work and provide legal advice to client departments. The introduction of this role will enable the Paralegals to take on less complex work with the support from the Lawyers. | |
| LEGAL - Children's Safeguarding: 3rd party fees | 350 |
| There is a national trend in the increase in volume of child protection care proceedings. This results in increased third party costs which are to be paid as part of court proceedings. Barristers fees, Court fees, Process server, Courier, Police records, Transcripts, Translations | |
| LEGAL - Children's Safeguarding: Locum costs | 451 |
| Legal Services is heavily reliant on external locum agency support. Locums cost circa £60,000 above a Lawyer salary costs. There are currently 2 Senior Lawyer Advocate vacancies and 7 Lawyer advocate vacancies in the Service. | |
| ICT - Software Budget Inflation | 198 |
| Inflation on the Software Budget to ensure that all software is managed appropriately and can continue to be used by the business. | |
| ICT - Cyber Security | 130 |
| Security Posture Improvements: The ongoing revenue costs of cyber security vulnerability checking software. | |
| HR - Unfunded Occupational Health Staffing & Counselling Costs | 100 |
| To realign a structural shortfall in the core budget of the Occupational Health Service. A permanent increase in funding to bridge the identified long term funding gap, currently estimated to be in the region of £120k. Additional funding for the service will continue to be topped up with traded income and one of grants from a range of sources, as in previous financial years. | |
| AMPS - Increased Utility Fees | 2,331 |
| To meet the inflationary increase in utility costs for 2023/24, these have seen above inflationary increase for this year. This pressure includes Gas, Electricity, and Water. | |
| BSC - SAP ERP | 451 |
| The Council is replacing its current on-premise SAP ERP system with a new cloud hosted ERP solution. The estimated timeline is that the implementation of the new system will go live in December 23. The on-going annual revenue cost of the Software as a Service solution will be managed within existing resources. requirement for additional expenditure of £451k in Year 2(2023/24) with a matching savings target. | |

| 2023/24 Corporate Resources Budget Continued | | Cost Increases £000 | Cost Reductions £000 | £000 |
|--|--|---------------------------|----------------------------|---------------|
| One Off Cost Increases | | | | |
| IMS - Increased capacity for request management | | 267 | | |
| To support the increase in Subject Access Requests (SARs) which has had a negative impact on the council's ability to manage the other statutory requests, including Freedom of Information requests (FOI), along with the ongoing increasing complexity of these cases. | | | | |
| LEGAL - 1FTE Infrastructure lawyer | | 58 | | |
| Cost increases to meet the demand for internal Legal Services resourcing due to increase in volume and complexity of contributions from external partners (eg S106, S38, S278 cases). | | | | |
| LEGAL - Corporate locum costs | | 137 | | |
| Unavoidable cost implications due to reliance on locum agency solicitors as a result of recruitment and retention difficulties: As a result, the service is heavily reliant on external locum agency support. | | | | |
| ICT - Social Care move to SaaS for LL, ContrOCC, Capita ONE | | 300 | | |
| Within the Council there are critical applications, this bid supports the additional revenue cost of running Social Care Systems (Liquidlogic (including ContrOCC) and the Education System Capita ONE as SaaS. These case management systems are sophisticated consumer databases, that are core to the delivery of essential services to the residents of Gloucestershire. | | | | |
| ICT - Licensing for M365 Backup Solution | | 56 | | |
| The Council has invested in Microsoft E5 licenses these facilitate the move of data from the on-premise E-mail environment into the Microsoft cloud. This move is central to enabling staff to utilise the latest Microsoft range of products to support hybrid and collaborative working. | | | | |
| HR - Secure permanent staffing for temporary posts in the recruitment team to deliver recruitment priorities | | 212 | | |
| Having the right people to drive our recruitment is important in today's market. To secure our temporary roles on permanent basis to ensure we continue to drive proactive recruitment. | | | | |
| <u>Cost Reductions</u> | | | | |
| Restructure of the Data & Analysis Team | | | -40 | |
| Reduction in Contingency/Discretionary Budget | | | -33 | |
| Phase 2 Quayside Income | | | -247 | |
| Audit (ARA) Travel budget & academies income | | | -6 | |
| Efficiencies associated with replacement SAP ERP - to cover corresponding pressure | | | -451 | |
| <u>Income Targets</u> | | | | |
| Income Targets 3% | | | -110 | |
| TOTAL PROPOSED NET CHANGE | | 7,694 | -887 | 6,807 |
| Corporate Resources Budget 2023/24 | | | | 44,488 |

2023/24 Technical and Countywide Budget

| | Cost Increases | Cost Reductions | |
|--|-------------------|--------------------|----------------------|
| | £000 | £000 | £000 |
| Approved MTFS 2022/23 Budget | | | 36,593 |
| Removal of 2022/23 One Off Budget Increase | | | -3,500 |
| Agreed Service Budget Transfers | | | 1,407 |
| Starting Budget (2022/23 Revised Budget) | | | <u>34,500</u> |
| <u>Budget Changes:</u> | | | |
| <u>Cost Increases</u> | | | |
| Pay Inflation 23/24 (4%) | 83 | | |
| Back Pay 22/23 Pressure (4.4%) | 71 | | |
| Additional Minimum Revenue Provision (MRP) to fund the Capital Programme | 456 | | |
| Pay Contingency (additional 0.5% to allow for 4.5% in 23/24) | 902 | | |
| <u>Cost Reductions</u> | | | |
| Reduction of Surplus T&C budget | | -1,800 | |
| NI reversal of increase (1.25%) | | -1,124 | |
| <u>One Off Cost Reductions</u> | | | |
| Increase in Interest Credits due to increase in interest rates | | -3,900 | |
| TOTAL PROPOSED NET CHANGE | 1,512 | -6,824 | -5,312 |
| Technical and Countywide Budget 2023/24 | | | <u>29,188</u> |

Annex 2a – Savings by Service Area

| 2023/24 Savings and Efficiency Plan - Summary of Proposals | | |
|---|-----------------|---|
| Proposed Saving / Efficiency Title | 2023/24 £000 | Saving / Efficiency Description |
| Adults | | |
| Technology Strategy, digital & workforce | -950 | The Technology Portfolio aims to deliver savings by improving productivity of our staff (through a new case management system, improved brokerage systems and other developments); by using our Technology Enabled Care budget more efficiently (through the Assistive Technology Review of GIS and Telecare); and by making better use of assistive technology's potential to prevent/reduce/delay the need for social care. |
| Parity of offer across all client groups including the Specialist Services review | -500 | These savings relate to ensuring that the independent sector market can provide similar services for the same price regardless of the diagnosis or condition of the person receiving the service. That is to say that the same level of service should be priced the same whether the individual is an older person or learning disabled. Currently disability providers sometimes command a higher rate than providers for older people for similar services. This includes the recognition that as a person with a disability ages their needs might be met more appropriately in a service designed for older people rather than one designed for younger people with a disability. It also includes recognition that providers need a specialist resource to call upon if there are behavioural changes in the people they support. |
| Transitions | -100 | The Market Management Portfolio aims to take a 'Demand Management' approach to all young people referred in to ASC at Transition age. Although any costs at this stage will be new costs to ASC, we will identify young people that are likely to be eligible at age 16 (if not before). Work with this cohort will commence then and any/all options to minimise the financial impact to ASC will be explored (such as CHC and Joint Funding) as well as exploring alternative care and support options post 18. |
| Enhanced Independence Model including reconfigured In House Services, & Gloucestershire Health and Care NHST specifications | -544 | Savings will be achieved by the direct reduction of hours of a care package coming through Home First /Reablement. With an assumption that, without reablement, the discharge package is likely to be permanent without intervention. |
| Strengths/outcomes/independence focus in commissioned services | -350 | Strengths Based Commissioning: These savings relate to ensuring that there is sufficient diversity and flexibility in the independent sector care market to support individuals whatever their needs might be to maintain as much independence as possible. An individual might need less support from the right provision than if their needs are being met by the only provision that is available. The main strands of work expected to deliver these savings are: the creation of a community support framework and development of the market to provide services on it, the reduction of older people needing bed based care as a result of reablement. |
| Demand Management | -130 | This work enables savings in the External Care budget by reducing demand (across reduce, prevent, delay) through targeted early interventions using data driven risk stratification approaches |
| Transformation productivity and effectiveness | -1,478 | the Adults Transformation Programme includes productivity and effectiveness opportunity. |
| Total of Permanent Proposals | -4,052 | |

| | | |
|--|---------------|--|
| Adults Continued | | |
| S117 Provision Release | -302 | S117 Provision Release. This provision is no longer required at this level as the programme of work progresses. |
| Total of One-off Proposals | -302 | |
| | | |
| ADULTS GRAND TOTAL | -4,354 | |
| | | |
| <u>C&F Vulnerable Children</u> | | |
| Efficiencies to be achieved through a range of measures set out in the Children's Services Financial Recovery Plan | -432 | Across Children's Services there are a number of initiatives in progress which will identify efficiencies that can be made during 2023/24 and in future years as part of the financial recovery programme. These include the transformation of social care; review of all external placements and processes for placing children; market sufficiency; in-house foster care activity; recruitment and retention of social care staff; SEND service, systems and provision; and the implementation of the home to school transport programme of cost reductions. |
| Reduction in number of Child Arrangement Allowances required | -70 | The modelling and future prediction for child arrangement allowances identifies a saving over the next year. This is based on 4 new allowances per year and the number of children reaching the age of 18 and no longer being eligible for an allowance |
| ICT Floor Walkers - service not providing support required therefore resource released | -120 | The ICT support required to assist social workers was not achieving the objectives set therefore funding for three out of the four posts has been released |
| Commissioning of the Day Service at Trevone not taking place | -300 | The proposed Day Service at Trevone House has not been taken forward as a priority |
| Release of funding originally allocated to commissioning for the development of Early Years services | -150 | Funding has been held for a number of years to offset placement pressures and the Early Years service was not commissioned. |
| Total of Permanent Proposals | -1,072 | |
| | | |
| C&F VULNERABLE CHILDREN GRAND TOTAL | -1,072 | |
| | | |
| <u>C&F Other Services</u> | | |
| Education Pensions: Reduce the budget based on an assessment of the reduction in no. of pensioners and spouses based on age and trends | -200 | Budget covers pensions for staff that retired early - top up element for teachers. Number of pensioners reduces each year and budget adjusted to take this into account. No new pensions are added except spouses |
| Total of Permanent Proposals | -200 | |
| | | |
| C&F OTHER SERVICES GRAND TOTAL | -200 | |

| | | |
|---|---------------|---|
| Economy, Environment, & Infrastructure | | |
| Stop accepting tyres at HRCs | -50 | Advise public to use garage disposal option when tyres are changed & comms that HRC will not be accepting tyres from April onwards. |
| Income from reuse/repair centre(s) at HRCs | -15 | Promote recycling shop at HRCs to obtain a income. |
| Consolidation of Closed Landfill Monitoring contracts | -15 | Efficiencies from consolidation of monitoring contract as part of reprocurement. |
| Return of growth provided in 22/23 for composting contract red diesel duty change | -50 | Budget movement - Due to prior year risk being overestimated. |
| Recycling Street sweepings (instead of EfW treatment) | -141 | Increase recycling of street sweepings where possible which is cheaper than disposal costs. |
| Street Lighting options | -169 | Increase in light dimming during off peak times to reduce energy costs. |
| Highways local - Transfer £10k per member to capital | -530 | Budget movement - Highways Local budget to be restricted to capital expenditure instead of revenue. |
| Broadband Partnership agreement | -37 | Re-negotiate service and remove anything not required going forward to bring down the cost of operating the partnership. |
| Street works permits cost recovery | -100 | Assumed increase of volume to achieve income target. |
| Town centre & residential parking schemes in line with decarbonisation | -200 | Potential income from town centre and residential parking schemes that could be implemented as part of improvements to parking management and in support of decarbonisation objectives. |
| Reduce flood revenue budget and transfer to capital | -500 | Budget movement - £500k of the overall flood budget will be transferred to capital expenditure instead of revenue. |
| Library & Registration - efficiency savings | -100 | Review as part of the library strategy what is required to deliver the service going forward in the most efficient manner. |
| Increase Registration income | -10 | Provision of additional wedding and civil partnership availability in Cheltenham. |
| Total of Permanent Proposals | -1,917 | |
| REGOs income | -174 | Income achieved on the sale of REGO's from the EFW contract. |
| Electricity forward trading surplus | -3829 | Forward purchase of energy at a higher price than we currently pay for it. |
| HDM cost recovery | -200 | Increase in Highways Development Management team income based on services provided. |
| Total of One-off Proposals | -4,203 | |
| EE&I GRAND TOTAL | -6,120 | |

| | | |
|---|----------------|---|
| Prevention & Wellbeing | | |
| NHS Health Checks: part release of contingency in budget following a review of spend. | -80 | There is built in contingency in the NHS Health Checks budget and a review of spend has indicated that some of this contingency can be released. |
| Healthy Lifestyles NRT/FP10: part release of contingency in budget following a review of spend. | -25 | There is built in contingency in the budget for Pharmacotherapy to support individuals to stop smoking. A review of spend has indicated that some of this contingency can be released. |
| Community Based Support - release of unallocated resources against framework contracts | -100 | The Community and Accommodation Based Support budget has a small amount of unallocated funding within the budget which can be released as savings. |
| Changes in the self-harm helpline model as part of the development of a new integrated mental wellbeing helpline. | -42 | Saving will arise from the remodelling of the Self-Harm Helpline (SHHL) at the end of the current contract term 31st March 2023 and its integration into the new adult mental wellbeing helpline. This approach has been approved by Cabinet. |
| Total of Permanent Proposals | -247 | |
| PREVENTION & WELLBEING GRAND TOTAL | | |
| | -247 | |
| Corporate Resources | | |
| Restructure of the Data & Analysis Team | -40 | Planning Performance & Change, Restructure of the Data & Analysis Team |
| Reduction in Contingency/Discretionary Budget | -33 | Executive Office -Reduction in contingency & Reduction in discretionary budget |
| Phase 2 Quayside Income | -247 | Phase 2 Quayside Income |
| Audit (ARA) Travel budget & academies income | -6 | Travel budget & academies income |
| Efficiencies associated with replacement SAP ERP - to cover corresponding pressure | -451 | Replacement SAP ERP additional pressure for ERP - matched with a corresponding saving on ERP / P2P related efficiencies. |
| Total of Permanent Proposals | -777 | |
| CORPORATE RESOURCES GRAND TOTAL | | |
| | -777 | |
| Technical & Countywide | | |
| Reduction of Surplus T&C budget | -1,800 | Budget has been allocated to fund the 4.4% additional pay award in 2022/23 |
| NI reversal of increase (1.25%) | -1,124 | Due to the Government decision to reverse the National Insurance by 1.25%, the funding has been reduced and reflected in the Technical & Countywide budget |
| Total of Permanent Proposals | -2,924 | |
| | | |
| Increase in Interest Credits due to increase in interest rates | -3,900 | increase in budgeted income due to more favourable interest rates resulting in increased interest income |
| Total of One-off Proposals | -3,900 | |
| TECHNICAL & COUNTYWIDE GRAND TOTAL | | |
| | -6,824 | |
| Total Savings & Efficiency Plan 2023/24 | -19,594 | |

Annex 3 – Budget Summary by Service Area

Medium Term Financial Strategy – 2023/24 Budget – Overall Summary

| | 2022/23 Employee Related Budget | 2022/23 Non - Employee Expenditure Budget | 2022/23 Gross Expenditure Budget | 2022/23 Income | 2022/23 Revised MTFS Base Budget | Pay Inflation Costs | Cost Increases | Cost Reductions | Proposed 2023/24 Budget | 2023/24 Proposed Employee Related Budget | 2023/24 Proposed Non - Employee Expenditure Budget | 2023/24 Proposed Gross Expenditure Budget | 2023/24 Proposed Income Budget | Proposed MTFS Budget 2023/24 |
|---------------------------------------|--|--|--|-------------------|--|------------------------|-------------------|--------------------|-------------------------------|--|---|---|---|---------------------------------------|
| Budget Area | £000's | £'000s | £'000s | £'000s | £'000s | £'000 | £'000 | £'000 | £'000 | £000's | £000's | £000's | £000's | £000's |
| Adults | 40,568 | 153,120 | 193,688 | -29,604 | 164,084 | 3,359 | 21,480 | -5,072 | 183,851 | 48,726 | 165,447 | 214,173 | -30,322 | 183,851 |
| Vulnerable Children | 47,270 | 69,740 | 117,010 | -687 | 116,323 | 3,769 | 11,088 | -1,074 | 130,106 | 51,101 | 79,694 | 130,795 | -689 | 130,106 |
| Other Children Services | 9,952 | 11,212 | 21,164 | -1,368 | 19,796 | 1,041 | 6,256 | -205 | 26,888 | 12,020 | 16,241 | 28,261 | -1,373 | 26,888 |
| Economy, Environment & Infrastructure | 21,305 | 83,481 | 104,786 | -22,647 | 82,139 | 1,676 | 15,801 | -6,784 | 92,832 | 23,458 | 95,931 | 119,389 | -26,557 | 92,832 |
| Community Safety | 17,282 | 3,250 | 20,532 | -397 | 20,135 | 1,448 | 1,751 | -8 | 23,326 | 20,032 | 3,699 | 23,731 | -405 | 23,326 |
| Prevention & Wellbeing | 2,269 | 34,217 | 36,486 | -866 | 35,620 | 187 | 894 | -247 | 36,454 | 2,456 | 34,864 | 37,320 | -866 | 36,454 |
| Corporate Resources | 30,315 | 14,912 | 45,227 | -7,546 | 37,681 | 2,620 | 5,074 | -887 | 44,488 | 33,565 | 18,826 | 52,391 | -7,903 | 44,488 |
| Technical and Countywide | 8,884 | 29,147 | 38,031 | -3,531 | 34,500 | 1,056 | 456 | -6,824 | 29,188 | 8,816 | 27,803 | 36,619 | -7,431 | 29,188 |
| Total Budget | 177,845 | 399,079 | 576,924 | -66,646 | 510,278 | 15,156 | 62,800 | -21,101 | 567,133 | 200,174 | 442,505 | 642,679 | -75,546 | 567,133 |

- The split of the 2023/24 proposed budget to employee and non employee budget areas is estimated based on initial plans; however this is subject to further change when these initiatives have been developed further.

