



# Gloucester City Council

## COUNCIL

Meeting: Thursday, 27th February 2020 at 6.00 pm  
in Civic Suite - North Warehouse, The Docks, Gloucester, GL1 2EP

## ADDENDUM

8.	<p><b>FINAL BUDGET PROPOSALS (INCLUDING MONEY PLAN AND CAPITAL PROGRAMME) (PAGES 5 - 20)</b></p> <ul style="list-style-type: none"><li>• Agreed Amendments to Budget 2020-21</li><li>• Revised Money Plan 2020-25 and Budget Proposals 2020-21 (Report)</li><li>• Liberal Democrat Group Budget Amendments 2020-21</li><li>• Labour Group Budget Amendments 2020-21</li></ul>
----	---

Yours sincerely

**Jon McGinty**  
Managing Director

## NOTES

### **Disclosable Pecuniary Interests**

The duties to register, disclose and not to participate in respect of any matter in which a member has a Disclosable Pecuniary Interest are set out in Chapter 7 of the Localism Act 2011.

Disclosable pecuniary interests are defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 as follows –

<u>Interest</u>	<u>Prescribed description</u>
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the Council) made or provided within the previous 12 months (up to and including the date of notification of the interest) in respect of any expenses incurred by you carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between you, your spouse or civil partner or person with whom you are living as a spouse or civil partner (or a body in which you or they have a beneficial interest) and the Council (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged
Land	Any beneficial interest in land which is within the Council's area.  For this purpose "land" includes an easement, servitude, interest or right in or over land which does not carry with it a right for you, your spouse, civil partner or person with whom you are living as a spouse or civil partner (alone or jointly with another) to occupy the land or to receive income.
Licences	Any licence (alone or jointly with others) to occupy land in the Council's area for a month or longer.
Corporate tenancies	Any tenancy where (to your knowledge) – (a) the landlord is the Council; and (b) the tenant is a body in which you, your spouse or civil partner or a person you are living with as a spouse or civil partner has a beneficial interest
Securities	Any beneficial interest in securities of a body where – (a) that body (to your knowledge) has a place of business or land in the Council's area and

(b) either –

- i. The total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
- ii. If the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, your spouse or civil partner or person with whom you are living as a spouse or civil partner has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

For this purpose, “securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

NOTE: the requirements in respect of the registration and disclosure of Disclosable Pecuniary Interests and withdrawing from participating in respect of any matter where you have a Disclosable Pecuniary Interest apply to your interests and those of your spouse or civil partner or person with whom you are living as a spouse or civil partner where you are aware of their interest.

#### **Access to Information**

Agendas and reports can be viewed on the Gloucester City Council website: [www.gloucester.gov.uk](http://www.gloucester.gov.uk) and are available to view five working days prior to the meeting date.

For further details and enquiries about this meeting please contact Tanya Davies, 01452 396125, [tanya.davies@gloucester.gov.uk](mailto:tanya.davies@gloucester.gov.uk).

For general enquiries about Gloucester City Council’s meetings please contact Democratic Services, 01452 396126, [democratic.services@gloucester.gov.uk](mailto:democratic.services@gloucester.gov.uk).

If you, or someone you know cannot understand English and need help with this information, or if you would like a large print, Braille, or audio version of this information please call 01452 396396.

#### **FIRE / EMERGENCY EVACUATION PROCEDURE**

If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest available exit. You will be directed to the nearest exit by council staff. It is vital that you follow their instructions:

- You should proceed calmly; do not run and do not use the lifts;
- Do not stop to collect personal belongings;
- Once you are outside, please do not wait immediately next to the building; gather at the assembly point in the car park and await further instructions;
- Do not re-enter the building until told by a member of staff or the fire brigade that it is safe to do so.

This page is intentionally left blank

## Conservative Group Amendment

**Following discussions between Group Leaders, the administration proposes to amend the Money Plan report to Council to include the following amendments that would otherwise have been moved by opposition groups:**

1. **Labour Group Amendment** to introduce a one-off Neighbourhood Environmental Improvement Fund to the value of £100,000 and **Liberal Democrat Group Amendment** for effectively the same purpose to the value of £80,000.

