



**Nottingham City Council
Executive Board**

Date: Tuesday, 18 February 2020

Time: 2.00 pm

Place: Ground Floor Committee Room - Loxley House, Station Street, Nottingham,
NG2 3NG

Councillors are requested to attend the above meeting to transact the following business

Corporate Director for Strategy and Resources

Governance Officer: Kate Morris, Constitutional Services, Tel: 0115 8764353 **Direct
Dial:** 0115 8764353

Agenda	Pages
a Medium Term Financial Plan (MTFP) - Key Decision Report of the Portfolio Holder for Finance, Growth and the City Centre	3 - 178
11 TREASURY MANAGEMENT STRATEGY 2020/21 AND CAPITAL & INVESTMENT STRATEGY 2020/21 Report of the Portfolio Holder for Finance, Growth and the City Centre	179 - 222
12 EXCLUSION OF THE PUBLIC To consider excluding the public from the meeting during consideration of the remaining item(s) in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighs in the public interest in disclosing the information	
13 TREASURY MANAGEMENT STRATEGY 2020/21 AND CAPITAL & INVESTMENT STRATEGY 2020/21 - EXEMPT APPENDIX	223 - 226

All items listed 'under exclusion of the public' will be heard in private for the reasons listed in the agenda papers. They have been included on the agenda as no representations against hearing the items in private were received

If you need any advice on declaring an interest in any item on the agenda, please contact the governance officer shown above, if possible before the day of the meeting

Citizens attending meetings are asked to arrive at least 15 minutes before the start of the meeting to be issued with visitor badges

Citizens are advised that this meeting may be recorded by members of the public. Any recording or reporting on this meeting should take place in accordance with the council's policy on recording and reporting on public meetings, which is available at www.nottinghamcity.gov.uk. Individuals intending to record the meeting are asked to notify the governance officer shown above in advance.

Subject:	Medium Term Financial Plan (MTFP)
Corporate Director(s)/Director(s):	Laura Pattman, Strategic Director of Finance
Portfolio Holder(s):	Councillor Sam Webster, Portfolio Holder for Finance, Growth and the City Centre
Report author and contact details:	Theresa Channell – Head of Strategic Finance & Deputy Section 151 Officer 0115 8763649 theresa.channell@nottinghamcity.gov.uk
Subject to call-in:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Key Decision:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Criteria for Key Decision:	
(a) <input checked="" type="checkbox"/> Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	
and/or	
(b) Significant impact on communities living or working in two or more wards in the City <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Type of expenditure:	<input checked="" type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
Total value of the decision: £111,431,000	
Wards affected: All	
Date of consultation with Portfolio Holder(s): Throughout the budget process	
Relevant Council Plan Key Theme:	
Nottingham People	<input checked="" type="checkbox"/>
Living in Nottingham	<input checked="" type="checkbox"/>
Growing Nottingham	<input checked="" type="checkbox"/>
Respect for Nottingham	<input checked="" type="checkbox"/>
Serving Nottingham Better	<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
<p>This report presents the Council’s Medium Term Financial Plan (MTFP), this comprises the revenue budget and capital programme for both the General Fund and Housing Revenue Account (HRA).</p> <p>The MTFP report contains a large amount of important information. In order to make this accessible, the report comprises 6 annexes as follows:</p> <ol style="list-style-type: none"> 1. Annex 1 – 2019/20 forecast outturn for all 4 elements of the MTFP. 2. Annex 2 - General Fund revenue MTFP for 2020/21 – 2022/23. 3. Annex 3 - Capital Programme for 2020/21 – 2024/25. 4. Annex 4 - HRA MTFP for revenue and capital 5. Annex 5 - Robustness of the Budget, this is required under The Local Government Act (Part II) 2003. 6. Annex 6 - Budget Consultation 2020/21. <p>This information enables Executive Board to:</p> <ul style="list-style-type: none"> • make recommendations to City Council in respect of the MTFP for the capital programme and General Fund which includes setting the Council Tax • set HRA rent levels and service charges for 2020/21 and continue the tenant reward scheme. <p>Figures are based on the final Local Government Finance Settlement as announced on 6 February. As is usual, public consultation has been undertaken in relation to the budget proposals and will continue as appropriate. Feedback from the consultation process has been taken into account in making these recommendations to City Council.</p>	

Exempt information: State 'None' or complete the following

None

Recommendation(s):

1 2019/20 Forecast Outturn (Annex 1)

- a. To note the current forecast outturn for the 2019/20 General Fund, HRA revenue budgets and capital programmes.
- b. To approve budget virements and reserve movements set out in Appendices B and C.

2 MTFP 2020/21 – 2022/23 Revenue Element (Annex 2)

- a. To note:
 - i. The General Fund revenue aspects of the MTFP.
- b. To note, endorse and release:
 - i. savings totalling **£15.623m, £13.411m** as set out in the December Budget consultation report and a further **£2.212m** as detailed in this report and set out in Table 8 and detailed within Appendices A of the report for public consultation
- c. To note, endorse and recommend to City Council:
 - i. The General Fund net budget requirement for 2020/21 of **£248.059m**
 - ii. Council Tax level (Band D) of **£1,808.31** that will raise a total of **£121.807m** (a basic increase of **1.99%** and **2.00%** increase for Adult Social Care Precept)
 - iii. Delegated authority to the Corporate Leadership Team to implement all proposals after undertaking necessary consultation
 - iv. Delegated authority to the Chief Finance Officer (CFO) to approve payment of the pension deficit lump sum based on the best value approach for the Council

3 MTFP 2020/21 – 2024/25 Capital Programme Element (Annex 3)

Executive Board to note, endorse and recommend to City Council:

- a. The Capital Programme as detailed in Appendix D
- b. The additional key principle for the governance and management of the capital programme as set out in Section 5 and Section 8
- c. The extension of the rolling programmes as set out in revised General Fund Capital Programme Table 3
- d. The revised Local Transport Programme as set out in Appendix C

4 MTFP 2020/21 – 2022/23 HRA Element (Annex 4)

- a. To note the following changes that impact on the HRA's financial sustainability include:
 - i. Increase of social housing rents by **2.7%**
 - ii. Stock reduction of **248** resulting from new build stock, acquisitions and Right to Buy sales
 - iii. Continued roll out of Universal Credit and end of benefits freeze
 - iv. Impact of Grenfell Tower Public Enquiry and Hackitt review of building regulations and fire safety
- b. To approve the:
 - i. Proposed rent increase of **2.7%** for 2020/21
 - ii. Continuation of the tenant incentive scheme of up to **£100** per annum with a budget of **£2.000m**
 - iii. Proposed increase in general service charges of **1.7%**, in line with Consumer Price Index (CPI)
 - iv. A working balance of **£7.727m** to provide for the effects of Universal Credit and to support the new build programme
 - v. Delegation of authority to Nottingham City Homes (NCH) to award capital contracts up to the value of the scheme/programme as set out in Appendix B of Annex 4 of the report
- c. To note, endorse and recommend to City Council the 2020/21 HRA budget

5 Robustness of the Budget (Annex 5)

To note, endorse and recommend to City Council the recommendations of the Chief Finance

Officer (CFO) in respect of the robustness of the estimates within the budget and the adequacy of reserves. Specifically delegating authority to the CFO includes:

- i. Conduct a fundamental review of reserves, balances and provisions to create a resilience reserve. The reserve is to be sufficient to cover risks highlighted within the report and to give authority to review and amend the reserve in year based on any new or emerging risks.
- ii. Update the MTFs principles to take into account the Council's reduced budget flexibility as a result of the continued use of one off measures to reduce overspends and present a balanced budget
- iii. Review and update the current MTFP practices and amend as necessary to align with CIPFA Financial Management Code
- iv. Produce a detailed 3 year MTFP to address the budget gaps in years 2 and 3 which will require a thorough transformation plan and strategy in order to balance the medium term financial position

6 Budget Consultation 2020/21 (Annex 6)

To note the outcomes of the budget consultation and communication.

1 Reasons For Recommendations

- 1.1 This report presents and seeks endorsement for the MTFP to enable Executive Board to approve HRA elements of the report and make recommendations to City Council for consideration on 9 March 2019 when they meet to set the budget and council tax for 2020/21

2 Background (Including Outcomes Of Consultation)

- 2.1 The MTFP is directed by the Medium Term Financial Strategy (MTFS). The final settlement has confirmed funding for one year only with a full Spending Review and the introduction of Fair Funding Review/75% Rates Retention now delayed until 2021/22. In the absence of a robust multi-year settlement from the Government the draft MTFP assumes the current level of settlement funding for 2020/21 will continue for 2021/22+. No assumptions have been made for the likely impact on future settlement funding of Government policy due to a lack of clear exemplification of the options being currently considered.

- 2.2 The December Executive Board reported a 2020/21 budget gap of **£2.405m**. Since the December report further proposals have been developed to present a balanced position for 2020/21. Portfolio savings proposals of **£14.623m** are detailed in **Annex 2** and are categorised as:

- December Executive report savings of **£13.411m** for 2020/21, of which **£12.432m** are consultation proposals, with **£0.979m** from already approved / fast tracked proposals.
- New Portfolio savings proposals of **£1.212m**, **£1.000m** of Corporate proposals and other adjustments of **£0.193m** for 2020/21

Individual portfolio savings of **£14.623m** are detailed within **Appendix A of Annex 2**

- 2.3 The draft MTFP reflects the culmination of the extensive work of councillors, colleagues and other stakeholders which has been scrutinised throughout the process to fulfil a legal obligation. This has enabled the 2020/21 budget to be balanced to fund provision of a wide range of services; many of them statutory.

2.4 The MTFP process is supported by extensive consultation and the Council is committed to maintaining and developing this participation. Pre-budget consultation was carried out in October and November 2019 and **1,416** responses were received. Citizens were asked to give their top three services from a list of 26 Council Services. The top three most important services rated by respondents are:

- Care services to elderly and vulnerable people
- Child Protection
- Tackling Crime and Anti-Social behaviour.

Further consultation has been undertaken from December 2019 with citizens, businesses, colleagues, the voluntary and community groups, One Nottingham and young people consider the budget proposals set out in the draft Medium Term Financial Plan.

A total of **54** on line and paper surveys have been received up until 3 February 2020. Full details of the consultation outcomes can be found in **Annex 6**.

So far there have been no significant changes to the budget proposals published in December. The consultation period will continue to run until the Council meeting in March 2020 or until appropriate consultation has been undertaken.

2.5 The Capital Programme element of the MTFP continues the Council's focus on regeneration and growth by investing in infrastructure and assets to create the right conditions for businesses to grow and for creation of jobs.

3 Other Options Considered In Making Recommendations

3.1 Throughout the budget process, a large number of individual cost reduction, income and investment options are considered. These in turn impact on the level of reserves. This is a complex process with many iterations and possibilities too numerous to present as discrete options. This report presents the final overall package of detailed proposals which together seek to balance levels of investment, cost reduction and an appropriate level of income.