Adults MTFS 2023/24

| | 2022/23 Employee Related Budget | 2022/23 Non - Employee Expenditure Budget | 2022/23 Gross Expenditure Budget | 2022/23 Income | 2022/23 Revised MTFS Base Budget | Pay Inflation Costs | Cost Increases | Cost Reductions | Proposed 2023/24 Budget | 2023/24 Proposed Employee Related Budget | 2023/24 Proposed Non - Employee Expenditure Budget | 2023/24 Proposed Gross Expenditure Budget | 2023/24 Proposed Income Budget | Proposed 2023/24 MTFS Budget |
|--|--|--|---|-------------------|---|---------------------------|-------------------|--------------------|-------------------------------|--|---|---|---|---------------------------------------|
| Budget Area | £000 | £000 | £000 | £000 | £'000 | £000 | £000 | £000 | £'000 | £000 | £000 | £000 | £000 | £'000 |
| Services for Older People | 16,964 | 60,047 | 77,011 | - 16,255 | 60,756 | 1,649 | 9,489 | -2,146 | 69,748 | 20,058 | 66,249 | 86,307 | -16,559 | 69,748 |
| Services for People with Physical Disability | 1,951 | 14,061 | 16,012 | - 1,896 | 14,116 | 180 | 2,330 | -523 | 16,103 | 2,398 | 15,675 | 18,073 | -1,970 | 16,103 |
| Services for People with a Learning Disability | 7,364 | 59,990 | 67,354 | - 10,516 | 56,838 | 581 | 6,712 | -2,403 | 61,728 | 9,529 | 63,055 | 72,584 | -10,856 | 61,728 |
| Services for People with Mental Health Issues | - | 12,463 | 12,463 | - | 12,463 | | 1,446 | | 13,909 | - | 13,909 | 13,909 | 0 | 13,909 |
| Community Equipment/Telecare | 3,190 | 574 | 3,764 | - | 3,764 | 232 | 494 | | 4,490 | 3,916 | 574 | 4,490 | - | 4,490 |
| Adults Safeguarding | 1,510 | 211 | 1,721 | - 59 | 1,662 | 92 | 201 | | 1,955 | 1,803 | 211 | 2,014 | -59 | 1,955 |
| Carers Services | - | 1,160 | 1,160 | - | 1,160 | | | | 1,160 | - | 1,160 | 1,160 | - | 1,160 |
| Occupational Therapy Service | - | 2,352 | 2,352 | - | 2,352 | - | 288 | | 2,640 | 288 | 2,352 | 2,640 | - | 2,640 |
| Other Direct Services | 4,853 | 2,532 | 7,385 | - 115 | 7,270 | 193 | | | 7,463 | 5,046 | 2,532 | 7,578 | -115 | 7,463 |
| Adults Management,Commissioning & Support Services | 6,526 | -365 | 6,161 | - 763 | 5,398 | 432 | 520 | | 6,350 | 7,478 | - 365 | 7,113 | -763 | 6,350 |
| Social Care Grant | - | - | - | - | | | - | | - | 0 | - | - | 0 | - |
| Funding for Allocation | -1,790 | 95 | -1,695 | - | -1,695 | | | | - 1,695 | -1,790 | 95 | - 1,695 | - - | 1,695 |
| Total: Adults | 40,568 | 153,120 | 193,688 | -29,604 | 164,084 | 3,359 | 21,480 | -5,072 | 183,851 | 48,726 | 165,447 | 214,173 | -30,322 | 183,851 |

Children & Families MTFS 2023/24

| | 2022/23 Employee Related Budget | 2022/23 Non - Employee Expenditure Budget | 2022/23 Gross Expenditure Budget | 2022/23 Income | 2022/23 Revised MTFS Base Budget | Pay Inflation Costs | Cost Increases | Cost Reductions | Proposed 2023/24 Budget | | 2023/24 Proposed Employee Related Budget | 2023/24 Proposed Non - Employee Expenditure Budget | 2023/24 Proposed Gross Expenditure Budget | 2023/24 Proposed Income Budget | Proposed 2023/24 MTFS Budget |
|--------------------------------------|--|--|---|-------------------|---|------------------------|-------------------|--------------------|-------------------------------|----------------|--|---|---|---|---------------------------------------|
| Budget Area | £000 | £000 | £000 | £000 | £'000 | £000 | £000 | £000 | £'000 | | £000's | £000's | £000's | £000's | £000's |
| Vulnerable Children | 47,270 | 69,740 | 117,010 | -687 | 116,323 | 3,769 | 11,088 | -1,074 | 130,106 | | 51,101 | 79,694 | 130,795 | -689 | 130,106 |
| Other Children Services | 9,952 | 11,212 | 21,164 | -1,368 | 19,796 | 1,041 | 6,256 | -205 | 26,888 | | 12,020 | 16,241 | 28,261 | -1,373 | 26,888 |
| Total: Children & Familie | 57,222 | 80,952 | 138,174 | -2,055 | 136,119 | 4,810 | 17,344 | - | 1,279 | 156,994 | 63,121 | 95,935 | 159,056 | -2,062 | 156,994 |

Economy, Environment & Infrastructure MTFS 2023/24

| | 2022/23 Employee Related Budget | 2022/23 Non - Employee Expenditure Budget | 2022/23 Gross Expenditure Budget | 2022/23 Income | 2022/23 Revised MTFS Base Budget | Pay Inflation Costs | Cost Increases | Cost Reductions | Proposed 2023/24 Budget | | 2023/24 Proposed Employee Related Budget | 2023/24 Proposed Non - Employee Expenditure Budget | 2023/24 Proposed Gross Expenditure Budget | 2023/24 Proposed Income Budget | Proposed 2023/24 MTFS Budget |
|--|--|--|--|-------------------|---|------------------------|-------------------|--------------------|-------------------------------|---------------|--|--|---|---|---------------------------------------|
| Budget Area | £000 | £000 | £000 | £000 | £'000 | £000 | £000 | £000 | £'000 | | £000 | £000 | £000 | £000 | £'000 |
| Community Infrastructure | 1,565 | 11,314 | 12,879 | -689 | 12,190 | 137 | 1,037 | | 13,364 | | 1,702 | 12,351 | 14,053 | -689 | 13,364 |
| Libraries & Registration Services | 6,192 | 1,051 | 7,243 | -3,201 | 4,042 | 439 | 400 | - 110 | 4,771 | | 6,823 | 1,051 | 7,874 | -3,103 | 4,771 |
| Highways | 8,380 | 20,408 | 28,788 | -4,294 | 24,494 | 620 | 6,266 | -999 | 30,381 | | 9,135 | 25,840 | 34,975 | -4,594 | 30,381 |
| Parking | 427 | 1,666 | 2,093 | -5,556 | -3,463 | 33 | 1,055 | - 200 | -2,575 | | 460 | 1,721 | 2,181 | -4,756 | -2,575 |
| Waste | 705 | 44,691 | 45,396 | -8,644 | 36,752 | 64 | 5,162 | -4,311 | 37,667 | | 769 | 49,386 | 50,155 | -12,488 | 37,667 |
| Strategic Infrastructure | 1,877 | 3,123 | 5,000 | -83 | 4,917 | 138 | 1,775 | | 6,830 | | 2,165 | 4,748 | 6,913 | -83 | 6,830 |
| Flood Alleviation | 303 | 1,087 | 1,390 | -180 | 1,210 | 22 | 100 | - 500 | 832 | | 325 | 687 | 1,012 | -180 | 832 |
| EE&I Central Costs | 1,438 | 220 | 1,658 | - | 1,658 | 193 | 6 | -664 | 1,193 | | 1,631 | 226 | 1,857 | -664 | 1,193 |
| Employment & Skills Hub | 418 | -79 | 339 | - | 339 | 30 | | | 369 | | 448 | -79 | 369 | - | 369 |
| Total: Economy Environment & Infrastructure | 21,305 | 83,481 | 104,786 | -22,647 | 82,139 | 1,676 | 15,801 | - | 6,784 | 92,832 | 23,458 | 95,931 | 119,389 | -26,557 | 92,832 |

Community Safety MTFS 2023/24

| | 2022/23 Employee Related Budget | 2022/23 Non - Employee Expenditure Budget | 2022/23 Gross Expenditure Budget | 2022/23 Income | 2022/23 Revised MTFS Base Budget | Pay Inflation Costs | Cost Increases | Cost Reductions | Proposed 2023/24 Budget | | 2023/24 Proposed Employee Related Budget | 2023/24 Proposed Non - Employee Expenditure Budget | 2023/24 Proposed Gross Expenditure Budget | 2023/24 Proposed Income Budget | Proposed 2023/24 MTFS Budget |
|--------------------------------|--|--|---|-------------------|---|---------------------------|-------------------|--------------------|-------------------------------|--|--|---|---|---|---------------------------------------|
| Budget Area | £000 | £000 | £000 | £000 | £'000 | £000 | £000 | £000 | £'000 | | £000 | £000 | £000 | £000 | £'000 |
| Fire & Rescue Service | 15,382 | 2,704 | 18,086 | -251 | 17,835 | 1,289 | 1,547 | -4 | 20,667 | | 17,844 | 3,078 | 20,922 | -255 | 20,667 |
| Coroners | 723 | 474 | 1,197 | - | 1,197 | 63 | 163 | | 1,423 | | 874 | 549 | 1,423 | - | 1,423 |
| Trading Standards | 878 | 58 | 936 | -51 | 885 | 71 | 41 | -2 | 995 | | 990 | 58 | 1,048 | -53 | 995 |
| Civil Protection Team | 299 | 14 | 313 | -95 | 218 | 25 | - | -2 | 241 | | 324 | 14 | 338 | -97 | 241 |
| Total: Community Safety | 17,282 | 3,250 | 20,532 | -397 | 20,135 | 1,448 | 1,751 | -8 | 23,326 | | 20,032 | 3,699 | 23,731 | -405 | 23,326 |

Prevention & Wellbeing MTFS 2023/24

| | 2022/23 Employee Related Budgets | 2022/23 Non - Employee Expenditure Budgets | 2022/23 Gross Expenditure Budgets | 2022/23 Income | 2022/23 Revised MTFS Base Budget | Pay Inflation Costs | Cost Increases | Cost Reductions | Proposed 2023/24 Budget | 2023/24 Proposed Employee Related Budget | 2023/24 Proposed Non - Employee Expenditure Budget | 2023/24 Proposed Gross Expenditur e Budget | 2023/24 Proposed Income Budget | Proposed 2023/24 MTFS Budget |
|---|---|---|--|-------------------|--|---------------------------|-------------------|--------------------|-------------------------------|--|---|--|---|---------------------------------------|
| Budget Area | £000 | £000 | £000 | £000 | £'000 | £000 | £000 | £000 | £'000 | £000 | £000 | £000 | £000 | £'000 |
| Public Health - Including Ringfenced Grant (See below for Service Breakdown) | 1,719 | 26,151 | 27,870 | -710 | 27,160 | 139 | 533 | -147 | 27,685 | 1,858 | 26,537 | 28,395 | -710 | 27,685 |
| Supporting People | - | 7,943 | 7,943 | -156 | 7,787 | | 361 | -100 | 8,048 | - | 8,204 | 8,204 | -156 | 8,048 |
| Other Prevention & Wellbeing Activities | 550 | 123 | 673 | 0 | 673 | 48 | | | 721 | 598 | 123 | 721 | 0 | 721 |
| Total: Prevention & Wellbeing | 2,269 | 34,217 | 36,486 | - 866 | 35,620 | 187 | 894 | - 247 | 36,454 | 2,456 | 34,864 | 37,320 | -866 | 36,454 |

Public Health - Including the Ring Fenced Grant 2023/24

| | 2022/23 Employee Related Budgets | 2022/23 Non - Employee Expenditure Budgets | 2022/23 Gross Expenditure Budgets | 2022/23 Income | 2022/23 Revised MTFS Base Budget | Pay Inflation Costs | Cost Increases | Cost Reductions | Proposed 2023/24 Budget | 2023/24 Proposed Employee Related Budget | 2023/24 Proposed Non - Employee Expenditure Budget | 2023/24 Proposed Gross Expenditur e Budget | 2023/24 Proposed Income Budget | Proposed 2023/24 MTFS Budget |
|---|---|---|--|-------------------|--|---------------------------|-------------------|--------------------|-------------------------------|--|---|--|---|---------------------------------------|
| Budget Area | £000 | £000 | £000 | £000 | £'000 | £000 | £000 | £000 | £'000 | £000 | £000 | £000 | £000 | £'000 |
| Sexual Health | | 3,970 | 3,970 | | 3,970 | | 101 | | 4,071 | - | 4,071 | 4,071 | - | 4,071 |
| Health Behaviours | | 1,862 | 1,862 | | 1,862 | | 75 | -25 | 1,912 | - | 1,912 | 1,912 | - | 1,912 |
| Drugs and Alcohol | | 6,910 | 6,910 | -710 | 6,200 | | | | 6,200 | - | 6,910 | 6,910 | -710 | 6,200 |
| Children 0-19 (incl. Health Visiting & School Nursing) | | 11,749 | 11,749 | | 11,749 | | 351 | | 12,100 | - | 12,100 | 12,100 | - | 12,100 |
| Public Mental Health | | 482 | 482 | | 482 | | 6 | -42 | 446 | - | 446 | 446 | - | 446 |
| NHS Health Checks | | 420 | 420 | | 420 | | | -80 | 340 | - | 340 | 340 | - | 340 |
| PH function incl. staffing and intelligence | 1,719 | 758 | 2,477 | | 2,477 | 139 | | | 2,616 | 1,858 | 758 | 2,616 | - | 2,616 |
| Total: Public Health | 1,719 | 26,151 | 27,870 | -710 | 27,160 | 139 | 533 | -147 | 27,685 | 1,858 | 26,537 | 28,395 | -710 | 27,685 |

Corporate Resources MTFS 2023/24

| | 2022/23 Employee Related Budget | 2022/23 Non - Employee Expenditure Budget | 2022/23 Gross Expenditure Budget | 2022/23 Income | 2022/23 Revised MTFS Base Budget | Pay Inflation Costs | Cost Increases | Cost Reductions | Proposed 2023/24 Budget | | 2023/24 Proposed Employee Related Budget | 2023/24 Proposed Non - Employee Expenditure Budget | 2023/24 Proposed Gross Expendit ure Budget | 2023/24 Proposed Income Budget | Proposed 2023/24 MTFS Budget |
|--------------------------------------|--|--|---|-------------------|--|---------------------------|-------------------|--------------------|-------------------------------|--|--|---|---|---|---------------------------------------|
| Budget Area | £000 | £000 | £000 | £000 | £'000 | £000 | £000 | £000 | £'000 | | £000 | £000 | £000 | £000 | £'000 |
| Policy Performance & Governance | 10,629 | 632 | 11,261 | -623 | 10,638 | 940 | 1,296 | -85 | 12,789 | | 11,887 | 1,537 | 13,424 | -635 | 12,789 |
| Strategic Procurement | | | 0 | | 0 | | | | 0 | | 0 | 0 | 0 | - | 0 |
| Digital & People Services | 7,731 | 9,024 | 16,755 | -392 | 16,363 | 621 | 996 | -7 | 17,973 | | 8,664 | 9,708 | 18,372 | -399 | 17,973 |
| Asset Management & Property Services | 3,562 | 5,716 | 9,278 | -3,953 | 5,325 | 271 | 2,331 | -288 | 7,639 | | 3,833 | 8,047 | 11,880 | -4,241 | 7,639 |
| Communications | 945 | 21 | 966 | -93 | 873 | 79 | | | 952 | | 1,024 | 21 | 1,045 | -93 | 952 |
| Strategic Finance | 7,448 | -481 | 6,967 | -2,485 | 4,482 | 709 | 451 | -507 | 5,135 | | 8,157 | -487 | 7,670 | -2,535 | 5,135 |
| Total: Corporate Resources | 30,315 | 14,912 | 45,227 | -7,546 | 37,681 | 2,620 | 5,074 | -887 | 44,488 | | 33,565 | 18,826 | 52,391 | -7,903 | 44,488 |

Technical & Countywide MTFS 2023/24

| | 2022/23 Employee Related Budget | 2022/23 Non - Employee Expenditure Budget | 2022/23 Gross Expenditure Budget | 2022/23 Income | 2022/23 Revised MTFS Base Budget | Pay Inflation Costs | Cost Increases | Cost Reductions | Proposed 2023/24 Budget | | 2023/24 Proposed Employee Related Budget | 2023/24 Proposed Non - Employee Expenditure Budget | 2023/24 Proposed Gross Expenditure Budget | 2023/24 Proposed Income Budget | Proposed 2023/24 MTFS Budget |
|--|--|--|---|-------------------|---|---------------------------|-------------------|--------------------|-------------------------------|--|--|---|---|---|---------------------------------------|
| Budget Area | £000 | £000 | £000 | £000 | £'000 | £000 | £000 | £000 | £'000 | | £000 | £000 | £000 | £000 | £'000 |
| County Council Contingencies | 8,207 | 4,306 | 12,513 | - | 12,513 | 902 | | -6,824 | 6,591 | | 7,985 | 2,506 | 10,491 | - | 3,900 |
| Corporately Controlled Budgets | 506 | 1,010 | 1,516 | - | 1,516 | 47 | | | 1,563 | | 553 | 1,010 | 1,563 | - | 1,563 |
| Capital Financing & Interest Credits | - | 22,599 | 22,599 | -3,531 | 19,068 | | 456 | | 19,524 | | - | 23,055 | 23,055 | -3,531 | 19,524 |
| Members and Elections | 171 | 1,232 | 1,403 | - | 1,403 | 107 | | | 1,510 | | 278 | 1,232 | 1,510 | - | 1,510 |
| Total: Technical & Countywide | 8,884 | 29,147 | 38,031 | -3,531 | 34,500 | 1,056 | 456 | - | 6,824 | | 8,816 | 27,803 | 36,619 | -7,431 | 29,188 |

Context

The purpose of the Medium Term Financial Strategy (MTFS) is to give financial expression to the Council Strategy for the next four-year period. The MTFS sets out the Council's high-level funded plan, for achieving its goals and priorities, by balancing available financing and spending ambitions. It highlights the financial projections for financing, spending (revenue and capital), and reserves. The MTFS is prepared annually and covers the four-year period 2023/24 to 2026/27. It links decisions on resource allocation with decisions on policy priorities as set out in the Council Strategy.

Principles

The principles underlying the MTFS are:

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

2023/24 Budget Assumptions

The 2023/24 Budget has been produced using the following assumptions

- Council tax will increase by 2.99%.
- In addition, an Adult Social care precept of 2% will be applied in 2023/24.
- A 1.06% growth in taxbase is assumed.
- An assumed pay increase of 4.5% has been assumed.
- Inflation – budgets will only be adjusted for inflation where there is a contractual commitment
- Fees and charges will be increased by 3% and any subsidies removed.
- The level of General Reserves will be assessed on a risk-based approach.
- External Borrowing will be repaid as it matures and no new external borrowing is anticipated during the lifetime of this MTFS.
- A limited amount of central contingency will be held to cover potential risk of unachievable savings targets.

Reserves & Balances Analysis

Annex 5a

Forecast of Projected Reserve Balances for 31st March 2023

| Reserve Detail | Balance at 31st March 2022 | Forecast Transfers Out 2022/23 | Forecast Transfers In 2022/23 | Forecast Balance at 31st March 2023 | Notes |
|---|----------------------------------|--------------------------------------|-------------------------------------|--|-------|
| | £,000s | £,000s | £,000s | £,000s | |
| Earmarked Reserves | | | | | |
| Capital Fund | 13,906 | - 6,250 | - | 7,656 | 1 |
| Strategic Waste Reserve | 4,421 | - 2,413 | - | 2,008 | 2 |
| Transformation Reserve | 12,838 | - 5,453 | 32 | 7,417 | 3 |
| Invest to Save | 1,932 | - 1,132 | 132 | 932 | 4 |
| Insurance Fund | 11,431 | - 1,000 | 400 | 10,831 | 5 |
| Public Health | 2,884 | - 2,884 | 2,648 | 2,648 | 6 |
| County Elections | 513 | - 513 | - | - | 7 |
| Fire Joint Training Centre | 932 | - 69 | - | 863 | 8 |
| Economic Stimulus Reserve | 1,108 | - 831 | - | 277 | 9 |
| Fire PFI Reserve - GFRS | 4,093 | - | 7 | 4,100 | 10 |
| Revenue Grant Reserves | 63,871 | - 37,902 | 189 | 26,157 | 11 |
| Rates Retention Reserve | 11,492 | - 8,870 | - | 2,622 | 12 |
| Education Funding Risk Reserve | 152 | - 152 | - | - | 13 |
| Vulnerable Children Reserve | 1,096 | - 1,096 | - | - | 14 |
| Home to School Transport Reserve | 164 | - 247 | 83 | - | 15 |
| A417 Missing Link | 115 | - 115 | - | - | 16 |
| Adult Care | 11,926 | - | - | 11,926 | 17 |
| Communities & Infrastructure Reserve | 9,430 | - 4,797 | 4 | 4,637 | 18 |
| Traded Services Reserve | 130 | - 60 | - | 70 | 19 |
| Shared Audit Service Reserve | 152 | - 32 | - | 120 | 19 |
| LED Renewables Reserve | 532 | - | - | 532 | 20 |
| Other Reserves | 321 | - 8 | - | 313 | 21 |
| Growing Our Communities | 89 | - 89 | - | - | 22 |
| People Services Reserve | 271 | - 271 | - | - | 23 |
| Highways Act - Commuted Sum Reserve | 2,208 | - 331 | - | 1,877 | 24 |
| Build Back Better Reserve | - | - | 530 | 530 | 25 |
| Pay & Prices Reserve | - | - | 16,307 | 16,307 | 26 |
| Earmarked Reserves (Non School) | 156,007 | - 74,515 | 20,332 | 101,823 | |
| Schools Related | | | | | |
| School Balances | 23,326 | - | - | 23,326 | |
| Other Schools Related | 160 | - | - | 160 | |
| School Related | 23,486 | 0 | - | 23,486 | 27 |
| Earmarked Reserves Total | 179,493 | -74,515 | 20,332 | 125,309 | |
| General Fund Balances | 23,052 | - 6,814 | - | 16,238 | 28 |
| Total Revenue Reserves | 202,545 | -81,329 | 20,332 | 141,547 | |
| Earmarked Capital Reserves | | | | | |
| Capital Grant & Contributions Reserves | 98,087 | - | - | 98,087 | 29 |
| Capital Receipts Reserve | 5,198 | - | - | 5,198 | 30 |
| Total Capital Reserves | 103,285 | - | - | 103,285 | |
| Useable Reserves Total | 305,830 | -81,329 | 20,332 | 244,832 | |

Notes on Reserves

1. This is an earmarked reserve to provide funding for capital expenditure to prevent the need for external borrowing. All funds are earmarked for specific capital projects as agreed under the capital programme.
2. The strategic waste reserve is a smoothing reserve relating to the full contract life of the Energy from Waste project and has a small balance for Household Recycling Centres capital projects.
3. The transformation reserve was set up in 2009/10 to fund liabilities to pay for redundancy and one-off transformation costs associated with the MtC programme.
4. The invest to save reserve supports projects that are designed to deliver on-going savings in the future by providing “pump priming” funding.
5. Insurance Fund levels are based on external professional actuarial review and advice to mitigate the Council's insurance liability.
6. The public health reserve holds any unused balances from the Public Health Grant received by Government.
7. The county elections reserve acts as a smoothing reserve to fund the costs associated with county council elections held every four years. A budgeted annual contribution of £0.2 million is annually made to this fund.
8. The fire joint training reserve acts as an equalisation fund to smooth out revenue implications over the course of the PFI contract. PFI credits are received within the early years of the contract and need to be held to fund anticipated costs in the later years of the contract. Reserve balances are now expected to slowly reduce for the remaining of the contract to 2028.
9. The economic stimulus reserve is committed to fund a series of initiatives to support economic growth within Gloucestershire i.e. Fastershire rural broadband and apprenticeship initiative.
10. The fire PFI reserve acts as an equalisation fund to smooth out revenue implications over the course of the PFI contract. PFI credits are received within the early years of the contract and need to be held to fund anticipated costs in the later years of the contract. Reserve balances are therefore expected to peak in 2025, but then reduce over the next 12 years.
11. The revenue grants reserve is a technical reserve established, as required under accounting policies, for specific unapplied revenue grants where conditions related to the grant have been fully met. The large movement in 2022/23 reflects ring-fenced revenue grants received in advance of the start of the financial year which have been used for the specified purposes during the year. The table at paragraph 34 in the main report illustrates that in total the Council receives over £460 million of ring fenced grants so only a small proportion are received in advance.
12. The Council receives part of its base funding through the Business Rates Retention system (BRR). As a result the Council is subject to volatility around Business Rate collections. To smooth this volatility this reserve was created to top up any deficits. This reserve is also used to manage the operation of the Business Rates Pool (and Pilot during 2018/19). Surplus cash generated, or deficits needing to be funded, are managed via this reserve to ensure that there is

no in year impact on the Budget. Part of this reserve is ring fenced for economic development projects across the county, funded from surplus Pool money allocated to the Strategic Economic Development Fund, held by the Council on behalf of all Pool members.