### *Agreed Action*

The money plan will be amended to include an Environmental Improvement Reserve of £100k which meets the objectives of all three political groups to set aside additional funds to deal with small areas of public open spaces and community gardens. Councillors and/or organisations will be able to bid for funds from this reserve, details for how this will operate will be developed and publicised.

2. **Liberal Democrat Group Amendment** to introduce one-off funding to the value of £6,000 to procure some defibrillators at suitable locations across Gloucester.

### *Agreed Action*

The money plan will be amended to include a Defibrillator Reserve of £6k. A piece of work will be undertaken by officers to establish the location of existing publicly accessible defibrillators, before deciding where additional defibrillators could be located.

## **Money Plan report amendments**

Section 14 of the Money Plan will be updated to reflect the above changes and the table below provides a revised forecast reserve position:

Reserves Forecast	Balance at 31/03/2019	Transfers 2019/20	Forecast 31/03/2020	Transfers 2020/21	Forecast 31/03/2021
	£0	£0	£0	£0	£0
Regeneration Reserve	201	-100	101	-	101
Land Adoption Reserve	768	-33	735	-	735
VAT Shelter Reserve	716	-427	289	150	439
Business Rates Reserve	974	200	1174	340	1514
Environmental Reserve	1,000	-	1000	-	1000
Repairs Reserve	103	-103	-	200	200
Property Investment Fund	0	200	200	850	1050
Marketing Reserve	-	-	-	200	200
Homelessness	-	-	-	100	100
Community	-	-	-	30	30
Neighbourhood Spaces	-	-	-	100	100
Climate Change	-	-	-	100	100
Defibrillator	-	-	-	6	6
Other Earmarked	806	12	818	-139	679
<b>Total</b>	<b>4,568</b>	<b>-218</b>	<b>4,317</b>	<b>1,937</b>	<b>6,254</b>



# Gloucester City Council

<b>Meeting:</b>	<b>Cabinet Council</b>	<b>12<sup>th</sup> February 2020 27<sup>th</sup> February 2020</b>
<b>Subject:</b>	<b>Money Plan 2020-25 &amp; Budget Proposals 2020/21</b>	
<b>Report Of:</b>	<b>Leader of the Council &amp; Cabinet Member for Performance and Resources</b>	
<b>Wards Affected:</b>	<b>All</b>	
<b>Key Decision:</b>	<b>Yes</b>	<b>Budget/Policy Framework: Yes</b>
<b>Contact Officer:</b>	<b>Jon Topping, Head of Policy and Resources Jon.topping@gloucester.gov.uk</b>	
		<b>Tel: 01452 396242</b>
<b>Appendices:</b>	<b>1. Money Plan 2020/21 – 2024/25 2. Budget Pressures &amp; Savings 3. 2020/21 – 2025/26 Capital Programme 4. Budget Book 5. Fees &amp; Charges 6. Budget Consultation</b>	

## FOR GENERAL RELEASE

### 1.0 PURPOSE OF REPORT

1.1 To review the Council's Draft Money Plan for recommendation to Council.

### 2.0 RECOMMENDATIONS

2.1 **Cabinet** is asked to **RESOLVE** to **RECOMMEND** to Council that:

- (1) the proposals for the 2020/21 budget included in this report be approved.
- (2) it be noted that consultation has been undertaken on budget proposals.

2.2 **Council** is asked to **RESOLVE** that:

- (1) the proposals for the 2020/21 budget included in this report be approved.
- (2) it be noted that consultation has been undertaken on budget proposals.

### 3.0 BUDGET ASSESSMENT OF THE SECTION 151 OFFICER

3.1 In accordance with Section 25 of the Local Government Act 2003 the Chief Finance Officer (Section 151 Officer) must report on the following matters:

- 1) the robustness of the estimates made for the purposes of the calculations, and
- 2) the adequacy of the proposed financial reserves.

3.2 The Head of Policy & Resources as Section 151 Officer confirms the robustness of the calculations and the adequacy of the proposed financial reserves.

