



Overview and Scrutiny Committee

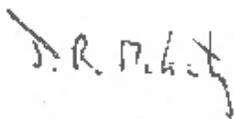
Meeting: Monday, 2nd December 2019 at 6.30 pm in Civic Suite, North Warehouse, The Docks, Gloucester, GL1 2EP

Membership:	Cllrs. Coole (Chair), Ryall (Vice-Chair), Dee, Finnegan, Haigh, Hilton, Hyman, Lewis, Organ, Patel, Pullen, Stephens, Taylor, Toleman, Tracey, Walford and Wilson
Contact:	Democratic and Electoral Services 01452 396126 democratic.services@gloucester.gov.uk

AGENDA

1.	APOLOGIES To receive any apologies for absence.
2.	DECLARATIONS OF INTEREST To receive from Members, declarations of the existence of any disclosable pecuniary, or non-pecuniary, interests and the nature of those interests in relation to any agenda item. Please see Agenda Notes.
3.	DECLARATION OF PARTY WHIPPING To declare if any issues to be covered in the Agenda are under party whip.
4.	PUBLIC QUESTION TIME (15 MINUTES) To receive any questions from members of the public provided that a question does not relate to: <ul style="list-style-type: none"> • Matters which are the subject of current or pending legal proceedings, or • Matters relating to employees or former employees of the Council or comments in respect of individual Council Officers
5.	PETITIONS AND DEPUTATIONS (15 MINUTES) To receive any petitions and deputations provided that no such petition or deputation is in relation to: <ul style="list-style-type: none"> • Matters relating to individual Council Officers, or • Matters relating to current or pending legal proceedings

<p>6.</p>	<p>MONEY PLAN 2020-25 & BUDGET PROPOSALS 2020/21 (Pages 5 - 20)</p> <p>To consider the report of the Cabinet Member for Performance and Resources which sets out the draft Money Plan for the period 2020 to 2025 and Budget Proposals for 2020 to 2021.</p> <p>The format for the session will be as follows:</p> <ol style="list-style-type: none"> 1. Leader of the Council will introduce the report. 2. The Cabinet Member for Performance and Resources will add his comments on the report. <p>Each Cabinet Member will then present their respective portfolios in the following order (as set out in Appendix 5):</p> <ol style="list-style-type: none"> 1. Cabinet Member for Regeneration and Economy. 2. Cabinet Member for Performance and Resources. 3. Cabinet Member for Culture and Leisure. 4. Cabinet Member for Environment. 5. Cabinet Member for Communities and Neighbourhoods. 6. Cabinet Member for Housing and Planning Strategy. <p>During their presentations the Cabinet Members will address the following points: -</p> <ol style="list-style-type: none"> 1. Current staffing levels 2. Financial pressures for next year, including any potential reduction in income streams. 3. The proposed budget savings in their area for next year and how these will impact on the services they provide. 4. Any new income streams identified during the process. 5. The main priorities for their portfolio and whether any have changed as a result of the Draft Money Plan
<p>7.</p>	<p>DATE OF NEXT MEETING</p>



Jon McGinty
Managing Director

Date of Publication: Friday, 22 November 2019

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.

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Any recording must take place in such a way as to ensure that the view of Councillors, Officers, the Public and Press is not obstructed. The use of flash photography and/or additional lighting will not be allowed unless this has been discussed and agreed in advance of the meeting.

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- 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.



Meeting:	Overview & Scrutiny Cabinet	2nd December 2019
		11th December 2019
Subject:	Money Plan 2020-25 & Budget Proposals 2020/21	
Report Of:	Leader of the Council & Cabinet Member for Performance and Resources	
Wards Affected:	All	
Key Decision:	No	Budget/Policy Framework: Yes
Contact Officer:	Jon Topping, Head of Policy and Resources	
	Jon.topping@gloucester.gov.uk	Tel: 01452 396242
Appendices:	1. Money Plan 2020/21 – 2024/25 2. Budget Pressures & Savings 3. 2020/21 – 2025/26 Capital Programme	

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** that:

- (1) That the assumptions contained in the Council’s draft Money Plan from 2020/21 to 2024/25 and revisions to the draft revenue budget be approved.
- (2) That the uncertainties regarding future incomes, as shown in this report and Appendix 1, and the need to update the Draft Money Plan when there is more certainty regarding Central Government financing, be noted

3.0 Introduction

3.1 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.

3.2 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.

4.0 The Local Government Finance Environment

- 4.1 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.
- 4.2 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.
- 4.3 On 4th September 2019 the Chancellor published Spending Round 2019 (SR19). It was announced that this would be a review covering one year only, the financial year 2020/21. This will fundamentally be a roll forward of the current settlement with Spending Review 2020 (SR20) now expected 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.
- 4.4 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.
- 4.5 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 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.
- 4.6 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 2019/20 and 2020/21

- 4.7 On the 4th September 2019, the secretary of State for Communities and Local Government announced the Spending Round 2019. The announcement included the following proposals:
- Continued 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

- 4.8 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.

- 4.9 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 is expected to detail 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 until a 2% increase is greater than £5.