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

26. This Reserve has been created following a review and transfer of uncommitted balances from various earmarked reserves. It is proposed to use this to support one off funding for the 2023-24 Revenue Budget.
27. It has been assumed that balances for Schools will remain at similar levels to those held at 31st March 2022.
28. Assuming a balanced outturn position on the revenue budget for 2022/23 general reserves are forecast to remain at £16.24 million at 31 March 2023. In the event of an overspend position a draw down on general reserves will be required.
29. The capital grants & contributions reserve is a technical reserve established, as required under accounting policies, for specific unapplied capital grants & contributions where conditions related to the grant have been fully met. These fully committed funds will be used to support the capital programme from 2021/22 onwards.
30. The capital receipts reserve holds capital receipts which have been received from approved property disposals. These receipts are held to finance the approved capital programme.

Risk Assessment of Uncommitted General Fund Reserve

ANNEX 5b

| Risk | Risks & Quantification | Likelihood & Value of Potential Call on Reserves |
|---|--|---|
| Inadequate Reserves and Provisions | Reserves and provisions are assessed each year and are considered sufficient to cover known risks. | <u>Low</u> <u>£0m</u> |
| Overspend on Service Expenditure | An amount is included for the potential risk of overspends in future years (excluding the risk on deliverability of budget proposals covered below). Volatility of between +/- 0.75% is possible given service delivery demand pressures. | <u>High</u> <u>£4.2m</u> |
| COVID | There is no specific funding 2023/24 or future years however it is anticipated that sufficient government funding will be made available if the need arises. | <u>Low</u> <u>£0.0m</u> |
| Major Emergency | The Government has confirmed that the Bellwin Scheme will continue thereby limiting certain costs to be borne by the Council. It is assumed that only costs in excess than a £1m would be applicable under the scheme. | <u>Medium</u> <u>£1.0m</u> |
| Robustness of 2021/22 savings proposals | The 2023/24 budget proposals include savings / additional income proposals. It is prudent to include a risk regarding the deliverability of these proposals to allow for potential slippage on delivery. | <u>Medium</u> <u>£1.0m</u> |
| Known Contingent Liabilities – Pension Guarantees | The Council has guaranteed to cover the liabilities associated with the pensions of ex-employees following the transfers of council services to external bodies. These arrangements are monitored, and future liabilities assessed. Any liabilities that occur would need to be funded from the General Fund. | <u>Low</u> <u>£0.5m</u> |
| Grant Funding | The Council receives grant funding to undertake one off projects both capital and revenue. There is a risk of grant clawback where projects do not meet their outputs, where they do not proceed, or the Council subsequently breaks the grant conditions. There is also a risk that expenditure will slip beyond the period of the grant so becoming ineligible and require financing from alternative resources. | <u>Low</u> <u>£1.0m</u> |
| Treasury Management | Whilst the Council attempts to minimise the risks when making treasury management investment decisions there is still a potential risk of a bank or financial institution in which the Council has invested collapsing or has a lower than anticipated yield. | <u>Low</u> <u>£0.5m</u> |
| Contractual Issues | The Council has a wide range of contractual arrangements that could see unexpected financial pressures in the event of the bankruptcy of a supplier or compensation due as a result of a breach of procurement rules. | <u>Medium</u> <u>£1.0m</u> |

| Risk | Risks & Quantification | Likelihood & Value of Potential Call on Reserves |
|---|---|---|
| Pay awards and other employee related changes | The risk of the pay award exceeding the 4.5% provision included in the base budget for 2023/24 is considered low. An additional 0.5% would cost £900k. | <u>Medium</u> <u>£0.9m</u> |
| Collection of Council Tax / NNDR | Fluctuations in council tax base figures could result in considerable pressure on the Councils revenue budget. | <u>Medium</u> <u>£1.5m</u> |
| Financial penalties as a result of a breach of GDPR / PCIDSS / HMRC rules | Increasingly local authorities are subject to a much tighter regulatory framework and breaches can potentially attract large fines if the Council is deemed to have acted negligently | <u>Low</u> <u>£0.5m</u> |
| Estimated total risks | | £12.1m |
| Forecast level of General Reserve at 31/3/2003 | | £16.238m |
| Less assumed drawing from General Reserves to balance the 2023/24 budget. | | <u>£4.000m</u> |
| Uncommitted level of General Reserves | | £12.238m |

Revenue Budget Forward Projections

Annex 6

MTFS 2023/24 – 2026/27 – Forecast draft budgets based on funding assumptions

| | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|---|---------------|---------------|---------------|---------------|
| | Forecast | Forecast | Forecast | Forecast |
| | £m | £m | £m | £m |
| Original Base Budget | 521.33 | 567.13 | 591.79 | 608.58 |
| One off Budget Adjustments | -11.05 | -2.27 | -6.88 | 0.00 |
| Revised Budget | 510.28 | 564.86 | 584.91 | 608.58 |
| Pay Inflation | 7.22 | 3.78 | 3.85 | 3.93 |
| Cost and Spending Pressures | 68.94 | 41.23 | 41.15 | 41.07 |
| Cost Reductions | -19.30 | -18.07 | -21.33 | -26.71 |
| Net Operating Budget | 567.13 | 591.79 | 608.58 | 626.87 |
| Less:- | | | | |
| Top Up Grant | 54.67 | 55.76 | 56.88 | 58.01 |
| Business Rates Income | 22.50 | 22.71 | 23.17 | 23.63 |
| Revenue Support Grant | 9.36 | 9.55 | 9.55 | 9.55 |
| Public Health Grant | 26.53 | 26.53 | 27.05 | 27.59 |
| Improved Better Care Fund | 20.02 | 20.02 | 20.02 | 20.02 |
| New Homes Bonus | 0.85 | 0.83 | 0.00 | 0.00 |
| Social Care Grant | 44.78 | 54.83 | 54.83 | 54.83 |
| Other Non Ring Fenced Grants | 12.35 | 12.35 | 12.35 | 12.35 |
| Collection Fund Surplus | 1.96 | 3.000 | 3.000 | 3.000 |
| Reserves | 9.91 | 0.00 | 0.00 | 0.00 |
| Budget to be met by Council Tax Payers | 364.21 | 386.21 | 401.74 | 417.89 |
| <u>Council Tax Calculation</u> | | | | |
| Council Tax Base (Est) | 239,020 | 241,411 | 243,825 | 246,263 |
| Council Tax Band D Equivalent) | £1,523.78 | £1,599.82 | £1,647.65 | £1,696.92 |
| % Increase in Council Tax | 4.99% | 4.99% | 2.99% | 2.99% |

Capital Strategy 2023/24

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

Capital Expenditure and Financing

- 3 Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.
- 4 In 2023/24, the Budget set for planned capital expenditure is £236.3 million summarised below.

Table 1: Estimates of Capital Expenditure

| Estimates of Capital Expenditure | 2021/22 Actual £m | 2022/23 Estimate £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m |
|----------------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| General Fund services | 119.065 | 148.342 | 235.031 | 114.715 | 145.213 |
| PFI and Finance Leases | 0.946 | 0.921 | 1.282 | 7.607 | 1.050 |
| TOTAL | 120.011 | 149.263 | 236.313 | 122.322 | 146.263 |

* £6.5m of PFI and Finance Lease debt financing in 2024/25 arises from a change in the accounting for leases and does not represent new cash expenditure

Governance:

- 5 For the majority of service areas service managers bid annually to include projects in the Council's capital programme. The Council's project appraisal process will be the methodology employed to evaluate schemes included in the MTFS. The elements are:
 - Scheme description
 - Fit against the Council's priorities
 - Costs including whole life costs and scheme phasing
 - Available funding and source
 - Revenue consequences
 - Risk assessment
 - VAT issues
 - Planning and site issues
 - Target dates
- 6 Analysis of existing approved schemes will be carried out at each MTFS refresh to identify all "non-committed" schemes. If necessary, these will be re-prioritised

against other priority schemes awaiting approval. Capital resources will be made available to deliver schemes that meet the Council's "invest to save" criteria.

- 7 All Highway related projects, with a few limited exceptions are subjected to a mathematical assessment process applicable to the area of the service involved. The exceptions are the allocations that are set aside for reactive works which relates to urgent work necessary to keep the network in a safe and operational state, Community Offer where we match contributions from the community and low-cost minor works where we react on a local basis to needs.
- 8 The Council has a statutory obligation to ensure there are sufficient local school places available across the County. The capital and grant funding it receives is prioritised against schemes which have been identified to meet forecast growth (basic need) in areas where additional places are required and where the condition of the school's infrastructure needs updating and replacing. Annual monitoring of pupil's forecasts and housing, together with annual inspections of school site and premises ensure the information is up to date to inform planned decisions. The Council produced a School Places Strategy document (2021-2026). The strategy, which was approved by Cabinet in March 2021, is a key framework document for the Council in considering any statutory proposals for changes to school organisation including the commissioning of new schools and will inform future capital investment priorities.
- 9 The final capital programme is presented to Cabinet in January and to Council in February each year.
- 10 Full details of the Council's current capital programme can be found in the Councils Budget at www.gloucestershire.gov.uk.

Financing Capital Expenditure

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

Table 2: Financing the Capital Programme

| Capital Financing | 2021/22 Actual £m | 2022/23 Estimate £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m |
|-----------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| External Sources | 88.080 | 96.990 | 149.557 | 66.527 | 103.978 |
| Internal Resources, Capital | 11.277 | 13.003 | 18.059 | 7.570 | 2.540 |
| Internal Resources, Revenue | 5.322 | 1.669 | 0.144 | 0.000 | 0.000 |
| Debt | 14.387 | 36.680 | 67.271 | 40.618 | 38.695 |
| Sub Total | 119.065 | 148.342 | 235.031 | 114.715 | 145.213 |
| PFI and Finance Leases | 0.946 | 0.921 | 1.282 | 7.607 | 1.050 |
| Total | 120.012 | 149.263 | 236.313 | 122.322 | 146.263 |

* £6.5m of PFI and Finance Lease debt financing in 2024/25 arises from a change in the accounting for leases and does not represent new cash expenditure

- 12 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from

revenue which is known as the minimum revenue provision (MRP) and leased PFI assets are financed via lease payments. Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP, PFI and lease payments are as follows (there are no plans to use capital receipts in this way at the current time):

Table 3: Replacement of Prior Years' Debt Finance

| Replacement of Debt Finance | 2021/22 Actual £m | 2022/23 Estimate £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m |
|-----------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Minimum Revenue Provision | 7.568 | 7.580 | 8.272 | 10.509 | 11.746 |
| PFI and Finance Leases | 3.662 | 3.952 | 3.753 | 4.333 | 4.419 |
| Total | 11.230 | 11.532 | 12.024 | 14.842 | 16.165 |

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

Table 4: Capital Financing requirement

| Capital Financing Requirement | 2021/22 Actual £m | 2022/23 Estimate £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m |
|-------------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| General Fund services | 304.513 | 333.873 | 392.872 | 422.981 | 449.930 |
| PFI and Finance Leases | 153.040 | 148.827 | 151.575 | 147.242 | 142.823 |
| TOTAL CFR | 457.553 | 482.701 | 544.447 | 570.223 | 592.753 |

Asset management:

- 15 To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy in place. This document seeks to align the asset portfolio with the needs of the Council. The Council's asset management strategy is available on the Council's website, www.gloucestershire.gov.uk

Asset disposals:

- 16 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt.
- 17 Since 2016/17 new capital receipts can also be used to fund the revenue costs of transformation projects designed to generate ongoing revenue savings in the delivery of public services and / or to transform service delivery in a way that reduces costs or demand for services in the future. The approved budget 2023/24 does not anticipate the use of capital receipts in this way, however given the on going transformation programme and the financial challenges faced by the Council it may become necessary to consider using capital receipts in this flexible manner in future. Using capital receipts in this way will require the approval of the County Council.

- 18 Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £26.4 million of capital receipts in the coming financial year as follows:

Table 5: Capital Receipts

| Capital receipts | 2021/22 Actual £m | 2022/23 Estimate £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m |
|---------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Asset sales | 6.539 | 10.017 | 26.365 | 6.947 | 5.750 |
| Investment Platform | 0.008 | 0.000 | 0.000 | 0.000 | 0.000 |
| TOTAL | 6.547 | 10.017 | 26.365 | 6.947 | 5.750 |

Treasury Management

- 19 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 20 Due to decisions taken in the past, the Council is currently projected to have £239.8 million borrowing as at the end of March 2023 at an average interest rate of 4.57% and £292.9 million treasury investments at an average rate of 2.4%, projected as at the end of March 2023.

Borrowing strategy:

- 21 The Council is currently holding all new long term external borrowing requirements internally. However, should the Council need to externalise this debt or take short term debt for cash flow purposes the main objectives when borrowing will be to achieve a low but certain cost of finance, while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between short-term loans (currently available at around 2.09% as at 28th October 2022) and long-term fixed rate loans where the future cost is known but higher (as at 28th October 2022 PWLB 50 year rate 4.17%).
- 22 Projected levels of the Council's total outstanding debt (which comprises borrowing, waste and PFI liabilities are shown below, compared with the capital financing requirement (see above).

Table 6: Gross Debt and the Capital Financing Requirement

| Gross Debt and the Capital Financing Requirement | 2021/22 Actual £m | 2022/23 Estimate £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m |
|--|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Debt (incl. Other Liabilities) | 399.718 | 388.605 | 383.353 | 372.520 | 368.101 |
| Capital Financing Requirement | 457.553 | 482.701 | 544.447 | 570.223 | 592.753 |

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

Liability benchmark:

- 24 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing minimum level of borrowing required to keep investments at a minimum level. Representing the minimum amount of borrowing an authority must undertake to fund their capital expenditure, this is such an important indicator that it has now been made mandatory by CIPFA in the Prudential Code. This benchmark is currently negative at -£53.1 million as a result of the historical borrowing portfolio of the Council and the level of balances and reserves. The benchmark is forecast to increase to £77.5 million over the next three years due to the additional borrowing proposed within the capital programme. In effect, this is saying that if we had no additional investment balances / surplus cash during 2023/24 the Council would not need to borrow currently to support the capital programme as investment balances are sufficiently high.

Table 7: Borrowing and the Liability Benchmark

| Borrowing and the Liability Benchmark | 2021/22 Actual £m | 2022/23 Estimate £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m |
|---------------------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Outstanding borrowing | 249.919 | 239.778 | 231.778 | 225.278 | 225.278 |
| Liability benchmark | -89.094 | -53.094 | 13.905 | 50.514 | 77.462 |

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

Affordable borrowing limit:

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

Table 8: Authorised Limit and Operational Boundary for External Debt

| Authorised limit and operational boundary | 2021/22 Limit £m | 2022/23 Limit £m | 2023/24 Limit £m | 2024/25 Limit £m | 2025/26 Limit £m |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Total Authorised Limit for Debt and Other Liabilities | 510.000 | 540.000 | 565.000 | 585.000 | 580.000 |
| Split: Debt | 356.960 | 391.173 | 413.425 | 437.758 | 437.177 |
| Other Liabilities | 153.040 | 148.827 | 151.575 | 147.242 | 142.823 |
| Total Operational Boundary for Debt | 490.000 | 520.000 | 545.000 | 565.000 | 560.000 |
| Split: Debt | 336.960 | 371.173 | 393.425 | 417.758 | 417.177 |
| Other Liabilities | 153.040 | 148.827 | 151.575 | 147.242 | 142.823 |

- 28 Further details on borrowing are available within the treasury management strategy.

Treasury Investment strategy:

- 29 Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management. The Department for Levelling Up, Housing and Communities (DLUHC) guidance requires that a non-treasury management Investment Strategy is maintained.
- 30 The Council's policy on treasury investments is to prioritise security and liquidity over yield that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation.
- 31 Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy. The Council may request its money back at short notice, however the business model is to hold money in strategic pooled funds for the longer term, for a period of at least five years.

Table 9: Treasury Management Investments

| Treasury Management Investments | 2021/22 Actual £m | 2022/23 Estimate £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m |
|---------------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Near-term investments | 214.0 | 167.9 | 92.9 | 48.3 | 12.3 |
| Longer-term investments | 125.0 | 125.0 | 125.0 | 125.0 | 125.0 |
| TOTAL | 339.0 | 292.9 | 217.9 | 173.3 | 137.3 |

Risk management:

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

Governance:

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

Investments for Service Purposes

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

Governance:

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

Commercial Activities

- 37 With central government financial support for local public services declining, many local authorities have invested in commercial property for financial gain.
- 38 With financial return being the main objective, Council's will generally accept higher risk on commercial investment, in line with business cases, than it would for treasury investments. The principal risk exposure includes gaps in rental income, falls in capital value, delays in occupation. Should the Council choose to pursue commercial activities, the risks will be managed in line with a comprehensive business case.

Governance:

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

Liabilities

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

Governance:

- 42 Any new discretionary liabilities are fully reviewed before any commitment is taken as part of the MTFS process. A full risk register is maintained and monitored to

ensure that the risk of liabilities crystallising and requiring payment is fully monitored and reported.

Revenue Budget Implications

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

Table 10: Proportion of financing costs to net revenue stream

| | 2021/22 Actual | 2022/23 Estimate | 2023/24 Estimate | 2024/25 Estimate | 2025/26 Estimate |
|--|-------------------|---------------------|---------------------|---------------------|---------------------|
| Proportion of Financing Costs to Net Revenue Stream | 4.93% | 5.50% | 5.55% | 6.29% | 6.61% |

* £6.5m of the increase in financing costs in 2024/25 arises from a change in the accounting for leases and does not represent additional cost to the Council

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

Sustainability:

- 45 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Section 151 Officer is satisfied that the approved capital programme is prudent, affordable and sustainable because new schemes are robustly challenged through the capital bid process.