## **4.0 Introduction**

4.1 The Money Plan sets out the Council's strategic approach to the management of its finances and presents indicative budgets and Council Tax levels for the medium term. It covers the General Fund Revenue Budget, the Capital Programme and Earmarked Reserves. It also comments on the significant financial risks facing the Council in the forthcoming years and explains what the Council is doing to reduce those risks.

4.2 The main objectives of the Money Plan are to:

- explain the financial context within which the Council is set to work over the medium term;
- provide a medium term forecast of resources and expenditure;
- identify the financial resources needed to deliver the Council's priority outcomes, in line with the Council's plan;
- achieve a stable and sustainable budget capable of withstanding financial pressures;
- achieve a balanced base budget, minimising the use of balances to meet recurring baseline spending, with the General Fund balance being maintained at a minimum of 10% of net expenditure by the end of the plan period;
- where possible, additional investment and spending decisions will be made to reflect Council priorities and strategic commitments, with disinvestment and budget savings being made in non-priority areas; and
- ensure capital financing is established at a level that maintains ongoing robustness in the capital programme.

## **5.0 The Local Government Finance Environment**

5.1 The Council's Money plan provides the framework within which revenue spending decisions can be made over the medium term. It is reviewed and updated on an annual basis to take into account any alterations that may be required as a result of changed circumstances. The Money Plan covers a five-year period up to 2024/25.

5.2 Local Government continues to face a tough financial outlook, with funding pressures set to continue. The Local Government Finance Settlement in recent years has seen unprecedented reductions in formula grant.

5.3 On 4<sup>th</sup> September 2019 the Spending Round 2019 (SR19) was published. It was announced that this would be a review covering one year only, the financial year 2020/21. This is fundamentally a roll forward of the current settlement with Spending Review 2020 (SR20) to undertake the Fair Funding Review and Business Rates Retention review. This will be a full spending review in 2020, reviewing public spending and setting multi-year budgets.

5.4 The funding position for local authorities for 2021/22 onwards remains uncertain. Central Government is carrying out a "Fair Funding Review" which aims to set out the basis by which funding is allocated across the country between Councils from 2021 onwards. This process will not generally be about redistributing Government grants, as this now forms only a small part of national funding, but about setting the baselines which determine how much local business rates may be retained in each area. These baselines are also due to be reset in 2021.

5.5 It is not possible to make a definitive estimate at this stage of what the impact upon the Council will be as the final funding allocation system has not been determined. It is anticipated that Councils will receive an indication of future allocations under the new system in late 2020. It is likely however that the review will see a general movement in funding from lower to upper tier authorities and it is highly probable that funding for Gloucester will reduce. A worst-case estimate would see a reduction to baseline however the plan is slightly more optimistic at this stage. Business Rates forecasts have therefore been reduced from 2021/22 onwards in the draft Money Plan to a prudent level.



- 5.6 As a result of this uncertainty the draft Money Plan assumes that in 2021/22 a one off draw from the Business Rates Reserve will be required. As a result of the pilot in 2018/19 the Council has placed money in reserves to mitigate this scenario.

#### Local Government Finance Settlement 2020/21

- 5.7 The SR19 announcement on the 4<sup>th</sup> September 2019 included the following proposals:
- Flexibility for District Councils to increase Council Tax by £5 a year or 2% whichever is the greater. This is a change from previous flexibility of 3% and has added further pressure to the plan
  - Proposed retention of New Homes Bonus, with no change to the baseline. This is expected to be a one year only retention and any benefits will not be included in future legacy payments
- 5.8 The SR19 announcement included the following key announcements regarding local government financing as follows:
- £1bn additional grant funding for social care in 2019/20.
  - £54m to reduce homelessness and rough sleeping
  - £241m to be made available in Towns Fund to support regeneration of high streets and town centres

Longer term spending decisions on local government funding will be made in the 2020 spending review.

- 5.9 The 2020/21 Provisional Local Government Finance Settlement was announced on the 20<sup>th</sup> December 2019. This announcement was in line with the previous SR19 announcement and is a one-year settlement as expected.
- 5.10 There were some changes for the Council in the announcement and these are detailed below:
- Additional Revenue Support Grant of £87k for 2020/21
  - Additional one off New Homes Bonus of £502k

As these monies are non-recurring it is recommended these are placed into earmarked reserves. Para 14.3 details reserves expected to be put in place.