4 Finance Colleague Comments (Including Implications And Value For Money/VAT)

4.1 The City Council's MTFP forms the cornerstone of financial management and control and service delivery within the organisation. Below is a summary of the key headlines for each of the four elements of the MTFP, individual annexes will contain further details to support these headlines:

4.2 General Fund revenue budget (Annex 1 and 2)

- A forecast overspend in 2019/20 of **£6.628m**. However the Council is committed to delivering an outturn on budget and management action is in place to mitigate the current forecast overspend. The MTFP for 2020/21 is predicated on this assumption
- A 2020/21 net revenue budget requirement of **£248.059m** and a Band D council tax of **£1,808.31**
- Total savings of **£15.623m**, with **£14.623m** of Portfolio savings

4.3 General Fund Capital Programme (Annex 3)

- An overall programme of **£430.151m** of which **£158.868m** relates to 2020/21
- **£255.943m** from prudential borrowing

- **£133.758m** funded from specific grants and contributions
- **£40.450m** from capital receipts and other internal contributions, this represents a balanced position for the capital programme

4.4 HRA Revenue Budget (Annex 4)

- A HRA expenditure budget **£105.480m** in 2020/21
- A **2.7%** increase in rents
- A proposed increase in general service charges of 1.7% in line with CPI
- A closing working balance of **£7.727m**

4.5 HRA Capital Programme (Annex 4)

- An overall programme of **£221.048m** of which **£59.475m** relates to 2020/21
- **£22.632m** for 2020/21 has been specifically allocated to regeneration and new build (Building a Better Nottingham).

4.6 Reporting financial performance against budget is an integral part of the annual calendar and Executive Board will continue to receive quarterly monitoring reports in 2020/21. The Audit Committee has responsibility for the scrutiny and challenge of the financial and performance framework and its implementation.

4.7 Council Tax Requirement, the Localism Act 2011 has made significant changes to the Local Government Finance Act 1992. As a result, the billing authority is required to calculate a Council Tax Requirement for the year rather than the previous Budget Requirement.

5 Legal And Procurement Colleague Comments (Including Risk Management Issues And Legal, Crime And Disorder Act And Procurement Implications)

5.1 The City Council is required to set a balanced budget for 2020/21 before 11 March 2019

5.2 A detailed and comprehensive risk assessment has been undertaken in order to inform the CFO's assessment of the affordability of these budget plans and the consequent recommended levels of reserves and contingencies. This is summarised in **Annex 5**.

5.3 The Council has a duty under the Equality Act 2010 to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between protected groups (such as disabled people or ethnic minority groups) when considering proposed new or changing policies, services or functions, including decisions on funding for services, and decisions on implementation of policies developed outside the Council.

6 Strategic Assets & Property Colleague Comments (For Decisions Relating To All Property Assets And Associated Infrastructure)

6.1 None

7 Social Value Considerations

7.1 None

8 Regard To The NHS Constitution

8.1 None

9 Equality Impact Assessment (EIA)

9.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because:

(Please explain why an EIA is not necessary)

Yes

Attached as Appendix A, and due regard will be given to any implications identified in it.

10 List Of Background Papers Relied Upon In Writing This Report (Not Including Published Documents Or Confidential Or Exempt Information)

10.1 None

11 Published Documents Referred To In This Report

11.1 Budget Consultation 2019/20 – Approved by Executive Board December 2019
<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=177&MId=7977>

11.2 Council Plan 2019-2023
<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=155&MId=7954>

Appendix A - Equality Impact Assessment Form

Document Control

1. Control Details

Title:	Budget 2019/20 Community Impact Assessment
Author (assigned to Pentana):	Sally Edwards / Jo Worster
Director:	Richard Henderson / Laura Pattman
Department:	Strategy & Resources
Service Area:	HR & Finance
Contact details:	Sally.edwards@nottinghamcity.gov.uk / joanne.worster@nottinghamcity.gov.uk
Strategic Budget EIA: Y/N	Yes
Exempt from publication Y/N	No

Assessment

1. Brief description of proposal / policy / service being assessed

2020/21 Budget Proposals

This document provides an overview of equality issues associated with the Council's Medium Term Financial Plan (MTFP). It summarises the potential equality impacts and the steps taken to minimise impact on protected groups during the development of the MTFP.

The Budget Consultation 2020/21 report approved at December 2019 Executive Board contains details of savings proposals, additional proposals have been added as part of the February Executive Board report, a full list of all the portfolio proposals are contained within Annex 2 of this report. These two reports form the basis of the MTFP and this assessment should be read in conjunction with those reports.

Public consultation began on 17 December 2019 and is ongoing, various events have been held as part of this process in addition to the consultation pages and survey on the Council's website. The Budget will be presented to Full Council on 9 March 2020 for approval.

Budget proposals cover all Portfolios and span various services across the Council, an assessment as to the proposals that require an Equality Impact Assessment (EIA) has been carried out, initial screenings and where appropriate individual EIA's have been completed and these are available on request. The Equality Duty 2010 is a continuing duty, therefore it will be necessary to monitor the effects of the decision after implementation.

Nottingham City Council, like all other local authorities across the country, has seen a substantial and sustained reduction in Government funding because of austerity policies. In the period from 2010/11 to 2019/20 the Council has had to make cumulative savings totalling **£271.4m** and will continue to have to make difficult decisions about the services it provides in order to close the budget gap.

In order to respond to the funding cuts and manage the increasing pressures the Council has built its MTFP on the following

principles:

- address demographic and service pressures;
- reflect the longer term reductions in external funding since 2010/11 by reducing expenditure on certain activities;
- support the Council's determination to be efficient, improve performance and modernise the organisation;
- minimise the impact of service reductions and changes on vulnerable citizens by protecting frontline services;
- pursue commercialisation opportunities to generate income for the Council.

Council Tax

The proposed MTFP assumes a basic council tax increase of **1.99%** and an additional **2.00%** increased for the Adult Social Care Precept for 2020/21.

Budget Savings

Table 1 below details the category of Portfolio savings for 2020/21 to 2022/23.