Knowledge and Skills

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

Annex 8a

Capital Programme 2023/24

MEDIUM TERM CAPITAL PROGRAMME - COUNTY COUNCIL SERVICES FINANCING STATEMENT

| | Profiled Budget | | | | | Total | Prior | Total |
|--|-----------------|----------------|----------------|----------------|---------------|----------------|----------------|------------------|
| | 2022/23 | 2023/24 | 2024/25 | 2025/26 | Future | Still | Years | Scheme |
| | £000 | £000 | £000 | £000 | Years | Required | Actual | Investment |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| GROSS PAYMENTS | | | | | | | | |
| <u>Adults</u> | 10,986 | 14,476 | 9,028 | 6,842 | 0 | 41,332 | 3,390 | 44,722 |
| <u>Children & Families</u> | | | | | | | | |
| Schools | 25,088 | 44,566 | 11,861 | 1,500 | 1,500 | 84,515 | 73,179 | 157,694 |
| Non Schools | 2,585 | 7,005 | 0 | 0 | 0 | 9,590 | 1,003 | 10,593 |
| <u>Economy, Environment & Infrastructure</u> | | | | | | | | |
| Transport & Highways | 80,455 | 120,191 | 69,814 | 118,422 | 38,098 | 426,980 | 206,862 | 633,842 |
| Planning & Economic Development | 1,178 | 3,663 | 2,446 | 365 | 266 | 7,918 | 12,124 | 20,042 |
| Environment & Waste | 1,121 | 582 | 96 | 55 | 0 | 1,854 | 727 | 2,581 |
| Libraries & Registration | 1,019 | 1,121 | 0 | 0 | 0 | 2,140 | 1,820 | 3,960 |
| <u>Community Safety</u> | | | | | | | | |
| Fire & Rescue Service | 734 | 4,413 | 2,353 | 16 | 0 | 7,516 | 1,191 | 8,707 |
| Trading Standards | 39 | 0 | 0 | 0 | 0 | 39 | 0 | 39 |
| <u>Corporate Resources</u> | | | | | | | | |
| Asset Management & Property Services | 8,345 | 23,153 | 4,880 | 3,776 | 1,434 | 41,588 | 23,335 | 64,923 |
| ICT Projects | 4,837 | 3,361 | 1,737 | 1,737 | 23 | 11,695 | 4,050 | 15,745 |
| Business Service Centre | 145 | 0 | 0 | 0 | 0 | 145 | 95 | 240 |
| Archives & Information Management | 90 | 0 | 0 | 0 | 0 | 90 | 27 | 117 |
| Digital Innovation (Customer) | 20 | 0 | 0 | 0 | 0 | 20 | 1,034 | 1,054 |
| Investment and Transformation Fund | 11,700 | 12,500 | 12,500 | 12,500 | 0 | 49,200 | 0 | 49,200 |
| Total | 148,342 | 235,031 | 114,715 | 145,213 | 41,321 | 684,622 | 328,837 | 1,013,459 |

AVAILABLE RESOURCES

| | | | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|---------------|----------------|
| Revenue Contributions | 1,311 | 140 | 0 | 0 | 0 | 1,451 |
| Section 106 Contributions | 4,550 | 4,477 | 0 | 0 | 0 | 9,027 |
| Capital Fund | 0 | 0 | 0 | 0 | 0 | 0 |
| Other External Contributions | 3,373 | 97 | 0 | 0 | 0 | 3,470 |
| External Grant - including Government | 89,067 | 144,983 | 66,527 | 103,978 | 32,898 | 437,453 |
| Other Reserves | 358 | 4 | 0 | 0 | 0 | 362 |
| Capital Receipts | 13,003 | 18,059 | 7,570 | 2,540 | 4,000 | 45,172 |
| Internal Borrowing | 36,680 | 67,271 | 40,618 | 38,695 | 4,423 | 187,687 |
| Other - including Borrowing | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 148,342 | 235,031 | 114,715 | 145,213 | 41,321 | 684,622 |

| | | | | | | |
|----------------------------|----------|----------|----------|----------|----------|----------|
| Surplus/deficit (-) | 0 | 0 | 0 | 0 | 0 | 0 |
|----------------------------|----------|----------|----------|----------|----------|----------|

| Capital Programme 2023/24 | | | Budget | | | | | | Financing for Remaining Life (2022/23 onwards) | | | | | | | | | | Funding of |
|--|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------|-----------------|--|----------------------|-----------------|---------------------------|---------------------------|-----------------------------|-------------------------------|-------------------------------------|--------------------------------|----------------------|------------|
| Scheme Name | Total Scheme | Prior Years | 2022/23 £000 | 2023/24 £000 | 2024/25 £000 | 2025/26 £000 | Future Years £000 | Revenue | S106 | Capital Fund £000 | Other | External Grant £000 | Other Reserves £000 | Capital Receipts £000 | Internal Borrowing £000 | Total for Remaining Life £000 | Prior Years Funding £000 | Budget Total £000 | |
| | Budget £000 | Actuals £000 | | | | | | Contrib £000 | External Contrib £000 | | Contrib £000 | | | | | | | | |
| Summary by service area | | | | | | | | | | | | | | | | | | | |
| Adults | 44,722 | 3,390 | 10,986 | 14,476 | 9,028 | 6,842 | 0 | 3 | 0 | 0 | 0 | 36,439 | 0 | 4,214 | 676 | 41,332 | 3,390 | 44,722 | |
| Schools | 157,694 | 73,179 | 25,088 | 44,566 | 11,861 | 1,500 | 1,500 | 7 | 3,867 | 0 | 13 | 68,286 | 0 | 614 | 11,728 | 84,515 | 73,179 | 157,694 | |
| Non Schools | 10,593 | 1,003 | 2,585 | 7,005 | 0 | 0 | 0 | 0 | 0 | 0 | 1,250 | 2,342 | 0 | 1 | 5,997 | 9,590 | 1,003 | 10,593 | |
| Transport & Highways | 634,490 | 206,862 | 80,455 | 120,191 | 69,831 | 118,787 | 38,364 | 993 | 4,260 | 0 | 2,062 | 328,867 | 0 | 11,135 | 80,311 | 427,628 | 206,862 | 634,490 | |
| Planning & Economic Development | 19,394 | 12,124 | 1,178 | 3,663 | 2,429 | 0 | 0 | 0 | 0 | 0 | 53 | 454 | 123 | 6,640 | 0 | 7,270 | 12,124 | 19,394 | |
| Environment & Waste | 2,581 | 727 | 1,121 | 582 | 96 | 55 | 0 | 123 | 12 | 0 | 0 | 679 | 227 | 813 | 0 | 1,854 | 727 | 2,581 | |
| Libraries & Registration | 3,960 | 1,820 | 1,019 | 1,121 | 0 | 0 | 0 | 0 | 888 | 0 | 0 | 254 | 0 | 733 | 265 | 2,140 | 1,820 | 3,960 | |
| Fire & Rescue Service | 8,707 | 1,191 | 734 | 4,413 | 2,353 | 16 | 0 | 0 | 0 | 0 | 0 | 18 | 0 | 3,894 | 3,604 | 7,516 | 1,191 | 8,707 | |
| Trading Standards | 39 | 0 | 39 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 39 | 0 | 39 | 0 | 39 | |
| Asset Management & Property Services | 64,923 | 23,335 | 8,345 | 23,153 | 4,880 | 3,776 | 1,434 | 325 | 0 | 0 | 92 | 114 | 0 | 5,317 | 35,740 | 41,588 | 23,335 | 64,923 | |
| ICT Projects | 15,745 | 4,050 | 4,837 | 3,361 | 1,737 | 1,737 | 23 | 0 | 0 | 0 | 0 | 0 | 0 | 11,529 | 166 | 11,695 | 4,050 | 15,745 | |
| Business Service Centre | 240 | 95 | 145 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 145 | 0 | 145 | 95 | 240 | |
| Archives & Information Management | 117 | 27 | 90 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12 | 78 | 0 | 90 | 27 | 117 | |
| Digital Innovation (Customer) | 1,054 | 1,034 | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 0 | 20 | 1,034 | 1,054 | |
| Investment and Transformation Fund | 49,200 | 0 | 11,700 | 12,500 | 12,500 | 12,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 49,200 | 49,200 | 0 | 49,200 | |
| Total Capital Programme | 1,013,459 | 328,837 | 148,342 | 235,031 | 114,715 | 145,213 | 41,321 | 1,451 | 9,027 | 0 | 3,470 | 437,453 | 362 | 45,172 | 187,687 | 684,622 | 328,837 | 1,013,459 | |
| Adults | | | | | | | | | | | | | | | | | | | |
| H.O.L.D. Scheme | 654 | 184 | 0 | 470 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 470 | 0 | 0 | 0 | 470 | 184 | 654 | |
| Community Capacity/Market Management | 4,050 | 160 | 55 | 1,649 | 2,186 | 0 | 0 | 0 | 0 | 0 | 0 | 91 | 0 | 3,799 | 0 | 3,890 | 160 | 4,050 | |
| DFG 21/22 - CES CEQUIP Replacement | 310 | 0 | 310 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 310 | 0 | 0 | 0 | 310 | 0 | 310 | |
| GIS Vehicle Replacement | 679 | 0 | 303 | 376 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 676 | 679 | 0 | 679 | |
| Paternoster House refurbishment (OSI) | 1,033 | 4 | 913 | 116 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,029 | 0 | 0 | 0 | 1,029 | 4 | 1,033 | |
| Disabled Facilities Grant 2022/23 | 4,055 | 0 | 0 | 4,055 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,055 | 0 | 0 | 0 | 4,055 | 0 | 4,055 | |
| DFG 22/23 - Cheltenham | 900 | 0 | 900 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 900 | 0 | 0 | 0 | 900 | 0 | 900 | |
| DFG 22/23 - Cotswold | 1,300 | 0 | 1,300 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,300 | 0 | 0 | 0 | 1,300 | 0 | 1,300 | |
| DFG 22/23 - Forest of Dean | 900 | 0 | 900 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 900 | 0 | 0 | 0 | 900 | 0 | 900 | |
| DFG 22/23 - Gloucester | 948 | 0 | 948 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 948 | 0 | 0 | 0 | 948 | 0 | 948 | |
| DFG 22/23 - Stroud | 650 | 0 | 650 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 650 | 0 | 0 | 0 | 650 | 0 | 650 | |
| DFG 22/23 - Tewkesbury | 800 | 0 | 800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 800 | 0 | 0 | 0 | 800 | 0 | 800 | |
| DFG 22/23 - Community Equipment | 1,000 | 0 | 1,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,000 | 0 | 0 | 0 | 1,000 | 0 | 1,000 | |
| DFG 22/23 - We Care & Repair adaptations | 1,000 | 0 | 1,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,000 | 0 | 0 | 0 | 1,000 | 0 | 1,000 | |
| DFG 22/23 - District capital bids | 1,000 | 0 | 1,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,000 | 0 | 0 | 0 | 1,000 | 0 | 1,000 | |
| GIS Office refurbishment & canopy | 368 | 0 | 68 | 300 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 368 | 0 | 368 | 0 | 368 | |
| Schemes under £250,000 22/23 onwards | 4,549 | 3,042 | 839 | 668 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,460 | 0 | 47 | 0 | 1,507 | 3,042 | 4,549 | |
| New Funding 2023/24 onwards | | | | | | | | | | | | | | | | | | | |
| Disabled Facilities Grant 2023/24 | 6,842 | 0 | 0 | 6,842 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,842 | 0 | 0 | 0 | 6,842 | 0 | 6,842 | |
| Disabled Facilities Grant 2024/25 | 6,842 | 0 | 0 | 0 | 6,842 | 0 | 0 | 0 | 0 | 0 | 0 | 6,842 | 0 | 0 | 0 | 6,842 | 0 | 6,842 | |
| Disabled Facilities Grant 2025/26 (EST) | 6,842 | 0 | 0 | 0 | 0 | 6,842 | 0 | 0 | 0 | 0 | 0 | 6,842 | 0 | 0 | 0 | 6,842 | 0 | 6,842 | |
| Total Adults | 44,722 | 3,390 | 10,986 | 14,476 | 9,028 | 6,842 | 0 | 3 | 0 | 0 | 0 | 36,439 | 0 | 4,214 | 676 | 41,332 | 3,390 | 44,722 | |
| Schools | | | | | | | | | | | | | | | | | | | |
| Bettridge remodelling & refurbishment | 300 | 0 | 250 | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 300 | 0 | 0 | 0 | 300 | 0 | 300 | |
| Heart of the Forest SEMH provision | 1,600 | 0 | 950 | 650 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,600 | 0 | 0 | 0 | 1,600 | 0 | 1,600 | |
| Brook Academy New SEMH School | 9,895 | 5,856 | 3,894 | 145 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,039 | 0 | 0 | 0 | 4,039 | 5,856 | 9,895 | |
| High Needs Provision Capital 22/23 | 6,167 | 0 | 0 | 6,167 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,167 | 0 | 0 | 0 | 6,167 | 0 | 6,167 | |
| New Primary Special School | 650 | 0 | 100 | 550 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 650 | 0 | 0 | 0 | 650 | 0 | 650 | |
| Chipping Campden School Performing Arts | 1,006 | 362 | 644 | 0 | 0 | 0 | 0 | 0 | 644 | 0 | 0 | 0 | 0 | 0 | 0 | 644 | 362 | 1,006 | |
| The Cotswold School expansion | 5,800 | 5,456 | 79 | 265 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 344 | 0 | 0 | 0 | 344 | 5,456 | 5,800 | |
| Leckhampton High School new school | 34,523 | 24,182 | 8,780 | 1,561 | 0 | 0 | 0 | 0 | 1,080 | 0 | 13 | 3,520 | 0 | 0 | 5,728 | 10,341 | 24,182 | 34,523 | |
| Basic Need Grant 2020/21 | 4,973 | 0 | 87 | 4,886 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,973 | 0 | 0 | 0 | 4,973 | 0 | 4,973 | |
| Carbon Reduction in Education Properties | 800 | 0 | 200 | 600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 800 | 800 | 0 | 800 | |
| Basic Need Grant 2022/23 | 7,231 | 0 | 0 | 7,231 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,231 | 0 | 0 | 0 | 7,231 | 0 | 7,231 | |
| Schools Condition Allocation 2022/23 | 4,417 | 0 | 0 | 2,000 | 2,417 | 0 | 0 | 0 | 0 | 0 | 0 | 4,417 | 0 | 0 | 0 | 4,417 | 0 | 4,417 | |
| School Kitchens Eco upgrade | 354 | 0 | 354 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 90 | 0 | 264 | 0 | 354 | 0 | 354 | |
| Warden Hill Primary replacement | 7,510 | 1,467 | 4,851 | 1,192 | 0 | 0 | 0 | 7 | 0 | 0 | 0 | 5,836 | 0 | 0 | 200 | 6,043 | 1,467 | 7,510 | |

| Capital Programme 2023/24 | Budget | | | | | | | Financing for Remaining Life (2022/23 onwards) | | | | | | | | Total for Remaining Life £000 | Prior Years Funding £000 | Funding of Budget Total £000 |
|---|--------------------------|--------------------------|--------------|--------------|--------------|--------------|-------------------|--|----------------------------|-------------------------|-----------------------------|---------------------|---------------------|-----------------------|-------------------------|-------------------------------|--------------------------|------------------------------|
| Scheme Name | Total Scheme Budget £000 | Prior Years Actuals £000 | 2022/23 £000 | 2023/24 £000 | 2024/25 £000 | 2025/26 £000 | Future Years £000 | Revenue Contrib £000 | S106 External Contrib £000 | Other Capital Fund £000 | Other External Contrib £000 | External Grant £000 | Other Reserves £000 | Capital Receipts £000 | Internal Borrowing £000 | | | |
| St. David's Primary expansion | 1,500 | 211 | 0 | 1,289 | 0 | 0 | 0 | 0 | 989 | 0 | 0 | 300 | 0 | 0 | 0 | 1,289 | 211 | 1,500 |
| Twynning Primary expansion | 350 | 0 | 50 | 300 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 350 | 0 | 0 | 0 | 350 | 0 | 350 |
| Winchcombe Abbey Primary expansion | 1,500 | 115 | 0 | 1,385 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,385 | 0 | 0 | 0 | 1,385 | 115 | 1,500 |
| Bishops Cleeve New Primary School | 11,000 | 779 | 320 | 9,901 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,221 | 0 | 0 | 0 | 10,221 | 779 | 11,000 |
| Schemes under £250,000 22/23 onwards | 41,062 | 34,751 | 4,529 | 1,694 | 88 | 0 | 0 | 0 | 1,154 | 0 | 0 | 4,807 | 0 | 350 | 0 | 6,311 | 34,751 | 41,062 |
| New Funding 2023/24 onwards | | | | | | | | | | | | | | | | | | |
| High Needs Provision Capital 23/24 | 7,856 | 0 | 0 | 0 | 7,856 | 0 | 0 | 0 | 0 | 0 | 0 | 7,856 | 0 | 0 | 0 | 7,856 | 0 | 7,856 |
| Schools Condition Allocation 2023/24 (estimate) | 4,200 | 0 | 0 | 4,200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,200 | 0 | 0 | 0 | 4,200 | 0 | 4,200 |
| Basic Need top up | 5,000 | 0 | 0 | 500 | 1,500 | 1,500 | 1,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,000 | 5,000 | 0 | 5,000 |
| Total Schools | 157,694 | 73,179 | 25,088 | 44,566 | 11,861 | 1,500 | 1,500 | 7 | 3,867 | 0 | 13 | 68,286 | 0 | 614 | 11,728 | 84,515 | 73,179 | 157,694 |
| Non Schools | | | | | | | | | | | | | | | | | | |
| Southfields Semi-Independent Accom | 3,464 | 0 | 1,000 | 2,464 | 0 | 0 | 0 | 0 | 0 | 0 | 1,000 | 0 | 0 | 0 | 2,464 | 3,464 | 0 | 3,464 |
| Townsend House | 2,500 | 0 | 500 | 2,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,500 | 2,500 | 0 | 2,500 |
| Rowan Tree House refurbishment | 552 | 51 | 501 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 250 | 250 | 0 | 1 | 0 | 501 | 51 | 552 |
| London Road | 800 | 0 | 300 | 500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 800 | 800 | 0 | 800 |
| Schemes under £250,000 22/23 onwards | 1,236 | 952 | 284 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 51 | 0 | 0 | 233 | 284 | 952 | 1,236 |
| New Funding 2023/24 onwards | | | | | | | | | | | | | | | | | | |
| Children's Homes Capital Fund Grant | 2,041 | 0 | 0 | 2,041 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,041 | 0 | 0 | 0 | 2,041 | 0 | 2,041 |
| Total Non Schools | 10,593 | 1,003 | 2,585 | 7,005 | 0 | 0 | 0 | 0 | 0 | 0 | 1,250 | 2,342 | 0 | 1 | 5,997 | 9,590 | 1,003 | 10,593 |
| Transport & Highways | | | | | | | | | | | | | | | | | | |
| PROW Capital Bridges - MTFS 2020-21 | 750 | 277 | 173 | 150 | 150 | 0 | 0 | 0 | 0 | 0 | 0 | 473 | 0 | 0 | 0 | 473 | 277 | 750 |
| A435 Charlton Hill Cheltenham Phase 2 | 2,842 | 712 | 220 | 1,910 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,460 | 0 | 0 | 670 | 2,130 | 712 | 2,842 |
| Badgworth Road (Reddings Bridge) Slip | 539 | 111 | 265 | 163 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 428 | 0 | 0 | 0 | 428 | 111 | 539 |
| Blakeney West - landslip scheme | 1,624 | 590 | 982 | 52 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,034 | 0 | 0 | 0 | 1,034 | 590 | 1,624 |
| Landslips - Budget Only | 353 | 0 | 151 | 202 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 353 | 0 | 0 | 0 | 353 | 0 | 353 |
| Gloucestershire Cycle Spine | 15,602 | 2,682 | 3,960 | 8,960 | 0 | 0 | 0 | 10 | 0 | 0 | 0 | 7,850 | 0 | 2,410 | 2,650 | 12,920 | 2,682 | 15,602 |
| Gloucester City Centre - Cycle Spine | 7,920 | 1 | 647 | 3,052 | 4,220 | 0 | 0 | 0 | 0 | 0 | 0 | 7,919 | 0 | 0 | 0 | 7,919 | 1 | 7,920 |
| BSIP Bus Infrastructure TBA | 2,600 | 0 | 200 | 600 | 400 | 1,400 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,600 | 2,600 | 0 | 2,600 |
| Bus Shelters - MTFS Bid 22-23 | 375 | 0 | 0 | 225 | 75 | 75 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 375 | 375 | 0 | 375 |
| ANPR Enforcement Camera Replacement | 280 | 0 | 0 | 100 | 80 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 280 | 280 | 0 | 280 |
| Highways Locals Capital 2022-23 | 352 | 0 | 0 | 352 | 0 | 0 | 0 | 10 | 0 | 0 | 0 | 342 | 0 | 0 | 0 | 352 | 0 | 352 |
| M5 Junction10 Improvement Schemes | 234,234 | 0 | 22,587 | 36,365 | 41,394 | 96,990 | 36,898 | 0 | 0 | 0 | 0 | 230,234 | 0 | 4,000 | 0 | 234,234 | 0 | 234,234 |
| Lydney Harbour Project | 1,462 | 365 | 1,044 | 53 | 0 | 0 | 0 | 0 | 0 | 0 | 1,097 | 0 | 0 | 0 | 0 | 1,097 | 365 | 1,462 |
| Gloucester South West Bypass - Uanthonny | 13,852 | 5,596 | 4,350 | 3,906 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,256 | 0 | 0 | 0 | 8,256 | 5,596 | 13,852 |
| Cross Keys Roundabout Improvements | 3,602 | 2,802 | 148 | 652 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 800 | 0 | 0 | 0 | 800 | 2,802 | 3,602 |
| Cheltenham to Bishops Cleeve Cycle Track | 15,180 | 411 | 811 | 8,958 | 5,000 | 0 | 0 | 0 | 166 | 0 | 0 | 12,942 | 0 | 0 | 1,661 | 14,769 | 411 | 15,180 |
| Honeybourne Cycle ext A40 Lansdown | 417 | 50 | 0 | 367 | 0 | 0 | 0 | 0 | 307 | 0 | 0 | 60 | 0 | 0 | 0 | 367 | 50 | 417 |
| Albert St Junction - Lydney Hiwy Strategy | 581 | 0 | 23 | 558 | 0 | 0 | 0 | 0 | 581 | 0 | 0 | 0 | 0 | 0 | 0 | 581 | 0 | 581 |
| Design Funds to Support Major Schemes | 1,734 | 0 | 0 | 1,734 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,618 | 0 | 116 | 0 | 1,734 | 0 | 1,734 |
| A435 Bishops Cl' to Racecourse Capacity | 1,669 | 1,041 | 628 | 0 | 0 | 0 | 0 | 0 | 628 | 0 | 0 | 0 | 0 | 0 | 0 | 628 | 1,041 | 1,669 |
| Telstar Way/Hubble Road | 696 | 248 | 448 | 0 | 0 | 0 | 0 | 0 | 208 | 0 | 0 | 240 | 0 | 0 | 0 | 448 | 248 | 696 |
| A438/ Shannon Way Junction | 308 | 0 | 19 | 289 | 0 | 0 | 0 | 0 | 308 | 0 | 0 | 0 | 0 | 0 | 0 | 308 | 0 | 308 |
| LED Streetlighting Major Project | 20,975 | 19,592 | 110 | 192 | 250 | 831 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,383 | 0 | 1,383 | 19,592 | 20,975 |
| StLight Column Structural Test & Repair | 1,036 | 594 | 412 | 30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 442 | 0 | 0 | 0 | 442 | 594 | 1,036 |
| StLight Column Replacement | 1,994 | 293 | 621 | 780 | 300 | 0 | 0 | 1 | 0 | 0 | 0 | 1,100 | 0 | 600 | 0 | 1,701 | 293 | 1,994 |
| High Mast Replacement - Metz Way | 724 | 26 | 410 | 288 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 698 | 0 | 0 | 0 | 698 | 26 | 724 |
| Haw Bridge 420 | 326 | 32 | 40 | 254 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 294 | 294 | 32 | 326 |
| Tintern Wireworks Bridge B575 | 1,936 | 330 | 1,606 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 396 | 1,210 | 0 | 0 | 0 | 1,606 | 330 | 1,936 |
| Winchcombe Station Bridge 775 Bearings | 784 | 156 | 628 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 628 | 628 | 156 | 784 |
| Bridges & Structures - Budget Only | 4,439 | 0 | 0 | 1,439 | 1,500 | 1,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,439 | 4,439 | 0 | 4,439 |
| Bamfurlong Depot - BadgeworthTEWKS | 4,629 | 0 | 29 | 0 | 0 | 4,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 29 | 4,600 | 4,629 | 0 | 4,629 |
| 20mph Zones / Community Speed Watch | 300 | 0 | 150 | 150 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 300 | 300 | 0 | 300 |
| TS-013 Toadsmoor Hill Chalford - Design | 300 | 5 | 100 | 195 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 295 | 0 | 0 | 0 | 295 | 5 | 300 |
| TS-028 A4136/B4421 Robinswood Coleford | 250 | 0 | 100 | 150 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 250 | 250 | 0 | 250 |
| TS-167 Eastern Avenue/Coney Hill Road | 257 | 7 | 250 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 250 | 250 | 7 | 257 |
| TS-216 B4073 Barton St/Derby Rd/Hopewell | 250 | 0 | 150 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 250 | 250 | 0 | 250 |