- 5.11 The settlement continues to use the 'core spending power' measure. Core spending power is made up of the following elements;

#### Settlement Funding Assessments (SFA)

This is made up of:

- Revenue Support Grant

The SFA details the level of Tariff on retained business rates and the Safety Net Threshold.

Instead of cutting all SFA by a set percent, Government take into account the ability to raise Council Tax locally. There are four key variables:

- Funding reductions
- Split of reductions between tiers
- Council Tax Base
- Council Tax Rate

## Council Tax Requirement (CTR)

The core spending power assumes district councils will increase Band D Council Tax by whichever is the greater of £5 or 2%. The plan assumes an increase of £5 per annum until a 2% increase is greater than £5.

## New Homes Bonus (NHB)

NHB allocation for 20/21 announced in the settlement is £0.976m. This is greater than expected and the additional element for 20/21 has no legacy payments aligned to it. Therefore NHB is still expected to reduce to £0.195m in 2021/22.

The funding for New Homes Bonus in 2019/20 was the final year agreed in the 2015 Spending Review. The Government has therefore announced plans to consider how funding after this period will be used to incentivise delivery that meets or exceeds local housing need. A small level of funding has been built into the draft Money Plan for the final years of the plan as a prudent estimate.

- 5.12 Core Spending Power for the Council will increase by 1.4% for 2020/21.

## **6. Business Rates Retention**

- 6.1 The Business rates to be retained by the authority is forecast to grow gradually over the medium term. This is largely as a result of the inflation linked multiplier of Business Rates rather than significant property growth. There is a reduction in funding estimated for 2021/22 which is the expected impact of the fair funding review (see para 5.4). The detailed picture in relation to that review will not be known until late 2020 and will be reported to members when available.
- 6.2 The Council will continue to be part of the Gloucestershire Pool during 2020/21. This scheme increases the business rates retained locally by reducing the levy that is payable to Central Government.

## **7. General Fund Revenue Budget - Principles and Key Assumptions**

- 7.1 The principles underpinning the proposed revenue strategy are:

Annually, a balanced revenue budget will be set with expenditure limited to the amount of available resources;

- i. No long term use of balances to meet recurring baseline expenditure;
- ii. Resources will be targeted to deliver Corporate Plan priorities and value for money. Any additional investment and spending decisions will be made to reflect Council priorities and strategic commitments.
- iii. Maintaining the General Fund balance at approximately 10% of net revenue budget. This assumes a minimum level of £1.4m by the end of the plan.
- iv. Year on year savings targets where required to be met by ongoing efficiency gains, income generation and service transformation.

- 7.2 **Table 1** below, lists the major **assumptions** that have been made over the five years of the strategy:

<b>Table 1</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
Council Tax base growth	0.75%	0.75%	0.75%	0.75%	0.75%
Council Tax inflation	£5	£5	£5	£5	£5
Interest Rates (Earned)	0.75%	1.00%	1.25%	1.50%	2.00%
Inflation – Pay	2.00%	2.00%	2.00%	2.00%	2.00%
Inflation – contracts	2.50%	2.50%	2.50%	2.50%	2.50%
Inflation – other income	2.50%	2.50%	2.50%	2.50%	2.50%

## 8. Revenue Budget Increases

### Pay and Prices Increases

- 8.1 A 2% pay award allowance has been included across the five years of the plan. It should be noted that pay awards in Local Government are covered by collective bargaining between employers and trade unions and is not subject to direct control from Central Government. However it is reasonable to assume that Local Government will mirror what happens in the rest of the public sector.
- 8.2 In addition to the increases to reflect employee pay awards, provision has also been made to meet ongoing additional payments to the pension fund required from the employer to recover the deficit.
- 8.3 The pension fund is subject to a triennial actuarial valuation, the most recent of which has been undertaken by Hymans Robertson LLP during 2019, on behalf of Gloucestershire County Council, the pension fund administrator. As a result of the triennial valuation the actuary has confirmed that increase to the council's contribution can be frozen. This still assumes that the council will be fully funded in line with the current strategy of 17 years.
- 8.4 Prices inflation has been included on selected non-pay items, namely contractual obligations. All other inflationary increases are expected to be absorbed within base budget which represents a real time reduction through efficiency gains.
- 8.5 Prices inflation is included on selected fees and charges at 2.5% for each year of the plan.