New Homes Bonus (NHB)

NHB is expected to reduce from £1.212m in 2019/20 to £0.474m in 2020/21.

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. Business Rates Retention

- 5.1 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 5.3). The detailed picture in relation to that review will not be known until 2020 and will be reported to members when available.
- 5.2 The Gloucestershire authorities agreed to revert to the pooling arrangements during 2019/20. This scheme increases the business rates retained locally by reducing the levy that is payable to Central Government.

6. General Fund Revenue Budget - Principles and Key Assumptions

6.1 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.

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

Table 1	2020/21	2021/22	2022/23	2023/24	2024/25
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%

7. Revenue Budget Increases

Pay and Prices Increases

7.1 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.

7.2 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.

7.3 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.

7.4 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.

7.5 Prices inflation is included on selected fees and charges at 2.5% for each year of the plan.

Cost Pressures and Savings

7.6 Cost pressures and savings are included in **Appendix 2** and total a net income of £0.779m

7.7 The Council is currently negotiating investments that will deliver both income whilst providing key housing delivery options and city centre regeneration. These arrangements will bring

significant 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.

7.8 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

7.9 The budget savings identified in **Appendix 2** for 2019/20 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

8. Efficiency Savings/Income Generation

8.1 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 over the period of the Money Plan.

9. Overall Costs

9.1 The total costs of the Council (the "Net Budget Requirement") over the five year period of the Money Plan change from £13.671m in 2020/21 to £13.427m 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.

9.2 Summary budget pages for each service are detailed in **Appendix 5**.

10. Revenue Funding

Formula Grant / Localised Business Rates / Revenue Support Grant

10.1 Our current grant from Government for 2020/21 comprises two formula driven components - Revenue Support Grant (RSG) and a retained Business Rates target.

10.2 The council will expect to receive no RSG in 2020/21.

New Homes Bonus

10.3 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.

10.5 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 £0.474m, reducing to £0.020m by 2022/23

Council Tax

10.6 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.

- 10.7 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.

11. General Fund Balance

- 11.1 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.
- 11.2 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.
- 11.3 In the financial year 2020/21 it is proposed to decrease the General Fund by £0.003m.

12.0 Capital Programme and Capital Financing

- 12.1 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 3**, and summarised below:
1. Capital programme expenditure of £9.307m. 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.
- 12.2 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.
- 12.3 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.
- 12.4 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.
- 12.5 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.
- 12.6 **Appendix 3** 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

13.0 Earmarked Reserves

13.1 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

13.2 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.

13.3 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 £0.9m will be drawn from this reserve.

13.4 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.

13.5 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	459
Business Rates Reserve	974	200	1174	400	1,574
Environmental Reserve	1,000	-	1,000	-	1,000
Repairs Reserve	103	(103)	0	200	200
Property Investment Fund	0	200	0	850	1050
Other Earmarked	806	12	818	50	576
Total	4,568	(251)	4,317	1,650	5,695

14.0 Alternative Options Considered

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

15.0 ABCD Implications

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

16.0 Financial Implications

16.1 Contained in the body of the report.

17.0 Legal Implications

17.1 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.

18.0 Risk & Opportunity Management Implications

18.1 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.

18.2 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.

18.3 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"> ▪ Employee-related costs will be more than assumed ▪ Other costs will be more than assumed 	Risk Score	6	<ul style="list-style-type: none"> ▪ Figures based on known commitments and estimated future costs. Any further pressures will need to be matched by additional identified savings. 	Risk Score	4
		8			4
<ul style="list-style-type: none"> ▪ Pension fund contributions will be higher than expected. 	Risk Score	8	<ul style="list-style-type: none"> ▪ 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. 	Risk Score	4
<ul style="list-style-type: none"> ▪ Planned budget reductions will not be achieved 	Risk Score	8	<ul style="list-style-type: none"> ▪ Close monitoring of budgets will be carried out in each financial year. 	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"> ▪ Impact of Legislative changes on Councils ongoing costs 		6	<ul style="list-style-type: none"> ▪ Continuous monitoring of service pressures and ongoing focus on preventative support. ▪ Previously agreed changes to Council, tax exemptions and discounts, to help fund the shortfall in financing for local support of Council tax. 		4
<ul style="list-style-type: none"> ▪ Income from fees, charges and other sources will not be as high as planned 	Risk Score	12	<ul style="list-style-type: none"> ▪ Close monitoring of income budgets will be carried out in each financial year. 	Risk Score	8
<ul style="list-style-type: none"> ▪ Timing of Capital Receipts will be later than anticipated or lower than estimated ▪ Timing of Capital payments may be earlier than estimated 	Risk Score	8	<ul style="list-style-type: none"> ▪ 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 	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