| Capital Programme 2023/24 | | | Budget | | | | | | Financing for Remaining Life (2022/23 onwards) | | | | | | | | | | |
|--|--------------|-------------|---------|---------|---------|---------|--------------|---------|--|--------------|---------|----------|----------|----------|-----------|----------------|-------------|--------------|--|
| Scheme Name | Total Scheme | Prior Years | 2022/23 | 2023/24 | 2024/25 | 2025/26 | Future Years | Revenue | S106 | Other | | External | Other | Capital | Internal | Total for | Prior Years | Funding of | |
| | Budget | Actuals | | | | | | Contrib | External | Capital Fund | Contrib | Grant | Reserves | Receipts | Borrowing | Remaining Life | Funding | Budget Total | |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | |
| TS-222 High St/Tredworth Rd Gloucester | 250 | 0 | 150 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 0 | 0 | 150 | 250 | 0 | 250 | |
| TS-223 TredworthRd/St AldwynRd/Hatherley | 250 | 0 | 150 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 250 | 0 | 0 | 0 | 250 | 0 | 250 | |
| Pelican Crossings - pole/head/pushbutton | 560 | 8 | 252 | 100 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 152 | 0 | 0 | 400 | 552 | 8 | 560 | |
| Traffic Monitoring Equipment | 500 | 0 | 125 | 125 | 125 | 125 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 500 | 500 | 0 | 500 | |
| Traffic Signals - Budget Only | 3,375 | 0 | 0 | 1,125 | 1,125 | 1,125 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,375 | 3,375 | 0 | 3,375 | |
| Tour of Britain - Carriageway Works | 1,000 | 0 | 1,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,000 | 0 | 1,000 | 0 | 1,000 | |
| Local Patching MTFs 22/23 - West | 856 | 0 | 106 | 250 | 250 | 250 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 856 | 856 | 0 | 856 | |
| Local Patching MTFs 22/23 - South | 750 | 0 | 0 | 250 | 250 | 250 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 750 | 750 | 0 | 750 | |
| Local Patching MTFs 22/23 - North | 895 | 0 | 145 | 250 | 250 | 250 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 895 | 895 | 0 | 895 | |
| Local Patching MTFs 22/23 - East | 824 | 0 | 74 | 250 | 250 | 250 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 824 | 824 | 0 | 824 | |
| C'Ways - Class A Roads: Struct Maint | 4,982 | 0 | 4,982 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,079 | 0 | 403 | 2,500 | 4,982 | 0 | 4,982 | |
| C'Ways - Class B Roads: Struct Maint | 12,476 | 0 | 4,976 | 2,500 | 2,500 | 2,500 | 0 | 0 | 0 | 0 | 0 | 2,359 | 0 | 117 | 10,000 | 12,476 | 0 | 12,476 | |
| C'ways - Class 3 Roads: Struct Maint | 13,028 | 0 | 5,528 | 2,500 | 2,500 | 2,500 | 0 | 0 | 0 | 0 | 0 | 2,834 | 0 | 194 | 10,000 | 13,028 | 0 | 13,028 | |
| C'ways - Unclassified: Struct Maint | 19,653 | 0 | 4,653 | 6,000 | 5,000 | 4,000 | 0 | 0 | 0 | 0 | 0 | 2,119 | 0 | 34 | 17,500 | 19,653 | 0 | 19,653 | |
| High Street Cheltenham - Pedestrian Area | 1,009 | 519 | 0 | 490 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 490 | 0 | 0 | 0 | 490 | 519 | 1,009 | |
| Footways: Structural Maintenance | 919 | 0 | 919 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 919 | 0 | 0 | 0 | 919 | 0 | 919 | |
| Reactive Works - Budget Only | 5,809 | 0 | 5,809 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,556 | 0 | 253 | 0 | 5,809 | 0 | 5,809 | |
| Safety Fencing | 666 | 142 | 55 | 269 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 124 | 0 | 0 | 400 | 524 | 142 | 666 | |
| Bulk Lining and Studs 2022 plus | 1,016 | 0 | 266 | 250 | 250 | 250 | 0 | 1 | 0 | 0 | 0 | 15 | 0 | 0 | 1,000 | 1,016 | 0 | 1,016 | |
| Prep Works for Surfacing Schemes | 255 | 0 | 108 | 147 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 255 | 0 | 0 | 0 | 255 | 0 | 255 | |
| C'way & F'tway Design Time - Budget Only | 500 | 0 | 0 | 500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 500 | 0 | 0 | 0 | 500 | 0 | 500 | |
| Schemes under £250,000 22/23 onwards | 184,662 | 170,272 | 9,895 | 4,044 | 210 | 241 | 0 | 841 | 2,062 | 0 | 569 | 8,211 | 0 | 596 | 2,111 | 14,390 | 170,272 | 184,662 | |
| New Funding 2023/24 onwards | | | | | | | | | | | | | | | | | | | |
| Gloucestershire strategic transport model | 648 | 0 | 0 | 0 | 17 | 365 | 266 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 648 | 648 | 0 | 648 | |
| Cheltenham town centre link | 300 | 0 | 0 | 300 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 300 | 300 | 0 | 300 | |
| Gloucester to Stroud cycle link | 200 | 0 | 0 | 200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 200 | 200 | 0 | 200 | |
| Stroud Missing Link | 220 | 0 | 0 | 220 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 220 | 220 | 0 | 220 | |
| Tewkesbury town to Priors Park | 200 | 0 | 0 | 50 | 100 | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 200 | 200 | 0 | 200 | |
| Bus electrification | 2,000 | 0 | 0 | 0 | 2,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,000 | 2,000 | 0 | 2,000 | |
| Bus Interchange hubs | 1,200 | 0 | 0 | 500 | 300 | 200 | 200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,200 | 1,200 | 0 | 1,200 | |
| Electric Vehicle Charge Points | 705 | 0 | 0 | 235 | 235 | 235 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 705 | 705 | 0 | 705 | |
| Road Safety Capital investment | 1,200 | 0 | 0 | 800 | 400 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,200 | 1,200 | 0 | 1,200 | |
| Highways local | 530 | 0 | 0 | 530 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 530 | 530 | 0 | 530 | |
| Flood alleviation - Highways Drainage Programme | 2,500 | 0 | 0 | 500 | 500 | 500 | 1,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,500 | 2,500 | 0 | 2,500 | |
| Footway resurfacing | 100 | 0 | 0 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 100 | 0 | 100 | |
| A Roads Struct Maint 2023/24 (estimate) | 2,769 | 0 | 0 | 2,769 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,769 | 0 | 0 | 0 | 2,769 | 0 | 2,769 | |
| B Roads Struct Maint 2023/24 (estimate) | 1,661 | 0 | 0 | 1,661 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,661 | 0 | 0 | 0 | 1,661 | 0 | 1,661 | |
| Class 3 Roads Struct Maint 2023/24 (estimate) | 4,580 | 0 | 0 | 4,580 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,580 | 0 | 0 | 0 | 4,580 | 0 | 4,580 | |
| Unclassified Roads Struct Maint 2023/24 (estimate) | 842 | 0 | 0 | 842 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 842 | 0 | 0 | 0 | 842 | 0 | 842 | |
| Reactive Works and Area Based Minor Works (estimate) | 5,600 | 0 | 0 | 5,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,600 | 0 | 0 | 0 | 5,600 | 0 | 5,600 | |
| Design 2023/24 (estimate) | 500 | 0 | 0 | 500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 500 | 0 | 0 | 0 | 500 | 0 | 500 | |
| Data collection inc SCRIM & signing 2023/24 (estimate) | 130 | 0 | 0 | 130 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 130 | 0 | 0 | 0 | 130 | 0 | 130 | |
| Coring + Assessment 2023/24 (estimate) | 150 | 0 | 0 | 150 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 150 | 0 | 0 | 0 | 150 | 0 | 150 | |
| Footway and Cycleway Maint 2023/24 (estimate) | 1,543 | 0 | 0 | 1,543 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,543 | 0 | 0 | 0 | 1,543 | 0 | 1,543 | |
| PROW resurfacing 2023/24 (estimate) | 25 | 0 | 0 | 25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 25 | 0 | 0 | 0 | 25 | 0 | 25 | |
| High Street Cheltenham - Pedestrian Area (estimate) | 250 | 0 | 0 | 250 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 250 | 0 | 0 | 0 | 250 | 0 | 250 | |
| Highway Safety Features 2023/24 (estimate) | 200 | 0 | 0 | 200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 200 | 0 | 0 | 0 | 200 | 0 | 200 | |
| Bridges and Walls 2023/24 (estimate) | 1,500 | 0 | 0 | 1,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,500 | 0 | 0 | 0 | 1,500 | 0 | 1,500 | |
| Street Lighting 2023/24 (estimate) | 800 | 0 | 0 | 800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 800 | 0 | 0 | 0 | 800 | 0 | 800 | |
| Traffic Signals 2023/24 (estimate) | 1,000 | 0 | 0 | 1,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,000 | 0 | 0 | 0 | 1,000 | 0 | 1,000 | |
| Slips 2023/24 (estimate) | 1,500 | 0 | 0 | 1,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,500 | 0 | 0 | 0 | 1,500 | 0 | 1,500 | |
| Large and Miscellaneous Schemes 2023/24 (estimate) | 400 | 0 | 0 | 400 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 400 | 0 | 0 | 0 | 400 | 0 | 400 | |
| Parking 2023/24 (estimate) | 200 | 0 | 0 | 200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 200 | 0 | 0 | 0 | 200 | 0 | 200 | |
| Public Transport Infrastructure 2023/24 (estimate) | 150 | 0 | 0 | 150 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 150 | 0 | 0 | 0 | 150 | 0 | 150 | |
| Cycle Infrastructure 2023/24 (estimate) | 100 | 0 | 0 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 0 | 0 | 0 | 100 | 0 | 100 | |
| Safety Schemes 2023/24 (estimate) | 700 | 0 | 0 | 700 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 700 | 0 | 0 | 0 | 700 | 0 | 700 | |
| Accessibility & Community 2023/24 (estimate) | 150 | 0 | 0 | 150 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 150 | 0 | 0 | 0 | 150 | 0 | 150 | |
| Highways Locals 2023/24 (estimate) | 530 | 0 | 0 | 530 | 0 | 0 | 0 | 130 | 0 | 0 | 0 | 400 | 0 | 0 | 0 | 530 | 0 | 530 | |
| Total Transport & Highways | 634,490 | 206,862 | 80,455 | 120,191 | 69,831 | 118,787 | 38,364 | 993 | 4,260 | 0 | 2,062 | 328,867 | 0 | 11,135 | 80,311 | 427,628 | 206,862 | 634,490 | |

| Capital Programme 2023/24 | | Budget | | | | | | | Financing for Remaining Life (2022/23 onwards) | | | | | | | | Total for Remaining Life £000 | Prior Years Funding £000 | Funding of Budget Total £000 |
|---|--------------------------------|--------------------------------|-----------------|-----------------|-----------------|-----------------|----------------------|----------------------------|--|----------------------|--------------------------------------|---------------------------|---------------------------|-----------------------------|-------------------------------|-------|----------------------------------|--------------------------------|------------------------------------|
| Scheme Name | Total Scheme Budget £000 | Prior Years Actuals £000 | 2022/23 £000 | 2023/24 £000 | 2024/25 £000 | 2025/26 £000 | Future Years £000 | Revenue Contrib £000 | S106 External Contrib £000 | Capital Fund £000 | Other External Contrib £000 | External Grant £000 | Other Reserves £000 | Capital Receipts £000 | Internal Borrowing £000 | | | | |
| | | | | | | | | | | | | | | | | | | | |
| Planning & Economic Development | | | | | | | | | | | | | | | | | | | |
| Fastershire Broadband Strategy | 13,700 | 8,606 | 400 | 2,694 | 2,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,094 | 0 | 5,094 | 8,606 | 13,700 | |
| Flood & Water Management Act | 274 | 15 | 0 | 146 | 113 | 0 | 0 | 0 | 0 | 0 | 0 | 71 | 0 | 188 | 0 | 259 | 15 | 274 | |
| Coleford Flood Alleviation Project | 350 | 16 | 144 | 190 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 334 | 0 | 334 | 16 | 350 | |
| Pittville Flood Alleviation Project | 450 | 68 | 90 | 100 | 192 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 382 | 0 | 382 | 68 | 450 | |
| Schemes under £250,000 22/23 onwards | 4,620 | 3,419 | 544 | 533 | 124 | 0 | 0 | 0 | 0 | 0 | 53 | 383 | 123 | 642 | 0 | 1,201 | 3,419 | 4,620 | |
| Total Planning & Economic Development | 19,394 | 12,124 | 1,178 | 3,663 | 2,429 | 0 | 0 | 0 | 0 | 0 | 53 | 454 | 123 | 6,640 | 0 | 7,270 | 12,124 | 19,394 | |
| Environment & Waste | | | | | | | | | | | | | | | | | | | |
| Green Investment - Trees | 744 | 139 | 164 | 290 | 96 | 55 | 0 | 0 | 0 | 0 | 0 | 605 | 0 | 0 | 0 | 605 | 139 | 744 | |
| Hempsted HRC (Gloucester) | 398 | 78 | 220 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 33 | 287 | 0 | 320 | 78 | 398 | |
| Wingmoor Farm HRC (Bishop's Cleeve) | 432 | 23 | 319 | 90 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 98 | 311 | 0 | 409 | 23 | 432 | |
| Schemes under £250,000 22/23 onwards | 1,007 | 487 | 418 | 102 | 0 | 0 | 0 | 123 | 12 | 0 | 0 | 74 | 96 | 215 | 0 | 520 | 487 | 1,007 | |
| Total Environment & Waste | 2,581 | 727 | 1,121 | 582 | 96 | 55 | 0 | 123 | 12 | 0 | 0 | 679 | 227 | 813 | 0 | 1,854 | 727 | 2,581 | |
| Libraries & Registration | | | | | | | | | | | | | | | | | | | |
| Libraries Customer Programme | 1,644 | 991 | 229 | 424 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 653 | 0 | 653 | 991 | 1,644 | |
| Oakley Immersive Storytelling Centre | 330 | 0 | 250 | 80 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 250 | 0 | 80 | 0 | 330 | 0 | 330 | |
| Stroud Library Furniture & Equipment | 250 | 0 | 250 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 250 | 250 | 0 | 250 | |
| Schemes under £250,000 22/23 onwards | 1,736 | 829 | 290 | 617 | 0 | 0 | 0 | 0 | 888 | 0 | 0 | 4 | 0 | 0 | 15 | 907 | 829 | 1,736 | |
| Total Libraries & Registration | 3,960 | 1,820 | 1,019 | 1,121 | 0 | 0 | 0 | 0 | 888 | 0 | 0 | 254 | 0 | 733 | 265 | 2,140 | 1,820 | 3,960 | |
| Fire & Rescue Service | | | | | | | | | | | | | | | | | | | |
| ERV - Fire Appliances & Equipmnt 18-19 | 3,666 | 0 | 0 | 2,970 | 696 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,666 | 0 | 3,666 | 0 | 3,666 | |
| PPE for Specialist Operations | 289 | 0 | 144 | 145 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 289 | 289 | 0 | 289 | |
| Incident Command Unit Vehicle-MTFS 22-23 | 350 | 0 | 0 | 0 | 350 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 350 | 350 | 0 | 350 | |
| Aerial Ladder Platform - MTFS 22-23 | 750 | 0 | 0 | 0 | 750 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 750 | 750 | 0 | 750 | |
| 26 Small Combi EV Van/Cars - MTFS 22-23 | 650 | 0 | 0 | 325 | 325 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 650 | 650 | 0 | 650 | |
| Schemes under £250,000 22/23 onwards | 2,217 | 1,191 | 590 | 286 | 150 | 0 | 0 | 0 | 0 | 0 | 0 | 18 | 0 | 228 | 780 | 1,026 | 1,191 | 2,217 | |
| New Funding 2023/24 onwards | | | | | | | | | | | | | | | | | | | |
| Stroud Community Fire & Rescue station Access | 416 | 0 | 0 | 416 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 416 | 416 | 0 | 416 | |
| Provision of Treadmills | 86 | 0 | 0 | 22 | 64 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 86 | 86 | 0 | 86 | |
| Community Station Charging Systems | 155 | 0 | 0 | 155 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 155 | 155 | 0 | 155 | |
| National Operational Guidance Equipment | 128 | 0 | 0 | 94 | 18 | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 128 | 128 | 0 | 128 | |
| Total Fire & Rescue Service | 8,707 | 1,191 | 734 | 4,413 | 2,353 | 16 | 0 | 0 | 0 | 0 | 0 | 18 | 0 | 3,894 | 3,604 | 7,516 | 1,191 | 8,707 | |
| Trading Standards | | | | | | | | | | | | | | | | | | | |
| Schemes under £250,000 22/23 onwards | 39 | 0 | 39 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 39 | 0 | 39 | 0 | 39 | |
| Total Trading Standards | 39 | 0 | 39 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 39 | 0 | 39 | 0 | 39 | |
| Asset Management & Property Services | | | | | | | | | | | | | | | | | | | |
| Area Based Review | 2,154 | 0 | 500 | 330 | 1,324 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 445 | 1,709 | 2,154 | 0 | 2,154 | |
| Locality Solutions (Stroud) | 345 | 22 | 200 | 123 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 323 | 0 | 323 | 22 | 345 | |
| Refurbishment of Service Properties | 578 | 0 | 280 | 298 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 102 | 0 | 476 | 0 | 578 | 0 | 578 | |
| Cotswold Hub - Lewis Lane | 1,048 | 42 | 186 | 820 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 536 | 470 | 1,006 | 42 | 1,048 | |
| Quayside - Health Hub | 16,285 | 15,529 | 756 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 756 | 756 | 15,529 | 16,285 | |
| Quayside - Multi-Storey Car Park | 7,550 | 1 | 500 | 7,049 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,549 | 7,549 | 1 | 7,550 | |
| Planned Capital Maintenance - MTFS 19-20 | 747 | 337 | 410 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 410 | 0 | 410 | 337 | 747 | |
| Coroners Court Refrigeration Replacement | 450 | 101 | 58 | 291 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 349 | 0 | 349 | 101 | 450 | |
| County Offices Chelt - Refurb & Reconfig | 7,814 | 17 | 50 | 7,347 | 0 | 400 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 71 | 7,726 | 7,797 | 17 | 7,814 | |
| Corporate Property Condition Data Works | 2,003 | 989 | 1,014 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,014 | 1,014 | 989 | 2,003 | |
| Social Care Service Remodelling | 1,900 | 68 | 200 | 1,632 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,832 | 1,832 | 68 | 1,900 | |
| M&E - Corp Prop Condition Data Works | 2,104 | 162 | 750 | 1,192 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,942 | 0 | 1,942 | 162 | 2,104 | |
| Agile Working Buildings & ICT | 1,500 | 0 | 300 | 300 | 600 | 300 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,500 | 1,500 | 0 | 1,500 | |
| Council Chamber Refurbishment | 1,079 | 0 | 1,079 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 92 | 0 | 0 | 0 | 987 | 1,079 | 0 | 1,079 | |
| Non Highways Bridges & Structures | 3,300 | 0 | 300 | 750 | 750 | 1,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,300 | 3,300 | 0 | 3,300 | |