### Cost Pressures and Efficiencies

- 8.6 Cost pressures and savings are included in **Appendix 2** and total a net income of £0.679m
- 8.7 The Council during the current year concluded investment negotiations that will deliver both income whilst providing key housing delivery options and city centre regeneration. These arrangements will bring benefit to the Council's general fund in line with the Property Investment Strategy and will also place monies into earmarked reserves to protect the Council in the future.
- 8.8 Significant cost pressures that have been highlighted through budget monitoring are highlighted at **Appendix 2**. Some key pressures are highlighted below:
- Joint Core Strategy/City Centre plan
  - Additional contract inflation
  - Climate Change post
  - Planning Income
  - Cultural Events
- 8.9 The budget savings identified in **Appendix 2** for 2020/21 relate to a number of areas where actions undertaken by the Council have led to savings or income growth. Some of the key areas are highlighted below:
- Property Investment Strategy
  - New Services at the crematorium
  - Contract price negotiations
  - Enforcement income

## 9. Efficiency Savings/Income Generation

- 9.1 With the inclusion of assumed settlement figures for 2020/21 and the assumption of further formula grant reductions over the life of the plan, further efficiencies may be required. It must be noted that the expected investments in line with the Property Investment Strategy has meant there are no proposed savings required in 20/21.

## **10. Overall Costs**

- 10.1 The total costs of the Council (the “Net Budget Requirement”) over the five year period of the Money Plan change from £13.774m in 2020/21 to £13.173m in 2024/25. Any further spending pressures identified in addition to those detailed in **Appendix 2**, over the five year period of the Money Plan, will need to be funded by additional savings.
- 10.2 Summary budget pages for each service are detailed in **Appendix 5**.

## **11. Revenue Funding**

### **Formula Grant / Localised Business Rates / Revenue Support Grant**

- 11.1 Our current grant from Government for 2020/21 comprises two formula driven components - Revenue Support Grant (RSG) and a retained Business Rates target.
- 11.2 The council following the Provisional Local Government Finance settlement will receive £0.087m in 202/21 with no expected RSG in following years.

### **New Homes Bonus**

- 11.3 New Homes Bonus is a grant that is effectively a reward for increasing the number of residential properties within an area. Whereas previously an increase in the Council Tax base is essentially offset by a reduction in formula grant, central government intends to match-fund the additional Council Tax for each new home for a period of four years.
- 11.4 New Homes Bonus was a significant source of funding for Gloucester City Council. The Council is expected to receive New Homes Bonus in 2020/21 of £0.976m, reducing to £0.020m by 2022/23. As detailed at para 4.11 the additional NHB in 20/21 is one off and there are no legacy for the 20/21 element.

### **Council Tax**

- 11.5 The Local Government Finance Settlement includes Council Tax Requirement (CTR) as part of the Councils ‘Core Spending Power’. CTR is assumed to grow as part of the settlement as follows:
- an average growth in Council Tax Base, based upon the years 2013/14 to 2015/16,
  - increased by an assumed growth based upon CPI at an average of 1.75%.
  - assumed increase of £5 or 2% whichever the greater

Therefore to maintain CTR in line with Government assumptions the minimum year on year increase should in line with bullet points above.

- 11.6 The Government has reaffirmed that if the level of Council Tax rise is greater than 2% or £5, whichever being the higher, a referendum would be required. The Money Plan assumes an increase in Council Tax of £5.

## **12. General Fund Balance**

- 12.1 The estimated level of the general fund balance in each financial year is shown in **Appendix 1**. The General Fund level is above the minimum required level by the end of the Money Plan.
- 12.2 It should also be noted, that although £1.4m is considered an appropriate level of General Fund balances to retain each year, the position should be reviewed if the Council delivers a budget surplus at year end.
- 12.3 In the financial year 2020/21 it is proposed to decrease the General Fund by £0.039m.