TABLE 1: PORTFOLIO SAVINGS			
DESCRIPTION	2020/21 £m	2021/22 £m	2022/23 £m
2020/21+ Budget approved by December Exec Board			
• Already approved / Fast track Proposals	(0.979)	(0.746)	(0.715)
• Portfolio Consultation Proposals	(12.432)	(9.167)	(9.124)
Total Savings approved by December Exec Board	(13.411)	(9.913)	(9.839)
February Exec Board proposals			
• Portfolio Consultation Proposals	(1.212)	(0.910)	(0.955)
TOTAL SAVINGS	(14.623)	(10.823)	(10.794)

Table 2 below details the value of these savings by lead portfolio

TABLE 2: PORTFOLIO SAVINGS			
LEAD PORTFOLIO	2020/21 £m	2021/22 £m	2022/23 £m
Adult Care & Local Transport	(5.379)	(2.280)	(2.192)
Children & Young People	(2.020)	(2.020)	(2.020)
Communities	(0.308)	(0.308)	(0.308)
Early Years, Education & Employment	(0.255)	(0.265)	(0.275)
Energy, Environment & Democratic Services	(1.346)	(1.346)	(1.311)
Finance Growth & the City Centre	(3.213)	(2.668)	(2.583)
Health, HR & Equalities	(0.219)	(0.269)	(0.419)
Housing, Planning & Heritage	(0.070)	(0.070)	(0.070)
Leisure, Culture & IT	(0.865)	(0.923)	(0.968)
Regeneration, Safety & Communications	(0.949)	(0.674)	(0.649)
TOTAL	(14.623)	(10.823)	(10.794)

2. Information used to analyse the effects on equality:

This assessment is based on a process of consultation and equality impact assessment (EIA) built into the Council's overall budget development process. This has included:

- screening of all proposals to identify potential equality impact;
- EIA's for specific budget proposals where a potential equality impact has been identified;
- ongoing discussions between Officers and Executive Councillors;
- regular budget meetings for Councillors to approve, amend, or reject budget proposals, taking into account their potential equality impact;

- additional consideration of cumulative equality and wider community impact of the proposals;
- consultation events with citizens, businesses, colleagues, the voluntary and community groups, One Nottingham and young people.

3. Impacts and Actions:

	Could particularly benefit X	May adversely impact X
People from different ethnic groups.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Men	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Women	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Trans	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disabled people or carers.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pregnancy/ Maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>
People of different faiths/ beliefs and those with none.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Lesbian, gay or bisexual people.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Older	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Younger	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other (e.g. marriage/ civil partnership, looked after children, cohesion/ good relations, vulnerable children/ adults).	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Please underline the group(s) /issue more adversely affected or which benefits.

How different groups could be affected
(Summary of impacts)

People from different ethnic groups

Diversity monitoring data currently available is not sophisticated enough to enable analysis between individual ethnic groups, however data on the life chances of minority groups measured in terms of health, life expectancy, educational achievement and economies suggest poorer outcomes will be experienced by minority communities with regard to poverty and inequality when resources are stretched. This is likely to be further exacerbated by increasing health and social care costs. New and emerging communities may face greater marginalisation as all communities compete for scarce resources.

Black and Minority Ethnic (BME) communities may rely on voluntary sector organisations to provide services and specialist advice sensitive to their cultural needs, in a way that mainstream services can struggle to match. This is particularly relevant where people have multiple or complex needs and where there is a

Details of actions to reduce negative or increase positive impact
(or why action isn't possible)

Equality Action Plans & Impact Assessments

Measures are being taken to manage all changes in a planned way, and to minimise adverse impacts where possible. Each department of the Council has developed an equality action plan detailing specific activities that will be undertaken to advance equality in order to meet the Council's equality objectives. With regard to these budget proposals, individual equality impact assessments have been conducted for specific proposals, and will be reviewed and updated as necessary. Further consultation with stakeholders is required for some of the proposals and individual impact assessments will be amended in response to all new information received.

Fees & Charges

Care will be taken to ensure that information provided is made available in accessible formats. Where people are affected by fees and charges, only those who can afford to pay will do so and those on the lowest incomes are protected.

reduction in face to face contact when accessing services. There are some proposed changes to specific services dedicated to people from ethnic minority backgrounds which could have an adverse impact on this community.

In addition to the above, the proposed reductions in funding detailed in this report could result in people experiencing issues such as difficulty in getting to and accessing services as well as struggling to navigate processes that are unfamiliar. Cuts to services such as day centres for specific groups could place individuals at risk of isolation, which is known to lead to the onset of various mental health conditions. In terms of the wider health and social care agenda, people may face a worsening of symptoms of ill health or disease due to delayed access to medical attention where individuals present late for diagnosis and/or treatment.

Whilst cuts in social care provision affect people from many different backgrounds, research has shown that BME women provide a significantly higher proportion of care for those in their families and/or communities that need it that non-BME people do. It is also well documented that the health issues, needs and experiences of BME people are different to those of non-BME people, and BME people are less likely to access the care they need.

Where voluntary sector organisations are unable to provide the level of support some communities require, or where people do not have the right level of support to manage their individual

Where appropriate, individual consultation letters will be sent to affected citizens or their carers detailing the proposals. A helpline will be established to answer questions and to allay fears. Citizens will be made aware of their right to a financial assessment, and the offer of support to find alternative, more cost effective support.

Commercial Growth/Income Generation

Commercial growth proposals may create opportunities to advance equality by creating employment and apprenticeships for communities currently underrepresented in the Council's workforce.

In addition to this, the Council will continue to support local people to access employment opportunities through the Nottingham Jobs Hub.

Health and Social Care

With regard to mitigating potential negative impacts linked to health and social care, it is not clear what this means for individual communities, however there may be an opportunity to advance equality through the redesign of local services.