| Capital Programme 2023/24 | Budget | | | | | | | Financing for Remaining Life (2022/23 onwards) | | | | | | | | | | |
|--|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------|--|-----------------------------|----------------------|---------------------------|------------------|------------------|-------------------|----------|-------------------------------------|--------------------------------|------------------------------------|
| Scheme Name | Total Scheme | Prior Years | 2022/23 £000 | 2023/24 £000 | 2024/25 £000 | 2025/26 £000 | Future Years £000 | Revenue | S106 | Capital Fund £000 | Other | External | Other | Capital | Internal | Total for Remaining Life £000 | Prior Years Funding £000 | Funding of Budget Total £000 |
| | Budget £000 | Actuals £000 | | | | | | Contrib £000 | External Contrib £000 | | External Grant £000 | Reserves £000 | Receipts £000 | Borrowing £000 | | | | |
| Quayside - Diagnostics Hub | 325 | 0 | 325 | 0 | 0 | 0 | 0 | 325 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 325 | 0 | 325 |
| Stroud Library Building Infrastructure | 250 | 0 | 250 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 250 | 250 | 0 | 250 |
| Rural Estates - Farm Investment | 1,630 | 1,368 | 262 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 262 | 262 | 1,368 | 1,630 |
| Schemes under £250,000 22/23 onwards | 5,862 | 4,699 | 925 | 238 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12 | 0 | 765 | 386 | 1,163 | 4,699 | 5,862 |
| New Funding 2023/24 onwards | | | | | | | | | | | | | | | | | | |
| Corporate Property – Condition | 2,473 | 0 | 0 | 1,374 | 732 | 242 | 125 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,473 | 2,473 | 0 | 2,473 |
| Corporate Property – Equalities Act Requirements | 1,036 | 0 | 0 | 259 | 259 | 259 | 259 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,036 | 1,036 | 0 | 1,036 |
| Rural Estate Capital Investment | 3,665 | 0 | 0 | 980 | 1,055 | 910 | 720 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,665 | 3,665 | 0 | 3,665 |
| Power Supply & LED Lighting upgrades | 325 | 0 | 0 | 65 | 65 | 65 | 130 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 325 | 325 | 0 | 325 |
| Boiler Replacement Scheme | 500 | 0 | 0 | 105 | 95 | 100 | 200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 500 | 500 | 0 | 500 |
| Total Asset Management & Property Services | 64,923 | 23,335 | 8,345 | 23,153 | 4,880 | 3,776 | 1,434 | 325 | 0 | 0 | 92 | 114 | 0 | 5,317 | 35,740 | 41,588 | 23,335 | 64,923 |
| ICT Projects | | | | | | | | | | | | | | | | | | |
| Desktop | 7,130 | 3 | 2,000 | 1,709 | 1,709 | 1,709 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,127 | 0 | 7,127 | 3 | 7,130 |
| LAN / WAN | 5,511 | 1,912 | 2,099 | 1,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,599 | 0 | 3,599 | 1,912 | 5,511 |
| Schemes under £250,000 22/23 onwards | 2,938 | 2,135 | 738 | 65 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 803 | 0 | 803 | 2,135 | 2,938 |
| New Funding 2023/24 onwards | | | | | | | | | | | | | | | | | | |
| Video Conferencing refresh | 166 | 0 | 0 | 87 | 28 | 28 | 23 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 166 | 166 | 0 | 166 |
| Total ICT Projects | 15,745 | 4,050 | 4,837 | 3,361 | 1,737 | 1,737 | 23 | 0 | 0 | 0 | 0 | 0 | 0 | 11,529 | 166 | 11,695 | 4,050 | 15,745 |
| Business Service Centre | | | | | | | | | | | | | | | | | | |
| Schemes under £250,000 22/23 onwards | 240 | 95 | 145 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 145 | 0 | 145 | 95 | 240 |
| Total Business Service Centre | 240 | 95 | 145 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 145 | 0 | 145 | 95 | 240 |
| Archives & Information Management | | | | | | | | | | | | | | | | | | |
| Schemes under £250,000 22/23 onwards | 117 | 27 | 90 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12 | 78 | 0 | 90 | 27 | 117 |
| Total Archives & Information Management | 117 | 27 | 90 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12 | 78 | 0 | 90 | 27 | 117 |
| Digital Innovation (Customer) | | | | | | | | | | | | | | | | | | |
| Schemes under £250,000 22/23 onwards | 1,054 | 1,034 | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 0 | 20 | 1,034 | 1,054 |
| Total Digital Innovation (Customer) | 1,054 | 1,034 | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 0 | 20 | 1,034 | 1,054 |
| Investment and Transformation Fund | | | | | | | | | | | | | | | | | | |
| Investment and Transformation Fund | 49,200 | 0 | 11,700 | 12,500 | 12,500 | 12,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 49,200 | 49,200 | 0 | 49,200 |
| Schemes under £250,000 22/23 onwards | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Investment & Transformation Fund | 49,200 | 0 | 11,700 | 12,500 | 12,500 | 12,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 49,200 | 49,200 | 0 | 49,200 |

Annex 8b

| Capital Programme New Schemes 2023/24 onwards funded from Internal Borrowing | | | | | | |
|--|--------------------------|--------------|--------------|--------------|-------------------|--|
| Scheme Name | Total Scheme Budget £000 | 2023/24 £000 | 2024/25 £000 | 2025/26 £000 | Future Years £000 | Scheme Description |
| Economy, Environment & Infrastructure | | | | | | |
| Gloucestershire strategic transport model | 648 | 0 | 17 | 365 | 266 | A strategic, multi modal transport model to understand the future travel demand from growth in Gloucestershire, direct growth towards locations with high levels of sustainable transport accessibility and provide a reliable tool to create a WebTAG compliant Full Business Cases for large scale strategic infrastructure. |
| Cheltenham town centre link | 300 | 300 | 0 | 0 | 0 | The central Gloucestershire cycle spine aims to connect Stroud to Bishop's Cleeve via Gloucester and Cheltenham. |
| Gloucester to Stroud cycle link | 200 | 200 | 0 | 0 | 0 | The central Gloucestershire cycle spine aims to connect Stroud to Bishop's Cleeve via Gloucester and Cheltenham. |
| Stroud Missing Link | 220 | 220 | 0 | 0 | 0 | A section of cycle track that would link the existing Sustrans National Cycle Network into Stroud town centre, thus providing connectivity to the neighbouring towns of Stonehouse and Nailsworth. |
| Tewkesbury town to Priors Park | 200 | 50 | 100 | 50 | 0 | A walking route which aims to connect Priors Park with the centre of Tewkesbury and increase walking and cycling with high quality infrastructure. |
| Bus electrification | 2,000 | 0 | 2,000 | 0 | 0 | GCC officers have actively investigated proposals to electrify bus routes and are talking to bus operators to encourage the take up of electric buses. It is therefore proposed to earmark up to £2million as GCC contribution for an expected future Government bidding opportunity. |
| Bus Interchange hubs | 1,200 | 500 | 300 | 200 | 200 | Local Interchange Hubs are likely to be located near smaller parking facilities or only allow limited parking but link to active travel modes and other forms of public transport. It is proposed that between £100,000 and £200,000 is made available per district to deliver at least one, but, if possible, more Interchange Hubs in this district and thus deliver a visible sign of improvements to bus infrastructure provision. |
| Electric Vehicle Charge Points for Fire Stations and GCC sites | 705 | 235 | 235 | 235 | 0 | To supply and install electric vehicle charge points across 37 sites in Gloucestershire, this will include all Fire stations and some County Councils sites. |
| Road Safety Capital investment | 1,200 | 800 | 400 | 0 | 0 | Consultation on the road safety strategy currently underway. Options will be based on replies, traffic surveys, road changes, etc. |
| Highways local | 530 | 530 | 0 | 0 | 0 | The RCCO revenue saving is taken however replaced with a capital growth bid with a net nil impact on Highways Locals budgets. |
| Flood alleviation | 2,500 | 500 | 500 | 500 | 1,000 | Revenue budget replaced by capital funding, with a net nil impact on flood alleviation budgets. |
| Footway resurfacing | 100 | 100 | 0 | 0 | 0 | £100k transfer from County Offices Cheltenham refurbishment (County Council 15/02/23) |
| Economy, Environment & Infrastructure Total | 9,803 | 3,435 | 3,552 | 1,350 | 1,466 | |

| Scheme Name | Total Scheme Budget £000 | 2023/24 £000 | 2024/25 £000 | 2025/26 £000 | Future Years £000 | Scheme Description |
|--|--------------------------|--------------|--------------|--------------|-------------------|---|
| Fire & Rescue Service | | | | | | |
| Stroud Community Fire & Rescue station Access | 416 | 416 | 0 | 0 | 0 | The current layout is not compliant with the diverse and equal opportunities that GCC/GFRS are promoting. Refurbishing the Community room, welfare facilities, entrance/foyer and the provision of a lift will create an environment that embraces our partners, communities and diverse workforce. |
| Provision of Treadmills | 86 | 22 | 64 | 0 | 0 | To supply 17 treadmills across all fire stations to support the GFRS fitness policy ensuring the complete history of each unit and prevent any risk in the foreseeable future. Allocating a treadmill to each station will enable tests to be carried out without staff having to travel to other stations to use a treadmill, therefore reducing vehicle movements. |
| Securities, Resilience & Response - Community Fire & Rescue Station Charging Systems | 155 | 155 | 0 | 0 | 0 | To supply and install a safe and effective charging system for the entire fire fleet, ensuring they are ready to be deployed to an emergency. |
| National Operational Guidance Equipment | 128 | 94 | 18 | 16 | 0 | To support Gloucestershire Fire and Rescue Service's alignment with the National Operational Guidance programme and the adoption of new procedures which will provide a safer and more effective response, several pieces of equipment have been identified as being required. |
| Fire & Rescue Service Total | 785 | 687 | 82 | 16 | 0 | |
| Corporate Resources | | | | | | |
| Video Conferencing refresh | 166 | 87 | 28 | 28 | 23 | As part of the Agile WorkSmarter Digital Programme, GCC has invested in video conferencing (VC) technology in several Shire Hall rooms. Further capital budget is required for a programme of BAU VC device refresh; proactive replacement of older devices at end of extended warranty to ensure quality of service, and reactive replacement of faulty devices purchased with no extended warranty. |
| Corporate Property – Condition | 2,473 | 1,374 | 732 | 242 | 125 | Large maintenance works of a Capital nature rather than continue with undertaking patch repairs, partial schemes due to limited current Revenue budget allocation. Replacement of Flat & Pitched roofs, Window & Doors with maintenance free units, Upgrade Sanitary Services of staff & public toilets in Corporate properties, capital works arising from statutory health and safety inspections. |
| Corporate Property – Equalities Act Requirements | 1,036 | 259 | 259 | 259 | 259 | Audits have provided a basis to best consider what reasonable physical measures could be undertaken at these sites, to overcome barriers experienced by persons with disabilities. The bid will enable all priority works to be addressed and carried out in their entirety, rather than undertaking works in isolation. |
| Rural Estate Capital Investment to enhance current assets | 3,665 | 980 | 1,055 | 910 | 720 | Renewable Energy Improvements; Purchase of Tenants Fixtures; Upgrading Fixed Equipment; and Strategic Estate Reorganisation. |
| Power Supply & LED Lighting upgrades | 325 | 65 | 65 | 65 | 130 | Much of the corporate properties have aged and limited power supplies. Funding to upgrade switch gear and changer power supplies to 3 phase will enable us to carry out such works as adding Electric vehicle charging points and heating upgrades. |
| Boiler Replacement Scheme | 500 | 105 | 95 | 100 | 200 | A number of corporate property boilers are past their original life expectancy, funding will enable a renewal programme to be undertaken over a 5-year period. |
| County Offices, Cheltenham refurbishment | -100 | -100 | 0 | 0 | 0 | £100k transfer to Footway Resurfacing (County Council 15/02/23) |
| Corporate Resources Total | 8,065 | 2,770 | 2,234 | 1,604 | 1,457 | |
| Children's Services | | | | | | |
| Schools Basic Need top up | 5,000 | 500 | 1,500 | 1,500 | 1,500 | New Bishop's Cleeve Primary/Greenacres Academy School - Use of full Basic Need. |
| Children's Services Total | 5,000 | 500 | 1,500 | 1,500 | 1,500 | |
| | | | | | | |
| Total New Schemes 2023/24 onwards | 23,653 | 7,392 | 7,368 | 4,470 | 4,423 | |

Annex 8c

New Funding Available 2023/24 Onwards (Excluding New MTFS Bids)

| | Budget | | | | Funding | | |
|--|-----------------------------------|-----------------|-----------------|-----------------|----------------------------|---------------------------|---------------------------------------|
| Scheme Name | Total Scheme Budget £000 | 2023/24 £000 | 2024/25 £000 | 2025/26 £000 | Revenue Contrib £000 | External Grant £000 | Funding of Budget Total £000 |
| <u>Summary by service area</u> | | | | | | | |
| Adults | 20,526 | 6,842 | 6,842 | 6,842 | 0 | 20,526 | 20,526 |
| Schools | 12,056 | 4,200 | 7,856 | 0 | 0 | 12,056 | 12,056 |
| Non Schools | 2,041 | 2,041 | 0 | 0 | 0 | 2,041 | 2,041 |
| Transport & Highways | 25,280 | 25,280 | 0 | 0 | 130 | 25,150 | 25,280 |
| Total Capital Programme | 59,903 | 38,363 | 14,698 | 6,842 | 130 | 59,773 | 59,903 |
| <u>Adults</u> | | | | | | | |
| Disabled Facilities Grant 2023/24 | 6,842 | 6,842 | 0 | 0 | 0 | 6,842 | 6,842 |
| Disabled Facilities Grant 2024/25 | 6,842 | 0 | 6,842 | 0 | 0 | 6,842 | 6,842 |
| Disabled Facilities Grant 2025/26 (EST) | 6,842 | 0 | 0 | 6,842 | 0 | 6,842 | 6,842 |
| Total Adults | 20,526 | 6,842 | 6,842 | 6,842 | 0 | 20,526 | 20,526 |
| <u>Schools</u> | | | | | | | |
| High Needs Provision Capital 23/24 | 7,856 | 0 | 7,856 | 0 | 0 | 7,856 | 7,856 |
| Schools Condition Allocation 2023/24 (estimate) | 4,200 | 4,200 | 0 | 0 | 0 | 4,200 | 4,200 |
| Total Schools | 12,056 | 4,200 | 7,856 | 0 | 0 | 12,056 | 12,056 |
| <u>Non Schools</u> | | | | | | | |
| Children's Homes Capital Fund Grant | 2,041 | 2,041 | 0 | 0 | 0 | 2,041 | 2,041 |
| Total Non Schools | 2,041 | 2,041 | 0 | 0 | 0 | 2,041 | 2,041 |
| <u>Transport & Highways</u> | | | | | | | |
| A Roads Struct Maint 2023/24 (estimate) | 2,769 | 2,769 | 0 | 0 | 0 | 2,769 | 2,769 |
| B Roads Struct Maint 2023/24 (estimate) | 1,661 | 1,661 | 0 | 0 | 0 | 1,661 | 1,661 |
| Class 3 Roads Struct Maint 2023/24 (estimate) | 4,580 | 4,580 | 0 | 0 | 0 | 4,580 | 4,580 |
| Unclassified Roads Struct Maint 2023/24 (estimate) | 842 | 842 | 0 | 0 | 0 | 842 | 842 |
| Reactive Works and Area Based Minor Works (estimate) | 5,600 | 5,600 | 0 | 0 | 0 | 5,600 | 5,600 |
| Design 2023/24 (estimate) | 500 | 500 | 0 | 0 | 0 | 500 | 500 |
| Data collection inc SCRIM & signing 2023/24 (estimate) | 130 | 130 | 0 | 0 | 0 | 130 | 130 |
| Coring + Assessment 2023/24 (estimate) | 150 | 150 | 0 | 0 | 0 | 150 | 150 |
| Footway and Cycleway Maint 2023/24 (estimate) | 1,543 | 1,543 | 0 | 0 | 0 | 1,543 | 1,543 |
| PROW resurfacing 2023/24 (estimate) | 25 | 25 | 0 | 0 | 0 | 25 | 25 |
| High Street Cheltenham - Pedestrian Area (estimate) | 250 | 250 | 0 | 0 | 0 | 250 | 250 |
| Highway Safety Features 2023/24 (estimate) | 200 | 200 | 0 | 0 | 0 | 200 | 200 |
| Bridges and Walls 2023/24 (estimate) | 1,500 | 1,500 | 0 | 0 | 0 | 1,500 | 1,500 |
| Street Lighting 2023/24 (estimate) | 800 | 800 | 0 | 0 | 0 | 800 | 800 |
| Traffic Signals 2023/24 (estimate) | 1,000 | 1,000 | 0 | 0 | 0 | 1,000 | 1,000 |
| Slips 2023/24 (estimate) | 1,500 | 1,500 | 0 | 0 | 0 | 1,500 | 1,500 |
| Large and Miscellaneous Schemes 2023/24 (estimate) | 400 | 400 | 0 | 0 | 0 | 400 | 400 |
| Parking 2023/24 (estimate) | 200 | 200 | 0 | 0 | 0 | 200 | 200 |
| Public Transport Infrastructure 2023/24 (estimate) | 150 | 150 | 0 | 0 | 0 | 150 | 150 |
| Cycle Infrastructure 2023/24 (estimate) | 100 | 100 | 0 | 0 | 0 | 100 | 100 |
| Safety Schemes 2023/24 (estimate) | 700 | 700 | 0 | 0 | 0 | 700 | 700 |
| Accessibility & Community 2023/24 (estimate) | 150 | 150 | 0 | 0 | 0 | 150 | 150 |
| Highways Locals 2023/24 (estimate) | 530 | 530 | 0 | 0 | 130 | 400 | 530 |
| Total Transport & Highways | 25,280 | 25,280 | 0 | 0 | 130 | 25,150 | 25,280 |