### 13.0 Capital Programme and Capital Financing

13.1 The key financial details on capital expenditure and financing in the revised money plan for the 5 years from 2020/21, are shown in detail at **Appendix 4**, and summarised below:

1. Capital programme expenditure of £9.519m. Some key projects are: the Kings Square Development; continued works on Kings Walk in line with original agreement, Building Improvements, and externally financed housing projects.
2. Capital financing comprises grants, Capital receipts and borrowing.

13.2 Kings Square is a key deliverable in the overall Kings Quarter regeneration programme. The regeneration of Kings Square is key to delivering the assumed income growth in Kings Walk Shopping Centre and will enhance the opportunities to deliver new income streams in future phases of the Kings Quarter development. The investment in the square will be financed as part of the overall capital programme.

13.3 The capital programme assumes the majority of capital financing will be funded through the use of current and expected future capital receipts, where these are not available it will be met from external grants and borrowing. The future financial commitments will be approved based on specific income generating, or revenue saving business cases to fund the cost of the borrowing. The main exceptions to this policy will be essential works on the Council's buildings and ICT systems, which will result in a reduced maintenance liability or potential increase in asset value and ensure delivery of the Councils transformation programme.

13.4 Wherever possible and desirable, additional one-off capital investments on a business case basis will be made, providing corporate objectives are delivered, and financing is available and affordable within existing budgets, or preferably with the provision of a "spend to save" revenue saving on existing budgets.

13.5 The strategy on borrowing is to ensure that any borrowing is only undertaken on a business case basis and is affordable and paid off over the life of the asset.

13.6 **Appendix 4** shows the proposed capital budgets for 5 years from 2020/21 incorporating any carried forward capital budgets and new, approved schemes. The capital programme will be updated for any future additions, such as Kings Quarter further development, subject to the required level of approval being made.

### 14.0 Earmarked Reserves

14.1 The Council has limited earmarked reserves with the balance at 31 March 2019 being £4.568m, a decrease £0.152m on the position at 31 March 2018, consisting of;

• Insurance reserve	£0.010m
• Historic buildings reserve	£0.053m
• Portfolio reserve	£0.060m
• Shopmobility reserve	£0.029m
• Members Allocation reserve	£0.001m
• Repairs reserve	£0.103m
• Land Liability reserve	£1.000m
• Regeneration reserve	£0.201m
• VAT Shelter reserve	£0.716m
• Business Rates reserve	£0.974m
• Trading Development reserve	£0.050m
• Land adoption reserve	£0.768m
• Community Builder Reserve	£0.100m
• Planning Grant reserve	£0.035m
• Economic Development Reserve	£0.020m

- Flooding Works Reserve £0.010m
- Coach Meet & Greet Reserve £0.004m
- Lottery Reserve £0.019m
- Great Place Reserve £0.093m
- Museum Reserve £0.305m
- EU Exit Reserve £0.017m

14.2 Where earmarked reserves are not ring fenced for a specific use, then if necessary, these reserves may potentially be used to support the General Fund.

14.3 The Money plan has been updated to reflect agreed budget amendment from both the Labour and Liberal Democrat groups. It was agreed that a Neighbourhood Spaces Reserve of £0.1m would be put in place. It was also agreed to put in place a Defibrillator Reserve of £0.006m.

14.3 As detailed in section 5 of this plan, the provisional settlement shows additional non-recurring income of £0.589m in 2020/21. It is proposed to place this into earmarked reserves as detailed below:

- £0.2m Marketing Reserve.
- £0.1m Homelessness Reserve
- £0.03m Communities Reserve
- £0.05m Planning Appeals Reserve
- £0.1m Climate Change Reserve
- £0.039m Asset Management Reserve

14.4 The Council does face significant uncertainty from 2021/22 and it is expected there will be a significant reduction in retained funding from business rates either through reset or the outcomes of the fair funding review. The Council will need to ensure there is sufficient funding in the Business Rates reserve to offset this. The plan assumes £1.0m will be drawn from this reserve in 2021/22.