As proposals linked to the integration of health and social care evolve, it is essential that stakeholders are consulted and that participation is accessible, allowing the voices of those who are seldom heard to be included. Equality impact assessments will also need to be developed accordingly.

Stakeholders will be written to as part of the consultation process and invited to share their views.

resources, some people may fail to access mainstream service provision. This is likely to result in significantly less favourable outcomes for these individuals.

Access and participation in cultural activities is an essential part of having an inclusive City. It contributes towards promoting social integration, enhancing self-esteem and identity, developing skills and confidence, and projects can often lead to employment opportunities. Any proposal that reduces cultural grants will impact on the delivery of activity targeted at BME communities.

Older People/Disabled People/Carers

A significant proportion of people using social care provision are older and disabled people.

Proposals include a review of a transport provision that will impact particularly on elderly and disabled people who use these services. Changes to transport routes and times could adversely affect individuals who rely on these services to get about and maintain their current quality of life.

Any introduction of fees or increasing the cost of services that are currently being provided is likely to have an adverse impact, particularly on those who are most vulnerable such as the elderly or those with disabilities or long-term health conditions.

With regard to older people, many have conditions that limit

Additional opportunities to advance equality need to be explored through related commissioning and procurement processes, with particular regard being given to the Social Value Act 2012 and how wider social, economic and environmental benefits can be realised through such arrangements.

Organisations that receive funding from the Council are also given support and information, including strategic networking support, information on national trends and funding opportunities. The council will continue to work in partnership with organisations to deliver inclusive targeted events in the City. In addition, service level agreements will be reviewed to ensure that resources are being used effectively.

Where services are commissioned, quality monitoring will be undertaken by contract management teams to ensure that benefits are delivered and that remedial action is taken where necessary.

Work is also being done with service providers and partners to work collaboratively to ensure that needs are addressed where there are shared priorities and to ensure that people are signposted to appropriate service providers.

Where relevant, service level agreements will be reviewed with targets being renegotiated to ensure that service delivery is viable and that the needs of key groups are able to be met. Services will continue to be targeted at those who are most in need.

their activities. Where support is required with things like personal care, spouses, partners and female family members provide much of the informal care required. In addition, a higher proportion of disabled older people are women who rely on social care to live independently in their own homes. Whilst a significant number of older people live in poverty, means tested charges for services are likely to affect the take-up of support, as some people may find the process complicated and some people may feel stigmatised.

Reports show that the majority of disabled people and families with disabled children are living in poverty, and are significantly less likely to have an adequate standard of living than non-disabled people. More disabled people have to contribute towards the cost of their care, which affects the financial and practical support received to empower people to live as independently as possible. It is widely known that the cost of living for people with disabilities is, on average, £500 per month more than individuals who aren't disabled. These proposals may impact on the day-to-day activities that non-disabled people often take for granted and without the right level of support disabled people can be placed at greater risk of avoidable dependency, poverty and isolation.

A review of parking charges will see the provision of free Blue Badge parking maintained in areas where there is a need to encourage turnover of vehicles to meet the ongoing

A comprehensive Mental Health and Wellbeing Strategy is in place to support people with mental health conditions. Public Health have created a BME consultative group to ensure that ideas are captured in relation to achieving improved mental health for BME communities whose outcomes are often poorest.

Young People

The profile of young people affected will be considered as part of the development of future systems, approaches and arrangements which are currently under review. Where possible, awareness raising with regard to alternative provision will be done.

Collaborative work will be undertaken with key partner agencies to deliver early intervention services. Opportunities for co-location will be maximised, and resources used to support key areas of work.

demands for parking within the City Centre. However, it is important to note that not everyone with a disability has a Blue Badge.

Women

The impact of the budget proposals on women is likely to be multi-layered and interconnected with other protected characteristics e.g. disabled people and BME groups (as mentioned above). Women are more likely to use public services and to work in the public sector so are therefore at greater risk of being hit by reductions in staffing levels.

They are more likely to be paid less than men, and are more likely to live in poverty. Women are more likely to be lone parents, as well as primary carers for children, older and disabled people. Reductions in the funding of adult social care will affect women as direct service users, in addition to affecting those women who will be required to fill the gap as unpaid carers, reducing their ability to work full-time; consequently increasing their reliance on welfare benefits. Increased charges linked to leisure and public transport services in addition to changes to some bus services are also likely to have a disproportionate negative impact on women, as the majority of service users are female. This may lead to isolation and lack of social contact, placing women at greater risk of jeopardising their mental and physical health.

Younger People/ Pregnancy and Maternity

A number of children and young people in the City live in

households that will be affected by proposals linked to reductions in staffing levels and those relating to revised models of service delivery. This will have a direct impact on the quality and availability of certain types of provision. There may be opportunities through major service reforms involving health and social care to take a more innovative approach with regard to providing services to young people. This may create an opportunity to advance equality by increasing opportunities to provide better life chances for young people, and by ensuring that wherever possible, services are tailored to reflect local need. There may also be additional impacts on young people who are carers looking after disabled parents.

Where there are proposals to increase fees and charges, these may affect the affordability of family outings and day trips, as admission fees and travel can form a substantial part of the cost of a day out.

Lesbian, Gay, Bisexual and Trans people

The findings from national research show that LGBT organisations are underfunded in comparison to other mainstream organisations. The full impact of funding reductions is not yet known, however it is likely that this will result in an adverse impact on this community.

Vulnerable Adults & Young People

There is an increased risk of vulnerable adults and young people falling through the net due to the reduction in

funding of services that are designed to tackle issues related to social care and health. This could lead to the exploitation of some of our most vulnerable groups in society.