Annex 9

Dedicated Schools Grant – Schools Budget Formula

| <u>Schools and academies budget allocations 2023/24</u> | <u>Units</u> | <u>Rate</u> | <u>Primary</u> | <u>Secondary</u> | <u>Total</u> | <u>% of delegated budget</u> |
|--|---------------------|--------------------|-----------------------|-------------------------|---------------------|-------------------------------------|
| | | £ | £ | £ | £ | |
| <u>Pupil led Factors:</u> | | | | | | |
| Basic Entitlement Primary (Age Weighted Pupil Unit) | 47,451 | £3,415.42 | 162,065,094 | | 162,065,094 | 35.7% |
| Basic Entitlement KS3 (Age Weighted Pupil Unit) | 22,070 | £4,815.19 | | 106,271,243 | 106,271,243 | 23.4% |
| Basic Entitlement KS4 (Age Weighted Pupil Unit) | 13,922 | £5,427.03 | | 75,555,112 | 75,555,112 | 16.6% |
| Total AWPU (October 2022 pupils) | 83,443 | | 162,065,094 | 181,826,355 | 343,891,449 | 75.7% |
| Deprivation Primary (FSM ever 6) | 8,987 | £709.45 | 6,375,902 | | 13,468,032 | 3.0% |
| Deprivation Secondary (FSM ever 6) | 6,842 | £1,036.50 | | 7,092,130 | | |
| Deprivation Primary (FSM) | 8,609 | £483.03 | 4,158,397 | | 7,068,935 | 1.6% |
| Deprivation Secondary (FSM) | 6,026 | £483.03 | | 2,910,538 | | |
| IDACI F Primary | 4,436 | £231.45 | 1,026,813 | | 2,073,649 | 0.5% |
| IDACI F Secondary | 3,105 | £337.11 | | 1,046,837 | | |
| IDACI E Primary | 3,621 | £281.77 | 1,020,303 | | 2,216,787 | 0.5% |
| IDACI E Secondary | 2,672 | £447.81 | | 1,196,484 | | |
| IDACI D Primary | 1,306 | £442.78 | 578,058 | | 1,152,080 | 0.3% |
| IDACI D Secondary | 920 | £623.91 | | 574,022 | | |
| IDACI C Primary | 1,855 | £483.03 | 896,057 | | 1,703,391 | 0.4% |
| IDACI C Secondary | 1,180 | £684.29 | | 807,334 | | |
| IDACI B Primary | 1,701 | £513.22 | 872,735 | | 1,717,515 | 0.4% |
| IDACI B Secondary | 1,150 | £734.61 | | 844,780 | | |
| IDACI A Primary | 142 | £674.23 | 95,534 | | 193,857 | 0.0% |
| IDACI A Secondary | 105 | £935.87 | | 98,323 | | |
| Prior Attainment (Y1-6 Early Years Foundation Stage Profile) | 13,691 | £1,162.29 | 15,913,005 | | 28,656,746 | 6.3% |
| Prior Attainment (Y7 - Y11 LPA) | 7,236 | £1,761.04 | | 12,743,741 | | |
| English as Additional Language (3 year EAL) | 2,826 | £583.66 | 1,649,313 | | 2,582,524 | 0.6% |
| English as Additional Language (3 year EAL) | 593 | £1,574.88 | | 933,211 | | |
| Mobility Primary | 455 | £950.96 | 432,801 | | 473,502 | 0.1% |
| Mobility Secondary | 30 | £1,368.58 | | 40,702 | | |
| Total Pupil Led delegations | | | 195,084,010 | 210,114,456 | 405,198,466 | 89.2% |

| School Leds Factors: | | | £ | £ | £ | £ | |
|--|--|-------------|-------------|-------------|-------------|--------|--|
| Lump Sum | 244 | £128,807.68 | 31,429,074 | | 36,710,189 | 8.1% | |
| Lump Sum | 41 | £128,807.68 | | 5,281,115 | | 0.0% | |
| Sparsity | 74 | £56,655.25 | 3,094,795 | | 3,278,035 | 0.7% | |
| Sparsity | 4 | £82,416.79 | | 183,240 | | 0.0% | |
| Total Other Formula factors | | | 34,523,869 | 5,464,355 | 39,988,224 | 8.8% | |
| | | | £ | £ | £ | | |
| Premises: | | | | | | | |
| Split Sites | 3 schools @ £47,993.19 + £64.04 / pupil | | 120,129 | | 120,129 | 0.0% | |
| Rates | Currently based on 23/24 NFF + adjustment to 22-23 rates and inflationary increases to 23-24 rates | | 2,795,350 | 1,221,472 | 4,016,822 | 0.9% | |
| Exceptional Premises Factor - Rents | Based on 23/24 estimates | | 149,919 | 0 | 149,919 | 0.0% | |
| Total Premises | | | 3,065,399 | 1,221,472 | 4,286,870 | 0.9% | |
| | | | | | | | |
| Total budget allocations before MFG, minimum pupil funding uplift and de-delegation | | | 232,673,278 | 216,800,283 | 449,473,560 | 98.9% | |
| | | | | | | | |
| Minimum Per Pupil Funding Uplift | | | £ | £ | £ | | |
| Additional funding due to minimum per pupil funding (primary pupils) | 35 | £4,405 | 2,180,648 | | 2,180,648 | 0.5% | |
| Additional funding due to minimum per pupil funding (Secondary schools with KS3 & KS4 pupils) | 10 | £5,715 | | 2,112,565 | 2,112,565 | 0.5% | |
| Additional funding due to minimum per pupil funding (Secondary schools with KS3 pupils only) | 0 | £5,503 | | 0 | | | |
| Additional funding due to minimum per pupil funding (Secondary schools with KS4 pupils only) | 0 | £6,033 | | 0 | 0 | 0.0% | |
| Total Minimum Pupil Funding Uplift | | | 2,180,648 | 2,112,565 | 4,293,213 | 0.9% | |
| | | | | | | | |
| Total budget allocations before MFG and De-delegations | | | 234,853,926 | 218,912,848 | 453,766,774 | 99.9% | |
| | | | | | | | |
| Minimum Funding Guarantee | | | £ | £ | £ | | |
| MFG protections | 0.50% | | 495,062 | 100,367 | 595,429 | 0.1% | |
| Total Minimum Funding Guarantee | | | 495,062 | 100,367 | 595,429 | 0.1% | |
| | | | | | | | |
| Total budget allocations after MFG, Minimum Per Pupil Funding Uplift but before De-delegations | | | 235,348,988 | 219,013,215 | 454,362,202 | 100.0% | |

| Proposed de-delegation for maintained schools only (takes into account anticipated conversions by 4/1/23) | | | | | | |
|--|-------------------|-------------|--------------------|--------------------|--------------------|--------------|
| | Maintained | Rate | Primary | Secondary | Total | |
| | Pupils | £ | £ | £ | £ | |
| Targeted Intervention & Support Primary | 33,746 | £9.27 | 312,825 | | 312,825 | 0.1% |
| Targeted Intervention & Support Secondary | 4,412 | £0.00 | | 0 | | |
| Union Facilities Primary | 33,746 | £3.05 | 102,925 | | 102,925 | 0.0% |
| October Pupil Increases (above threshold) | 33,746 | £6.32 | 213,275 | | 213,275 | 0.0% |
| Education Functions Primary (statutory duties previously covered by ESG general duties) | 33,746 | £5.00 | 168,730 | | 168,730 | 0.0% |
| Education Functions Secondary (statutory duties previously covered by ESG general duties) | 4,412 | £5.00 | | 22,060 | 22,060 | 0.0% |
| Total de-delegation funds available to maintained schools | 38,158 | | 797,755 | 22,060 | 819,815 | 0.2% |
| Total budget allocations after MFG, Minimum Per Pupil Funding Uplift and De-delegations | | | 234,551,232 | 218,991,155 | 453,542,387 | 99.8% |

Treasury Management and Investment Strategy Statement 2023/24

Introduction

- 1 Treasury management is the management of the Councils cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
- 2 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 3 Investments held for service purposes or for commercial profit are considered separately within the Non Treasury Investment Strategy section of this report, within this Strategy as per DLUHC guidance.

External Context

Economic background

- 4 The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, will be major influences on the Council's treasury management strategy for 2023/24.
- 5 The Bank of England (BoE) increased Bank Rate by 0.75% to 3.0% in November 2022, the largest single rate hike since 1989 and the eighth successive rise since December 2021. The decision was voted for by a 7 2 majority of the Monetary Policy Committee (MPC), with one of the two dissenters voting for a 0.50% rise and the other for just a 0.25% rise.
- 6 The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with CPI inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.
- 7 The UK economy grew by 0.2% between April and June 2022, but the BoE forecasts Gross Domestic Product (GDP) will decline 0.75% in the second half of the calendar year due to the squeeze on household income from higher energy costs and goods prices. Growth is then expected to continue to fall throughout

2023 and the first half of 2024.

- 8 CPI inflation is expected to peak at around 11% in the last calendar quarter of 2022 and then fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if Bank Rate follows the path implied by financial markets with a peak of 5.25%. However the BoE has stated it considers this path to be too high, suggesting that the peak in interest rates will be lower, reducing the risk of inflation falling too far below target.
- 9 The labour market remains tight for now, with the most recent statistics showing the unemployment rate fell to 3.5%, driven mostly by a shrinking labour force. Earnings were up strongly in nominal terms by 6% for total pay and 5.4% for regular pay but factoring in inflation means real total pay was -2.4% and regular pay -2.9%. Looking forward, the MPR shows the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.
- 10 Interest rates have also been rising sharply in the US, with the Federal Reserve increasing the range on its key interest rate by 0.75% in November 2022 to 3.75%-4.0%. This was the fourth successive 0.75% rise in a pace of tightening that has seen rates increase from 0.25%-0.50% in March 2022. Annual inflation has been slowing in the US but remains above 8%. GDP grew at an annualised rate of 2.6% between July and September 2022, a better-than-expected rise, but with official interest rates expected to rise even further in the coming months, a recession in the region is widely expected at some point during 2023.
- 11 Inflation has been rising consistently in the Euro Zone since the start of the year, hitting an annual rate of 10.7% in October 2022. Economic growth has been weakening with an expansion of just 0.2% in the three months to September 2022. As with the UK and US, the European Central Bank has been on an interest rate tightening cycle, pushing up its three key interest rates by 0.75% in October, the third major increase in a row, taking its main refinancing rate to 2% and deposit facility rate to 1.5%.

Credit Update

- 12 Credit default swap (CDS) prices have followed an upward trend throughout the year, indicating higher credit risk. They have been boosted by the war in Ukraine, increasing economic and political uncertainty and a weaker global and UK outlook, but remain well below the levels seen at the beginning of the Covid-19 pandemic.
- 13 CDS price volatility has been higher in 2022 compared to 2021 and this year has seen a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.
- 14 The weakening economic picture during 2022 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several local authorities and financial institutions, revising them from to negative from stable.

- 15 There are competing tensions in the banking sector which could impact bank balance sheet strength going forward. The weakening economic outlook and likely recessions in many regions increase the possibility of a deterioration in the quality of banks' assets, while higher interest rates provide a boost to net income and profitability.
- 16 However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

Interest Rate Forecast

- 17 The Council's treasury management adviser Arlingclose forecasts that Bank Rate will continue to rise in 2022 and 2023 as the Bank of England attempts to subdue inflation which is significantly above its 2% target.
- 18 While interest rate expectations reduced during October and November 2022, multiple interest rate rises are still expected over the forecast horizon despite looming recession. Arlingclose expects Bank Rate to rise to 4.25% by June 2023 under its central case, with the risks in the near- and medium-term to the upside should inflation not evolve as the Bank forecasts and remains persistently higher.
- 19 Yields are expected to remain broadly at current levels over the medium-term, with 5-, 10- and 20-year gilt yields expected to average around 3.6%, 3.7%, and 3.9% respectively over the 3-year period to September 2025. The risks for short, medium and longer-term yields are judged to be broadly balanced over the forecast horizon. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.
- 20 A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.

Local Context

- 21 At 31st March 2022 the Council's underlying need to borrow for capital purposes, as measured by the Capital Financing Requirement (CFR), is £457.6 million, while balance sheet resources, which are the underlying resources available for investment, were £393.6 million. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below. This is set out in further detail at Appendix B.
- 22 As at 31st March 2022 the Council had £248.9 million of external borrowing, a £153.0 million lease liability (including PFI and the Waste liability) and £338.1 million of internal investments. This is set out in further detail at Appendix B, and forecasts changes in these sums are shown in the balance sheet analysis at Table 1 below.
- 23 The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the

Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2023/24.

Table 1: Balance Sheet Summary and Forecast

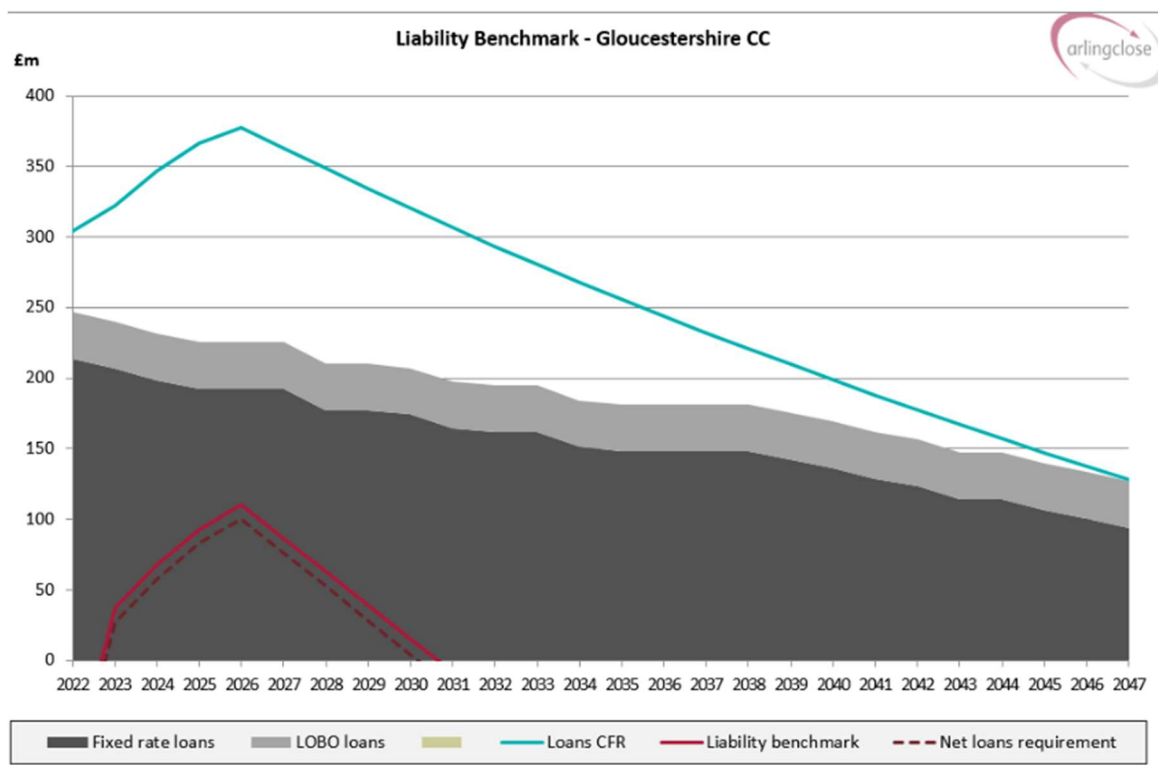
| Balance Sheet Summary | 2021/22 Actual £m | 2022/23 Estimate £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m |
|---------------------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| General Fund CFR | 457.553 | 482.701 | 544.447 | 570.223 | 592.753 |
| Less: Other debt liabilities | 153.040 | 148.827 | 151.575 | 147.242 | 142.823 |
| Loans CFR | 304.513 | 333.873 | 392.872 | 422.981 | 449.930 |
| Less: External borrowing | 248.919 | 239.778 | 231.778 | 225.278 | 225.278 |
| Internal (over) borrowing | 55.594 | 94.095 | 161.094 | 197.703 | 224.652 |
| Less: Balance Sheet Resources | 393.608 | 386.708 | 380.708 | 374.708 | 368.708 |
| (Investments) or New borrowing | (338.014) | (292.613) | (219.614) | (177.005) | (145.056) |

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

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

Liability benchmark

- 24 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated and presented in the Capital Strategy, showing the lowest risk level of borrowing. This benchmark is currently negative at -£53.1 million as a result of the historical borrowing portfolio of the Council and the level of balances and reserves. The benchmark is forecast to increase to £77.4 million over the next three years due to the additional borrowing proposed within the capital programme. In effect, this is saying that if we had no additional investment balances / surplus cash during 2023/24 the Council would not need to borrow currently to support the capital programme as investment balances are sufficiently high.
- 25 The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.
- 26 The Council, despite having an increasing need to borrow as defined by the Loans CFR, can manage this borrowing requirement using existing balance sheet resources (balances, reserves, cash flow surpluses) through what is known as "internal borrowing." The Liability Benchmark, calculated in accordance with CIPFA's best practice, suggests that this internal borrowing position can be maintained over the full 25-year period shown in the graph below. No additional long-term borrowing should therefore be required based on the current spending plans of the Council.
- 27 Following on from the medium-term forecasts, the long-term liability benchmark assumes capital expenditure ends, minimum revenue provision on new capital expenditure based on an asset life basis and income, expenditure and reserves all increase by inflation of 2.5% a year. This is shown in the chart below together with the maturity profile of the Council's existing borrowing:



- 28 The grey area shows the current maturity of the Council's external portfolio. With borrowing held internally the trend is reducing. The blue line shows the trend for the CFR. This initially increases as new capital expenditure funded from borrowing is within the approved capital programme. Once the current period of the MTFS ends the CFR is forecast to reduce as it is assumed that there will be no more schemes funded from borrowing. In reality this may not be the case, which is why the liability benchmark is updated regularly to ensure that the position remains affordable. The red line shows the liability benchmark for the Council confirming that the Council can maintain the current internally borrowed position without the need for externalising debt.

Borrowing Strategy

- 29 The total borrowing requirement at the end of 2022/23 is forecast to be £482.7 million (equivalent to the CFR). This is financed by historic external and a lease liability. The Council's aim is to both repay maturing debt, and where possible some of the existing debt when opportunities to do this arise. The Council also considers new borrowing where it can be shown to be prudent and financial beneficial to do so. In 2022/23 £6.9 million maturing external debt was repaid with £8.0 million being forecast to be repaid in 2023/24.
- 30 The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.
- 31 Given the significant cuts to public expenditure and in particular to local

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

- 32 By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2023/24 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 33 The Council may borrow short-term loans (normally for up to three month) to cover unexpected cash flow shortages.

Sources of Borrowing and Portfolio Implications

- 34 The Council has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.
- 35 The approved sources of long-term and short-term borrowing are:
- HM Treasury's Public Works Loan Board (PWLB) lending facility (PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans).
 - UK local authorities and any other UK public sector body
 - any institution approved for investments (see below)
 - any other bank or building society authorised to operate in the UK
 - UK public and private sector pension funds (except Gloucestershire Pension Fund)
 - capital market bond investors
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues
- 36 Capital finance may also be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- leasing
 - hire purchase

- Private Finance Initiative
 - sale and leaseback.
- 37 The Council has previously raised the majority of its long-term borrowing from the PWLB, but it continues to investigate other sources of finance, such as local Council loans, the UK Municipal Bonds Agency and bank loans, that may be available at more favourable rates. The UK Municipal Bonds Agency is a more complicated source of finance so any decision to borrow from this source will be the subject of a separate report to Audit and Governance Committee.
- 38 The Council holds £33.050 million of Lender's Option Borrower's Option (LOBO) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBO's have options during 2023/24, and with interest rates having risen recently, there is now a reasonable chance that lenders will exercise their options. If they do, the Council will take the option to repay LOBO loans to reduce refinancing risk in later years. Previously a further £8.0 million of loans with Barclays were classified as LOBOs, however Barclays have now fixed the interest rates on these loans until maturity. These are now classified as fixed rate market loans.
- 39 Short-term and variable rate loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see Financial Derivatives section below).

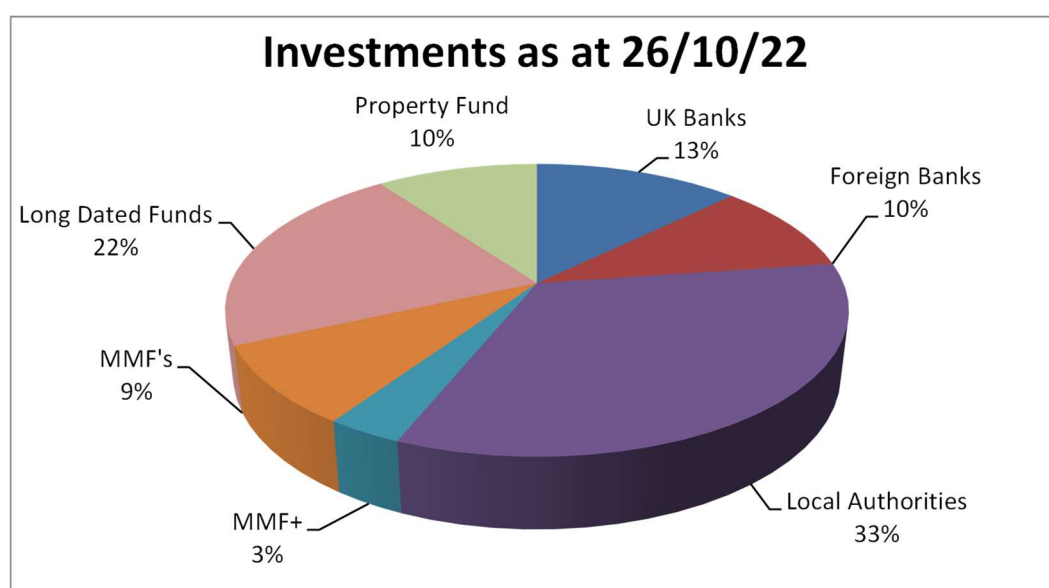
Debt Rescheduling

- 40 The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Some bank lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.
- 41 Borrowing and rescheduling activity will be reported to the Audit and Governance Committee in the Annual Treasury Management Report, the Mid Year Report and any other treasury management reports presented to Audit & Governance Committee.

Treasury Investment Strategy

- 42 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2022/23 the Council's internal treasury investment balance has ranged between £294.51 million and £352.53 million. Balances have started to fall as internal borrowing starts to become a feature of the portfolio.

- 43 The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.
- 44 ESG Policy: Following the Motion agreed by Council in November 2019 the Council has developed and implemented a Responsible Investment Policy, which rules out new investments in pooled funds that invest in fossil fuel companies. For Treasury Management investment from that date the Council will follow the approach below.
- For direct investments, the Council will seek to ensure that counterparties (excluding the UK Government and other UK Local Authorities) have no direct investment in Fossil Fuel companies prior to investing.
 - For additional investments into Pooled Funds the Council will seek to ensure that any fund used does not have direct exposure to Fossil Fuel investments prior to investing.
- 45 Following turbulent market conditions during 2022/23 rates from traditional treasury investments in banks, building societies and with other local authorities rapidly increased mid-year. The Council continues to favour having a well diversified portfolio and continues to keep longer term surplus cash in longer dated funds which include higher yielding asset classes. The pie chart below shows how the Council's surplus cash is currently invested.