14.5 During 2019/20 the Council will also draw on earmarked reserves in continuing delivery of the transformation programme and finalising the move from the dock's warehouses. Both these important programs will deliver long term benefits to both the Council and residents; however the earmarked reserves will need to be returned to a level to protect the Council going forward.

14.6 The table provides a forecast position on earmarked reserves:

Reserves Forecast	Balance at 31/03/2019	Transfers 2019/20	Forecast 31/03/2020	Transfers 2020/21	Forecast 31/03/2021
	£000	£000	£000	£000	£000
Regeneration Reserve	201	-100	101	-	101
Land Adoption Reserve	768	-33	735	-	735
VAT Shelter Reserve	716	-427	289	150	439
Business Rates Reserve	974	200	1174	340	1514
Environmental Reserve	1,000	-	1000	-	1000
Repairs Reserve	103	-103	-	200	200
Property Investment Fund	0	200	200	850	1050
Marketing Reserve	-	-	-	200	200
Homelessness	-	-	-	100	100
Community	-	-	-	30	30
Neighbourhood Spaces	-	-	-	100	100
Climate Change	-	-	-	100	100
Defibrillator	-	-	-	6	6
Other Earmarked	806	12	818	-139	679
<b>Total</b>	<b>4,568</b>	<b>218</b>	<b>4,317</b>	<b>1,937</b>	<b>6,254</b>

## 15.0 Alternative Options Considered

15.1 The Council must set a balanced budget in time to start collecting Council Tax by 1<sup>st</sup> April 2020. Alternative proposals put forward for budget savings will be considered as part of this process.

## 16.0 ABCD Implications

16.1 There are no ABCD implications as a result of this report.

## 17.0 Financial Implications

17.1 Contained in the body of the report.

## 18.0 Legal Implications

18.1 Legislation places a duty on the Council, as the Billing Authority, to calculate its budget requirement for 2020/21. The Council also has a statutory requirement to set a balanced budget.

## 19.0 Risk & Opportunity Management Implications

19.1 Covered in the report. The budget is prepared based on the information available at the time of writing. The budget pressures facing the Council have, as far as possible, been built into the budget.

19.2 The risks are set out more fully in the report but in summary centre around the continuing economic situation and the impact this is likely to have on the public sector, driving changes to Government funding in future years and the level of the Council's spend from 2020/21 onwards.

19.3 In addition to the risks identified in the report, a list of additional identified risks for both the Draft Money Plan and the Budget for 2020/21, along with the mitigations is also shown below:

Risk Identified	Inherent Risk Evaluation (scale 0-16?, where 16 represents highest risk)		Proposed measures	Residual Risk Evaluation (scale 0-16?, where 16 represents highest risk)	
<ul style="list-style-type: none"> <li>▪ Employee-related costs will be more than assumed</li> <li>▪ Other costs will be more than assumed</li> </ul>	Risk Score	6	<ul style="list-style-type: none"> <li>▪ Figures based on known commitments and estimated future costs. Any further pressures will need to be matched by additional identified savings.</li> </ul>	Risk Score	4
		8			4
<ul style="list-style-type: none"> <li>▪ Pension fund contributions will be higher than expected.</li> </ul>	Risk Score	8	<ul style="list-style-type: none"> <li>▪ The financial plan will continue to be reviewed and updated annually for a five year period, based on known changes and informed by the most recent actuarial triennial valuation.</li> </ul>	Risk Score	4
<ul style="list-style-type: none"> <li>▪ Planned budget reductions will not be achieved</li> </ul>	Risk Score	8	<ul style="list-style-type: none"> <li>▪ Close monitoring of budgets will be carried out in each financial year.</li> </ul>	Risk Score	6