Workforce

Every effort will be made to mitigate the level of redundancies wherever possible. The majority of people employed by the Council are female, so consequently it is likely that these proposals will have a negative disproportionate impact on women. It should be noted that the majority of people in lower paid part-time roles are women, and that women are also more likely to be negatively impacted by the cuts to services in addition to the number of job losses as outlined above.

Page 20

4. Outcome(s) of equality impact assessment:

<input type="checkbox"/>	No major change needed	<input type="checkbox"/>	Adjust the policy/proposal
<input checked="" type="checkbox"/>	Adverse impact but continue	<input type="checkbox"/>	Stop and remove the policy/proposal

ANNEX 1

FORECAST OUTTURN 2019/20

CONTENTS	
SECTION	PAGE
Introduction	2
General Fund – Revenue Overview	2
HRA – Revenue Overview	7
Capital Programme Overview	8
HRA – Capital Programme	10
General Fund – Capital Programme	11

TABLES		
TABLE NUMBER AND TITLE		PAGE
1	Current Forecast Outturn as at 31 December 2019	2
2	HRA Forecast Outturn at 31 March 2020	8
3	Revised Capital Programme and Actual Spend for Quarter 3	8
4	Quarter 3 Slippage/Reprofiling	9
5	Public Sector Housing – Capital Programme & Resources	10
6	General Fund Capital Programme & Resources	11

APPENDICES	
APPENDIX LETTER AND TITLE	
A	General Fund Capital Programme Quarter 3 Approvals
B	Virements 2019/20 Requiring Executive Approval
C	Movements in Reserves – Requiring Approval
D	Debtors Monitoring to 31 December 2019

ANNEX 1 - FORECAST OUTTURN 2019/20

Introduction

This annex summarises the current position and forecast outturn for both the revenue and capital elements of the General Fund and HRA. Our risk based forecasting reflects the diverse nature of the Council's activities and the wide range of cost and income drivers. Some report tables may not sum exactly due to rounding.

General Fund Revenue - Overview

Table 1 shows the current forecast outturn. This is based on the position as at 31 December 2019, updated for known future factors, and shows an adverse forecast outturn variance of **£6.628m**. This is a reduction in overspend of **£0.899m** from that reported in Quarter 2 and is predominantly related to Children and Social Care. The Council is committed to delivering an on budget outturn and the MTFP 2020/21 reflects this commitment. A range of management actions to address the forecast overspend have been introduced and communicated to colleagues, these include:

- Monthly monitoring report to Corporate Leadership Team (CLT) & Executive Panel
- Vacancy freeze controls & cessation of all but non-essential spend
- Restrictions on travel and conference attendance to continue
- Stop all non-essential maintenance
- A review of earmarked reserves

The 2018/19 outturn showed a net overspend of **£1.681m**, which will be repaid in 2019/20 through a one off review of reserves. In accordance with the trading account principles set out in the Medium Term Financial Strategy, 50% of traded surplus may be retained for reinvestment in the service. Given the current size and scale of the financial overspend, no traded surplus retention will be awarded in 2019/20. This is consistent with 2017/18 and 2018/19. Figures in brackets indicate an underspend.

TABLE 1: CURRENT FORECAST OUTTURN VARIANCE AS AT 31.12.19 (Q3)				
OUTTURN VARIANCE 2018/19 £m	FORECAST OUTTURN @ 30.06.19 (Q1) £m	FORECAST OUTTURN @ 30.09.19 (Q2) £m	PORTFOLIO	FORECAST OUTTURN @ 31.12.19 (Q3) £m
(1.593)	(0.283)	(1.767)	Adult Care & Local Transport	(2.546)
3.341	5.007	5.857	Children & Young People	6.669
(0.089)	0.278	0.018	Communities	0.030
0.933	1.326	1.032	Early Years, Education & Employment	1.023
1.277	0.131	(0.504)	Energy, Environment & Democratic Services	(0.431)
(0.034)	0.382	0.020	Finance, Growth & the City Centre	(0.077)
(0.346)	0.175	0.001	Health, HR & Equalities	(0.263)
(0.057)	0.205	0.801	Housing, Planning & Heritage	0.702
(0.326)	(0.287)	(0.366)	Leisure, Culture & IT	(0.351)
(0.715)	0.821	0.870	Regeneration, Safety & Communications	0.784
2.391	7.755	5.962	TOTAL PORTFOLIOS	5.540
0.083	1.231	0.438	Corporate budgets	(0.038)
1.276	-	1.127	Companies	1.127
(2.069)	-	-	Mitigation/ Managed Underspends	-

1.681	8.986	7.527	TOTAL	6.628
-------	-------	-------	-------	-------

General Reserves

These provide a financial safety net to cover above-budget costs during the year. The minimum level of opening reserves for 2019/20 was set at **£10.643m**. If alternative measures aren't put in place to repay the 2018/19 overspend of **£1.681m** and to address the current forecast overspend position of **£6.628m** the general reserve would be reduced to an unacceptably low level of **£2.334m**. Delivery of the management actions described above are therefore critical in maintaining the general reserves at the minimum required level of **£10.643m**.

Variiances - Headline Issues

The following sections describe the major issues impacting on the forecast outturn. Where there are overspends the pressures identified may impact on 2020/21+ and any on-going saving resulting in 2019/20 underspends will be captured in the 2020/21+ budget process.

Adult Care & Local Transport £2.546m favourable

Adult Social Care & Directorate £3.823m underspend

The underspend contains the following variances:

- £2.949m underspend on purchasing budget due to one off increased income.
- £0.095m overspend due to increased activity levels within the external contract.
- £0.969m underspend on staffing

Neighbourhood Services £0.062m overspend

Overall the Neighbourhood Services directorate is projecting an underspend at outturn, but there is an adverse variance within this portfolio relating to the Parking, Transport & Fleet service, where there are pressures associated with fuel & parts and loss of grant income.