- 46 Under the IFRS 9 standard, the accounting for certain investments depends on

the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

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

Table 2: Approved Investment Counterparties

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

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

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

- **Credit Rating:**

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

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

- **Government:**

Loans, bonds and bills issued or guaranteed by national governments,

regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

- **Secured Investments:**

These investments are secured on the borrower's assets, which limits the potential losses in the event of insolvency. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

- **Banks and Building Societies Unsecured:**

Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

- **Registered Providers (unsecured):**

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

- **Money market funds:**

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

- **Strategic Pooled Funds:**

Bond, equity and property funds offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly. These accounts are treated as long term investments due to the variability of the capital value of the investment and will be held for a period of at least 5 years.

- **Real estate investment trusts:**

Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term,

but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.

- **Other investments:**

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

- **Operational bank accounts:**

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

Risk assessment and credit ratings:

50 Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

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

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

Other information on the security of investments:

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

53 When deteriorating financial market conditions affect the creditworthiness of all

organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government or with other local authorities. This will cause a reduction in the level of investment income earned but will protect the principal sum invested.

Investment Limits

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

Table 3: Investment Limits

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

Liquidity management:

- 55 The Council uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.
- 56 The Council will spread its liquid cash over at least three providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

Treasury Management Prudential Indicators

- 57 The Council measures and manages its exposures to treasury management risks using the following indicators.
- 58 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment

portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

| Credit risk indicator | Target |
|---------------------------------|--------|
| Portfolio average credit rating | A- |

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

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

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

| Interest rate risk indicator | Limit |
|--|----------|
| Upper limit on one-year revenue impact of a 1% rise / fall in interest rates | £500,000 |

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

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

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

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

- 64 **Long-term treasury management investments:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments will be:

Table 5: Upper Limit

| | 2021/22 Actual £m | 2022/23 Estimate £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m |
|---|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Limit on principal invested beyond year end | 133.493 | 150.000 | 200.000 | 200.000 | 200.000 |

- 65 Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

Non Treasury Investment Strategy

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

Service Investments: Loans

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

Service Investments: Shares

- 69 The Council holds shares costing £1 in Ubico Ltd. The fair value of the council's interest in the company at 31st March 2023 is considered to be nil, since it is a wholly local authority owned not-for-profit 'Teckal' company. As a 'Teckal' company it is treated as if it were an in-house department, and the shareholder councils are able to enter into service contracts with the company without undertaking an EU compliant procurement process.

Commercial Investments: Property

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

monitoring performance on an ongoing basis.

Loan Commitments and Financial Guarantees

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

Capacity, Skills and Culture

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

Other items

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

Financial Derivatives

- 76 The CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.
- 77 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 78 The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded

derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

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

Markets in Financial Instruments Directive

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

2023/24 Minimum Revenue Provision Statement

- 82 Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to MHCLG (now DLUHC) Guidance most recently issued in 2018.
- 83 The broad aim of the Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
- 84 The Guidance requires the Council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates the options recommended in the Guidance.
- 85 In line with Council policy on the repayment of debt, and with the continuation of capital grants by government, the Council has not borrowed externally to fund the capital programme since 2010. Debt rescheduling opportunities will be reviewed as they arise, and maturing debt will continue to be redeemed in full. Where opportunities present to repay LOBO's this will be managed through the cashflow, and may increase the internally borrowed balance. Any repayments of internal borrowing will be by way of a voluntary revenue provision.

- 86 In order to ensure that the MRP charge remains prudent, the Council regularly reviews its Capital Financing Requirement. To reduce the amount of excess MRP set aside, the Council changed its policy for supported capital expenditure in 2015/16. The method used is similar to other local authorities and sets aside a fixed sum of MRP each year. For GCC the fixed sum is currently £6.2 million. This charge still allows for a prudent provision for the repayment of existing debt and ensures that Prudential Indicators are not breached.
- 87 The asset life of capital assets obtained through the capital programme will form the basis of calculating an annual MRP provision for any new borrowing requirement going forward, starting in the year after the asset becomes operational. For any commercial related investments, a business case review will be carried out and an appropriate provision for the repayment of any debt taken, set aside.
- 88 MRP in respect of PFI and finance leases brought on Balance Sheet under the IFRS-based Code of Practice will match the annual principal repayment for the associated deferred liability. Where former operating leases have been brought onto the balance sheet on 1st April 2023, due to the adoption of the IFRS 16 Leases accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or incentives, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.
- 89 Capital expenditure incurred during 2023/24 will not be subject to a MRP charge until 2024/25 at the earliest.
- 90 Based on the latest estimate of the CFR on 31st March 2023, the budget for MRP has been set as follows:

| | 31.03.2023 Estimated CFR | 2023/24 Estimated MRP |
|--|---|--------------------------------------|
| | £m | £m |
| Capital expenditure before 01.04.2008 | 310.056 | 6.200 |
| Unsupported capital expenditure after 31.03.2008 | 85.304 | 2.072 |
| Leases and Private Finance Initiative | 149.087 | 3.753 |
| Total | 544.447 | 12.024 |

Arlingclose's Economic and Interest Rate Forecast

| | Current | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 |
|----------------------------------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Official Bank Rate | | | | | | | | | | | | | |
| Upside risk | 0.00 | 0.25 | 0.50 | 0.75 | 1.00 | 1.00 | 1.00 | 1.25 | 1.50 | 1.75 | 1.50 | 1.25 | 1.25 |
| Arlingclose Central Case | 3.00 | 3.50 | 4.00 | 4.25 | 4.25 | 4.25 | 4.25 | 4.00 | 3.75 | 3.50 | 3.50 | 3.50 | 3.50 |
| Downside risk | 0.00 | 0.25 | 0.50 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 3-month money market rate | | | | | | | | | | | | | |
| Upside risk | 0.00 | 0.25 | 0.50 | 0.75 | 1.00 | 1.00 | 1.00 | 1.25 | 1.50 | 1.75 | 1.50 | 1.25 | 1.25 |
| Arlingclose Central Case | 3.00 | 3.90 | 4.40 | 4.40 | 4.40 | 4.35 | 4.30 | 4.25 | 4.00 | 3.75 | 3.75 | 3.75 | 3.75 |
| Downside risk | 0.00 | 0.25 | 0.50 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 5yr gilt yield | | | | | | | | | | | | | |
| Upside risk | 0.00 | 0.60 | 0.70 | 0.80 | 0.90 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Arlingclose Central Case | 3.36 | 3.65 | 3.90 | 3.90 | 3.90 | 3.90 | 3.80 | 3.70 | 3.60 | 3.50 | 3.40 | 3.30 | 3.20 |
| Downside risk | 0.00 | 0.70 | 0.90 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 10yr gilt yield | | | | | | | | | | | | | |
| Upside risk | 0.00 | 0.60 | 0.70 | 0.80 | 0.90 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Arlingclose Central Case | 3.46 | 3.70 | 3.75 | 3.75 | 3.75 | 3.70 | 3.70 | 3.70 | 3.70 | 3.70 | 3.70 | 3.70 | 3.70 |
| Downside risk | 0.00 | 0.70 | 0.90 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 20yr gilt yield | | | | | | | | | | | | | |
| Upside risk | 0.00 | 0.60 | 0.70 | 0.80 | 0.90 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Arlingclose Central Case | 3.88 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 3.90 | 3.90 | 3.90 | 3.90 | 3.90 | 3.90 | 3.90 |
| Downside risk | 0.00 | 0.70 | 0.90 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 50yr gilt yield | | | | | | | | | | | | | |
| Upside risk | 0.00 | 0.60 | 0.70 | 0.80 | 0.90 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Arlingclose Central Case | 3.24 | 3.40 | 3.40 | 3.40 | 3.40 | 3.40 | 3.30 | 3.30 | 3.30 | 3.30 | 3.30 | 3.30 | 3.30 |
| Downside risk | 0.00 | 0.70 | 0.90 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |

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

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

UKIB Rate (Maturity Loans) = Gilt yield + 0.60%

Underlying Assumptions:

- UK interest rate expectations have eased following the mini-budget, with a growing expectation that UK fiscal policy will now be tightened to restore investor confidence, adding to the pressure on household finances. The peak for UK interest rates will therefore be lower, although the path for interest rates and gilt yields remain highly uncertain.
- Globally, economic growth is slowing as inflation and tighter monetary policy depress activity. Inflation, however, continues to run hot, raising expectations that policymakers, particularly in the US, will err on the side of caution, continue to increase rates and tighten economies into recession.
- The new Chancellor dismantled the mini-budget, calming bond markets and broadly removing the premium evident since the first Tory leadership election. Support for retail energy bills will be less generous, causing a lower but more prolonged peak in inflation. This will have ramifications for both growth and inflation expectations.
- The UK economy is already experiencing recessionary conditions, with business activity and household spending falling. Tighter monetary and fiscal policy, alongside high inflation will bear down on household disposable income. The

short- to medium-term outlook for the UK economy is bleak, with the BoE projecting a protracted recession.

- Demand for labour remains strong, although there are some signs of easing. The decline in the active workforce has fed through into higher wage growth, which could prolong higher inflation. The development of the UK labour market will be a key influence on MPC decisions. It is difficult to see labour market strength remaining given the current economic outlook.
- Global bond yields have steadied somewhat as attention turns towards a possible turning point in US monetary policy. Stubborn US inflation and strong labour markets mean that the Federal Reserve remains hawkish, creating inflationary risks for other central banks breaking ranks.
- However, in a departure from Fed and ECB policy, in November the BoE attempted to explicitly talk down interest rate expectations, underlining the damage current market expectations will do to the UK economy, and the probable resulting inflation undershoot in the medium term. This did not stop the Governor affirming that there will be further rises in Bank Rate.

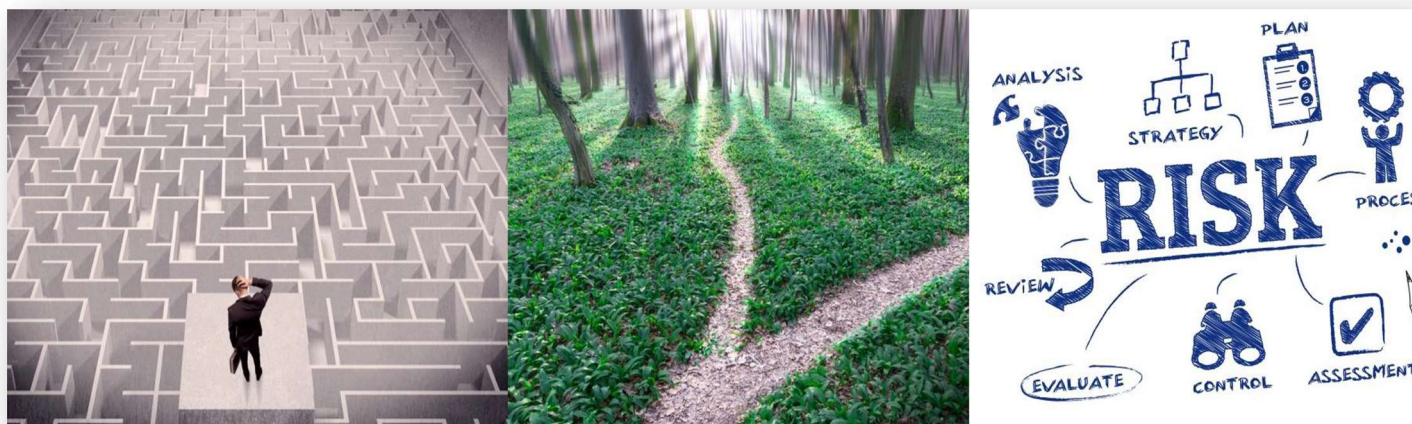
Forecast:

- The MPC remains concerned about inflation but sees the path for Bank Rate to be below that priced into markets.
- Following the exceptional 75bp rise in November, Arlingclose believes the MPC will slow the rate of increase at the next few meetings. Arlingclose now expects Bank Rate to peak at 4.25%, with a further 50bp rise in December and smaller rises in 2023.
- The UK economy likely entered into recession in Q3, which will continue for some time. Once inflation has fallen from the peak, the MPC will cut Bank Rate.
- Arlingclose expects gilt yields to remain broadly steady despite the MPC's attempt to push down on interest rate expectations. Without a weakening in the inflation outlook, investors will price in higher inflation expectations given signs of a softer monetary policy stance.
- Gilt yields face pressures to both sides from hawkish US/EZ central bank policy on one hand to the weak global economic outlook on the other. BoE bond sales will maintain yields at a higher level than would otherwise be the case.

EXISTING PORTFOLIO PROJECTED FORWARD

| | Portfolio 01-Nov-22 Actual £m | Average Rate % | 31-Mar-23 Estimate £m | 31-Mar-24 Estimate £m | 31-Mar-25 Estimate £m | 31-Mar-26 Estimate £m |
|---|--|----------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| External Borrowing | | | | | | |
| Fixed Rate – PWLB | 239.778 | 4.69 | 206.728 | 198.728 | 192.228 | 192.228 |
| Fixed Rate – Market | 33.050 | 4.23 | 33.050 | 33.050 | 33.050 | 33.050 |
| Fixed Rate – Market | 8.000 | 5.00 | 8.000 | 8.000 | 8.000 | 8.000 |
| Total External Borrowings | 280.828 | 4.63 | 247.778 | 239.778 | 233.278 | 233.278 |
| Other long-term liabilities (PFI) | 148.827 | | 151.575 | 147.242 | 142.823 | 138.376 |
| Total External Debt | 429.655 | | 399.353 | 387.020 | 376.101 | 371.654 |
| Treasury Investments: | | | | | | |
| <i>Managed in house</i> | | | | | | |
| - Short term deposits and monies on call and Money Market Funds | 191.808 | 2.55 | 171.808 | 177.421 | 140.741 | 73.492 |
| - Long Term investments (over 12 months) | 25.000 | 0.89 | 25.000 | 50.000 | 50.000 | 50.000 |
| <i>Managed externally / Strategic Funds</i> | 95.000 | 4.18 | 95.000 | 95.000 | 95.000 | 95.000 |
| Total Investments | 311.808 | 1.37 | 291.808 | 322.421 | 285.741 | 218.492 |
| Net (Borrowing) / Investment Position | (117.847) | | (107.545) | (64.599) | (90.360) | (153.162) |

Risk Management Policy Statement & Strategy



2022-2025

Risk Management Policy Statement

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

The Council seeks to adopt recognised best practice in the identification, evaluation and cost effective/proportionate control of risks and opportunities to ensure that they are managed effectively. Risk management within GCC is about managing our threats and opportunities and striving to create an environment of 'no surprises.' By managing our threats effectively, we will be in a stronger position to deliver our business objectives. By managing our opportunities, we will be in a better position to ensure improved services and demonstrate better value for money.

Risk is unavoidable. It is an important part of life that allows us all to move forward and develop. As an organisation it can impact in many ways, whether financially, politically, on our reputation, environmentally or to our service delivery. Successful risk management is about ensuring that we have the correct level of control in place to provide sufficient protection from harm, without stifling development. As an organisation, with a range of different stakeholders, each with differing needs and expectations, this can be a challenge. We must ensure that the decisions we take as a Council reflect a consideration of the potential implications for all our stakeholders. We must decide whether the benefits of taking our actions outweigh the risks.

The Council's overriding attitude to risk is to operate in a culture of creativity and innovation, in which risks are identified in all areas of the business, are understood and proactively managed, rather than avoided.

Risk management therefore needs to be at the heart of the Council and our key partners. We need to have the structures and processes in place to ensure the risks and opportunities of daily Council activities are identified, assessed and addressed in a standard way.

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

Our Risk Management Objectives

- To embed effective risk management processes which support informed decision-making which is vital to delivering successful services and transformational change.
- Setting the 'tone from the top' on the level of risk we are prepared to accept. Understanding our 'risk appetite' and acknowledging that how we 'think about risk' will be different depending on the context.
- Acknowledging that even with good risk management and our best endeavours, things can go wrong. Where this happens, we use the lessons learnt to try to prevent it from happening again.
- Developing leadership capacity and skills to ensure a clear understanding of the risks facing the Council and how we manage them.
- Supporting a culture of well-measured risk taking throughout the Council's business, including strategic, programme, partnership, project and operational risks. This includes setting risk ownership and accountabilities and responding to risk in a balanced way, considering the level of risk, reward, impact and cost of control measures.
- Ensuring that the Council continues to meet all statutory and best practice requirements in relation to risk management and continues to be a key and effective contributor to Corporate Governance and a satisfactory Annual Governance Statement.
- Ensuring effective monitoring and management information; reporting on the key risks facing the Council; and
- Providing good practice tools to support the Council in the management of risks and opportunities.

What is the Council's Risk Appetite?

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

So why do we need to determine our risk appetite?

If managers are running the business with insufficient guidance on the levels of risk that are legitimate for them to take, or not seizing important opportunities due to a perception that taking on additional risk is discouraged, then performance will not be maximised. At the other end of the scale an organisation constantly erring on the side of caution (or one that has a risk-averse culture) is one that is likely to stifle creativity and not necessarily encourage innovation, nor seek to exploit opportunities.

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

A risk appetite framework has been developed and implemented to enable risk judgements to be more implicit, transparent and consistent. By enhancing our approach to determining risk appetite we are able to raise the Council's capability to deliver on challenging targets to raise standards, improve service quality, system reform and provide more value for money.

This framework must be considered by all levels of the business, from strategic decision making, to operational delivery.

How do we meet our objectives?

The Council's objectives are achieved by:

- Adopting good practice risk management principles, in line with the Institute of Risk Management Professional Standards 2015 and the International Risk Management Standard (ISO 31000 - 2018). The application of the standards and principles within the Policy and Strategy is reviewed annually and amended accordingly to reflect key changes, with a major review being undertaken every three years;
- Establishing clear roles and responsibilities and reporting lines within the Council for risk management;
- Incorporating risk management into the council's decision making and strategic management processes;
- Incorporating risk management into service/business planning, option appraisals, programme and project management, partnerships and procurement processes;
- The provision of risk management training, advice, detailed guidance and support and providing opportunities for shared learning; and
- The provision of a risk governance framework to ensure the adequacy and effectiveness of the identification, assessment, control, monitoring and review arrangements in place to manage risk. The framework will ensure that risk management is dynamic and responsive to change.

Monitoring and Review of Risk Management Activities (minimum requirements)

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

Accountabilities, Roles and Responsibilities

The key roles and responsibilities are outlined below:

Cabinet/Portfolio Holders

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

Scrutiny

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

Audit & Governance Committee (AGC)

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

Corporate Leadership Team (CLT)

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

Directors

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

Lead Commissioners/Service Heads

- Ensure that risk management, within their areas of responsibility, is implemented in line with the council's Risk Management Policy Statement & Strategy;
- Own their risk register and identify cross-cutting risks as well as risks arising from their areas of responsibility; prioritising and initiating mitigating actions;
- Ensure regular review of the service risk register as part of wider council performance; Report to Directors on any perceived new and emerging risks or, failures of existing control measures;
- Promote and share good practice across service areas;
- Liaise with their directorate risk champion; and
- Challenge risk owners and actions to ensure that controls are operating as intended.

Managers

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

Staff/Other Stakeholders

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

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

- Lead on the development and manage the implementation of an integrated risk management framework, strategy and process on behalf of the Council;
- Undertake a full review of the council's corporate Risk Management Policy Statement and Strategy every three years and update accordingly, consulting with RMG, and presenting any revisions to CLT for approval and AGC for endorsement;
- Facilitate reviews of the extent to which risk culture is demonstrated through individual behaviour and operational activities.
- Uses a range of resources to analyse management information to support recommendations for improvements to risk management policies and procedures.
- Spread the ethos and promote the effectiveness of good risk management throughout the Council;
- Facilitate the review and update of the Strategic Risk Register (SRR), and regular integrated reporting of finance, performance and risk;
- Identify and address cross-cutting risks and risk management issues, through the RMG;
- Identifies the factors in the external environment that may affect the council.
- Support the development of the council's service, programme, project and strategic risk registers;
- Provide the council with guidance, toolkits, advice and support on the application of risk management principles and, support the risk champions in delivering their role;
- Lead, co-ordinate and develop risk management activity across the council with the support of the risk champions, as part of the RMG;
- Facilitate training in Risk Management and risk assessment techniques for staff and Members;
- Moderate and challenge the application of risk management principles accordingly;
- Liaise with external consultants and risk management organisations and review national standards to identify, share and maintain best practice within the council; and
- Liaise with both internal and external audit with regard to risk management.

Risk Management Group (RMG)

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

Members of the RMG include:

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

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

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

The key aims of the group are to:

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

Internal Audit

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

- Provide an annual independent, objective assessment/opinion of the effectiveness of the risk management and control processes operating within the council which feeds into the council's Annual Governance Statement;
- Regularly liaise with the SRMA, as appropriate, with regards to risk management generally; and
- Ensure that the Internal Audit activity is focused on the key risks facing the council.

Risk Management Governance Structure