Risk Identified	Inherent Risk Evaluation (scale 0-16?, where 16 represents highest risk)		Proposed measures	Residual Risk Evaluation (scale 0-16?, where 16 represents highest risk)	
<ul style="list-style-type: none"> <li>▪ Impact of Legislative changes on Councils ongoing costs</li> </ul>		6	<ul style="list-style-type: none"> <li>▪ Continuous monitoring of service pressures and ongoing focus on preventative support.</li> <li>▪ Previously agreed changes to Council, tax exemptions and discounts, to help fund the shortfall in financing for local support of Council tax.</li> </ul>		4
<ul style="list-style-type: none"> <li>▪ Income from fees, charges and other sources will not be as high as planned</li> </ul>	Risk Score	12	<ul style="list-style-type: none"> <li>▪ Close monitoring of income budgets will be carried out in each financial year.</li> </ul>	Risk Score	8
<ul style="list-style-type: none"> <li>▪ Timing of Capital Receipts will be later than anticipated or lower than estimated</li> <li>▪ Timing of Capital payments may be earlier than estimated</li> </ul>	Risk Score	8	<ul style="list-style-type: none"> <li>▪ Close monitoring of the timing and payments of capital expenditure/income will be carried out in each financial year. Alternative savings will be identified, or contingency arrangements agreed</li> </ul>	Risk Score	4

## 20.0 People Impact Assessment (PIA):

20.1 People Impact Assessments will be carried out for each line of the budget savings, to ensure that all relevant considerations are taken into account.

## 21.0 Other Corporate Implications

1. Community Safety  
None
2. Environmental  
None
3. Staffing  
None
4. Trade Union  
Ongoing discussions with the Trade Union on both the money plan and budget represent a key element of the overall consultation process.

## Background Documents:

Money Plan 2019-24, February 2019



Liberal Democrat Group – Gloucester City Council  
2020/21 Budget Amendments

**Investing in the communities and  
the culture of Gloucester**

1. Improving our small public open spaces, setting aside funds to deal with forgotten small areas of public open spaces – one off funding of £80,000.
2. Funding some defibrillators at suitable locations in Gloucester – one off funding of £6,000.
3. Employing archaeologist to catalogue the large number uncatalogued items held by the museum service. A two-year project to work with a team of volunteers - one off funding £100,000.
4. Setting aside funds to help to provide grants to community organisations to carry out repairs buildings that they manage – one off funding £80,000.
5. Investing in public art, with the first call on creating a statue of Æthelflæd – one off funding of £80,000.
6. Installation of free drinking water refill points around city centre and the Quays – one off funding £10,000.

The total earmarked reserves are projected to be £6,234,000 by 31<sup>st</sup> March 2021. A large proportion of these funds are not allocated to specific projects. We propose to use these unallocated funds to support the above project, leaving the cabinet to decide the final source of funding.

**Total investment required £356,000 – (5.71%) of reserves**

This page is intentionally left blank

## Budget Council Meeting – Thursday 27<sup>th</sup> February 2020

### Labour Group amendments to budget

Proposed: Cllr. Stephens

Seconded: Cllr. Pullen

#### 1. **Social Housing Investment Fund** (New borrowing approval)

With drawn-down subject to the establishment of a council owned housing development company with a clear business plan. All housing projects to be subject to due diligence, with agreed sustainable financial strategy that ensures they are self-financing.

i)	Private Sector Acquisition Fund to provide temporary accommodation for homeless households	5,000,000
ii)	Social Housing Partnership Fund	<u>20,000,000</u>
	<b>Total Cost</b>	<b>25,000,000</b>

#### 2. **Creation of new Council-owned Housing Development Company** **10,000**

*Financed via Business Rates Reserve or VAT Shelter Reserve*

#### 3. **Neighbourhood Environmental Improvement Fund** **100,000**

*Financed via Business Rates Reserve or VAT Shelter Reserve*

#### 4. **Managing Director – make full-time post** **80,000**

*Financed via increased income Property Investment Fund*

**5. Enhanced fly-tipping and enforcement scheme; 1- year pilot focussed on Barton & Tredworth, Kingsholm, Moreland & Westgate Wards**

1.5 x Enforcement Officer (Grade F)	56,000
0.5 x Education Officer (Grade E)	16,500
4 x CCTV portable units (RDC)	10,000
Sundry costs promotional/ educational materials etc.	<u>27,500</u>
<b>Total Cost</b>	<b>100,000</b>

*Financed via Business Rates Reserve*