Commercial & Infrastructure - £1.247m overspend

This overspend reflects a reduction in income in Highways due to the review of the charging mechanism to the capital programme.

Children & Young People £6.669m adverse

Children's Integrated Services £6.514m overspend

The overspend is due to pressures in Children in Care costs, most notably as a result of placement costs exceeding budget. This is due to increased levels of complexity and grant funding not covering all costs.

The service is progressing with in-year mitigation through the following Big Ticket Programmes:

- Demand Management (cost avoidance)
- Restorative and Performance Approaches
- High Cost Placements
- Fostering
- Semi Independence
- Workforce

Progress of these programmes is being undertaken routinely and monitoring will be updated to reflect progress and achievement.

Strategy & Policy £0.190m overspend

Income shortfall within the Data Analysis & Insight for School Improvement Team.

Communities £30k adverse

Commissioning & Procurement £50k overspend

Contractual overspend on Financial Vulnerability services due to the demand from citizens.

Early Years, Education & Employment £1.023m adverse

Education £1.023m overspend

The overspend is due to unmet historical saving targets which contributed towards the statutory functions of the service. Wherever possible costs have been reduced to mitigate this budget gap.

Energy, Environment & Democratic Services £0.431m favourable

Energy Services £0.226m underspend

The waste disposal and utilities budgets are forecasting in accordance with the planned expenditure of **£12.057m**. A corporate amount set aside to fund pressures of **£1.864m** has been transferred through the 2019/20 budget process with any remaining pressure funded by corporate contingency as part of the outturn process. The current forecast for this is **£0.373m**.

Civic & Coronial Services £0.472m overspend

Overspend relates to the mortuary services contract price which is **£1.200m** more than previous years. This cost is split 50/50 with Nottinghamshire County Council creating an in year pressure of c. **£0.550m**. The forecast includes use of the provision created in previous years.

Legal & Democratic Services £0.242m underspend

Overachievement of income across Legal services & the use of one-off grant income. Any on going saving will be captured in the 2020/21+ budget process.

Neighbourhood Services £0.435m underspend

Increased income growth & efficiencies within Commercial Waste and Facilities & Building Services.

Finance, Growth & the City Centre £0.077m favourable

Commissioning & Procurement £0.331m underspend

Staff vacancies and additional income.

Neighbourhood Services £84k underspend

Increased income growth within Catering.

Strategy & Policy £51k overspend

Management of non-essential spend and a delay in recruitment to vacancies are mitigating pressures relating to previous years' savings. Any ongoing savings will be captured as part of the 2020/21+ budget process.

Strategy & Resources Directorate £0.259m overspend

Pressure relating to the achievement of a savings target.

Health, HR & Equalities £0.263m favourable

HR & Transformation £0.285m underspend

Managed underspends within the service to mitigate the overspend with the Civic and Coronial Services as reported above within the Energy, Environment & Democratic Services Portfolio.

Housing, Planning & Heritage £0.702m adverse

Strategic Homelessness £0.700m overspend

The short supply of affordable settled accommodation has resulted in a forecast overspend in nightly paid temporary accommodation and emergency use of Bed & Breakfast accommodation.

The gross homelessness overspend in this area is estimated to be c. £1.000m however mitigation would be from the application of specific grants.

Leisure, Culture & IT £0.351m favourable

Sport & Culture £0.278m underspend

Increased income growth across the directorate.

Regeneration, Safety & Communications £0.784m adverse

Strategic Assets & Property £0.760m overspend

The current projected forecast overspend for Strategic Assets & Property is due to:

- A refocus of strategic investment by the organisation, this has reduced the level of return from investing in rental properties and
- Other in-year pressures.

The service is progressing a disposal and investment strategy in order to mitigate this position and although plans are in place there remains a risk that all pressures are mitigated by year end.

Crime & Drugs Partnership £0.146m overspend

Uncertainty over income and funding reduction from Police & Crime Commissioner.

Corporate Budgets £0.038m favourable

Contingency £0.500m favourable

Managed underspend to support the outturn position.

Other Corporate Items £0.461m adverse

Slippage of corporate savings however mitigating action is being progressed for the remainder of the year.

Companies £1.127m adverse

Relates predominately to a projected shortfall in dividend income.

Corporate Contingency

This enables management of the financial impact of issues that were not reflected when the budget was set. Services are required to accommodate unforeseen expenditure and/or income shortfalls from within their cash limited budgets, only seeking allocations where this is not the case.

Contingency is **£1.775m** in 2019/20 and **£0.191m** has already been approved up to Quarter 2. As part of the spending controls programme no further allocations from contingency have been approved within Quarter 3 and the outturn figure assumes a managed underspend on Contingency of **£0.500m**. This leaves a remaining balance of **£1.084m**, although there are further pending applications, which will be reported as part of the outturn report.

Cost Reductions and Potential Overspend Risks

The 2019/20 budget includes new cost reductions of **£23.258m** and funding for pressures of **£6.177m**. Any issues affecting the delivery of these are detailed in the variance narratives.

Debtors Monitoring (Appendix D)

Housing Rents

There was an improvement in performance on Quarter 2, however, at 98.08% we were still slightly short of the 98.5% target. The continued roll out of Universal Credit is still having an impact on our arrears figure, with new claimants having a five week wait before any benefit is received. We are continuing to work with tenants to support them with their Universal Credit claims and have several initiatives planned for the final quarter of the financial year in order to maximise income collection.