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MONEY PLAN 2019-24

Appendix 1

	0	1	2	3	4	5
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'001
1. BASE BUDGET b/fwd	13,930	14,210	13,674	13,415	12,819	12,828
Pay and Price Increases						
Employees pay awards	135	138	141	144	147	150
Employers Increased Pension Costs	255					100
Price Increases	150	200	150	150	150	150
Income Inflation	(94)	(95)	(98)	(100)	(103)	(105)
Revised Base Budget	14,376	14,453	13,867	13,609	13,013	13,123
Cost Pressures/Efficiencies						
Ongoing base pressures	423	531	(20)	50	0	0
Ongoing base efficiencies/Income generation	(339)	(1,310)	(432)	(840)	(185)	0
	84	(779)	(452)	(790)	(185)	0
2. NET BUDGET REQUIREMENT	14,460	13,674	13,415	12,819	12,828	13,123
Sources of Finance						
Revenue Support Grant	85					
Business Rates Retention	5,041	5,142	4,192	4,276	4,361	4,449
To/From Business Rates Reserve			900			
New Homes Bonus	1,212	474	195	20	0	0
Transitional Grant						
Council Tax Surplus	120	125				
Council Tax	7,662	7,930	8,187	8,447	8,711	8,978
3. TOTAL SOURCES OF FINANCE	14,120	13,671	13,474	12,743	13,072	13,427
Budget Surplus/(Shortfall)	(340)	(3)	59	(76)	244	303
5. FUTURE CHANGES						
Efficiency/Transformation/Income Generation	250	0	0	0	0	0
Revised Budget (Shortfall)/Surplus	(90)	(3)	59	(76)	244	303
REVISED NET BUDGET REQUIREMENT c/fwd	14,210	13,674	13,415	12,819	12,828	13,123
6. GENERAL FUND BALANCE						
Opening Balance	1,636	1,456	1,453	1,512	1,436	1,480
To Earmarked Reserves					(200)	(300)
Contribution to/(from) General Fund	(90)	(3)	59	(76)	244	303
Closing Balance	1,546	1,453	1,512	1,436	1,480	1,483

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Budget Pressures and Savings

Appendix 2

Description

2020/21 2021/22 2022/23 2023/24 2024/25

Ongoing base budget increases

Democratic Services - Election	20	(20)			
Bruton Way Management Fee Income	60		(60)		
Joint Core Strategy/City Centre Plan	175		10		
Contract Inflation	100				
Smaller Budget Pressures	16				
Climate Change	10				
Planning Income	150				
Kings Walk Investment Borrowing Costs			100		
Total ongoing Cost Pressures	531	(20)	50	0	0

Budget Efficiencies/Income Generation

Kings Walk Rental Growth			(200)	(100)	
Kings Walk Investment			(600)		
Investment Strategy	(945)	20		115	
Joint Core Strategy/City Centre Plan		(202)			
HKP Savings		(100)			
Bruton Way	(160)		160		
Crematorium Income	(40)				
Policy & Resources	(15)				
Contract Procurements	(150)	(150)	(200)	(200)	
Total Ongoing savings	(1,310)	(432)	(840)	(185)	0
Total	(779)	(452)	(790)	(185)	0

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FORECAST CAPITAL PROGRAMME AND FINANCING 2020 - 2025

Scheme	2020 / 21 £000	2021 / 22 £000	2022 / 23 £000	2023 / 24 £000	2024 / 25 £000	2020 - 2025 £000	Scheme details
Kings Quarter development (Kings Square)	4,000	0	0	0	0	4,000	Development Costs of Kings Square as part of the Kings Quarter Regeneration Programme
Kings Walk	3,700	0	0	0	0	3,700	Development costs of Kings Walk as set out in the original agreement.
City Centre Investment Fund	88	0	0	0	0	88	Regeneration within the City Centre, larger projects include Cultural Improvements, car parking improvements and works at the Ggildhall.
GCC Building Improvements	307	100	100	100	100	707	Project funding to ensure GCC buildings remain fit for purpose
ICT Projects	50	50	50	50	50	250	Maintain Council ICT infrastructure / capability. To include transformation project ensuring ICT fits the moving requirements of the Council
Housing projects	897	494	494	494	494	2,871	Includes Disabled Facilities Grant which is DCLG funded. Changes to funding arrangements would alter this element of the budget. Other projects include the commuted sums for social housing.
Drainage and Flood Protection Works	100	100	20	0	0	220	Flood Protection Capital Fund - External grant funded projects to assist with flood protection.
Horsbere Brook Local Nature Reserve works	52	0	0	0	0	52	Nature Reserve works, part funded by Environment Agency. Project is into 2nd year of 10 year programme.
Play Area Improvement Programme	60	60	60	60	60	300	Concurrent funding improving City play areas
Crematorium Cremator Impovements	45	0	45	0	45	135	Funding to ensure maintenance of crematorium infrastructure
Recycling Fleet replacement	0	0	0	200	200	400	Replacement of the Councils recycling fleet vehicles
Grant Funded Projects	9	0	0	0	0	9	Includes Alney Island grant project
Total	9,307	804	769	904	949	12,733	

Financing Source	2020 / 21 £000	2021 / 22 £000	2022 / 23 £000	2023 / 24 £000	2024 / 25 £000	2020 - 2025 £000
Lottery Grants	0	0	0	0	0	0
External Grants (other)	4,669	574	494	474	474	6,684
Capital Receipts	639	230	275	230	275	1,649
Borrowing	4,000	0	0	200	200	4,400
Sub total	9,307	804	769	904	949	12,733

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