Council Tax

Collection for Quarter 3 was **76.20%**, which exceeds the monthly profiled target by 0.4% and in percentage terms, is a small decrease of 0.4% when compared to the same period last year. Collection amounted to **£107.6m** compared to collection of **£102.3m** for the same period in 2018/19. Net debt collectable over the two financial years has increased from **£134.3m** in 2018/19 to **£141.2m** in 2019/20.

National Non- Domestic Rates (NNDR)

Collection for Quarter 3 was **81.80%**, which was 1.3% above the profiled target. Collection amounted to **£116.4m**, compared to collection of **£112.2m** for the same period last year. Net debt collectable over the year has increased from **£141.7m** in 2018/19 to **£142.3m** in 2019/20.

Sundry Income

The percentage of debts collected within 90 days in the 12 months to December 2019 is **82.70%**, which is in line with the corresponding figure for 2018/19 of **83.00%** and below the target of **99%**. The debtor day indicator (which shows how quickly debts are recovered) is currently **44** days, which is below the 32.30 day target and worse than the corresponding figure for 2018/19 of **38** days. There is significant work underway to improve debt collection rates in the Council's finance system, with particular focus on the implementation of Advanced Collections functionality as part of the Fit for the Future

(FFtF) programme. Advanced Collections is a debt management tool that will provide vastly improved debt collection functionality, enabling tailored debt strategies to be built for different types of debt.

Estates Rents

The collection rate of **98.18%** is above the set target of **97.50%**, and exceeds the collection rate for the same period last year (**97.89%**).

Adult Residential Services

Quarter 3 collection is **97.20%** against a target of **97.50%**. The corresponding figure for 2018/19 Quarter 3 was **97.50%**.

Adult Residential Services has implemented new routines for debt recovery this has increased recovery by 0.7% since Quarter 1. Significant progress has been made with Money Carers Foundation / Court of Protection cases following the setting up routines with appointed solicitors of the money carer's foundation. Work is also being undertaken to identify and present cases for legal action where Adult Residential Services has exhausted current available action including obtaining charging orders and securing debt against assets where possible to protect the council position in the future.

Movement of Resources

Transfers of services between directorates and/or portfolios are reflected in the monitoring figures. These transfers now require approval and are listed in **Appendix B**.

Movements in Earmarked Reserves

Earmarked reserves are funds set aside for specific purposes. At 1 April 2019, the balance of earmarked reserves was **£153.749m** (including Schools Statutory Reserves, workforce issues, Insurance, and NET Private Finance Initiative (PFI) grant and decisions taken at Outturn 2018/19). During the year there has been a net increase of **£5.381m** in earmarked reserves requiring approval. This increase is predominantly in relation to transfer to a transformation reserve in line with the Treasury Management Strategy and capital funding adjustments. Further movements will be reported at outturn.

Appendix C provides more details of movement in reserves.

HRA – Revenue Overview

The HRA budget was approved by the City Council in March 2019 and budgeted for a working balance of **£7.727m** at 31 March 2020. The working balance acts as a contingency to cover unexpected significant expenditure or loss of income. (During 2018-19 the Working Balance was increased from **£4.000m** to **£7.727m** to prepare for the impact of Universal Credit on arrears and bad debt). The latest forecast is for working balance to remain at **£7.727m**.

Working Balance Brought Forward: Increase of £0.011m

The actual position of the Working Balance carried forward from 2018-19 was **£7.738m**, which is an increase of **£0.011m** from that reported in the Budget. Details of variance were set out in the outturn report considered by Executive Board in May 2019.

The key variances for 2019/20 from the budget are as follows:

Income

Increased rents due to less Right to Buy (RTB) (£0.298m), decreased garage rents (£0.140m), reduced service charges (£0.115m).

Expenditure

Increased management expenditure.

TABLE 2: HRA FORECAST OUTTURN 2019/20			
DESCRIPTION	ORIGINAL BUDGET	ESTIMATED OUTTURN	VARIANCE
	£m	£m	£m
INCOME			
Rent income	(91.857)	(92.156)	0.298
Service charges & other income	(11.008)	(10.753)	(0.255)
TOTAL INCOME	(102.865)	(102.908)	0.043
EXPENDITURE			
Repairs	26.899	26.899	0.000
Management (includes Retained)	33.143	33.196	(0.054)
Capital charges	42.423	42.424	0.000
Direct Revenue Financing	0.400	0.400	0.000
TOTAL EXPENDITURE	102.865	102.919	(0.054)
DEFICIT / (SURPLUS)	0.000	0.011	(0.011)
Working balance B/F	(7.727)	(7.738)	0.011
WORKING BALANCE C/F	(7.727)	(7.727)	(0.000)

Capital Programme Overview

The quarter 2 report approved an updated overall Capital Programme for 2019/20 of **£205.976m** for the General Fund and **£57.767m** for Public Sector Housing. During quarter 3 schemes to the value of **£2.213m** have been approved while slippage and other movements of approved schemes equates to **(£29.965m)**. Actual spend to the end of quarter 3 is **£89.259m**.

TABLE 3: 2019/20 Revised Capital Programme and Actual Spend for Quarter 3

	19/20 Forecast Spend £m	19/20 Qtr3 Additions £m	Other Qtr3 Movements (Slippage / Reprofiling) £m	Projected Outturn at Qtr3 £m	Actual Spend Qtr3 £m	New Additions (Spend 20/21+) £m
Public Sector Housing						
Category 1 (Approved Schemes)	57.717	0.700	(3.849)	54.568	20.094	13.500
Category 2 (Planned Schemes)	0.050	0.000	(0.040)	0.010	0.000	0.900
Public Sector Housing Total	57.767	0.700	(3.889)	54.578	20.094	14.400
General Fund						
Category 1 (Approved Schemes)						
Transport Schemes	30.873	0.000	(0.656)	30.217	8.840	0.000
Education / Schools	7.455	0.025	(2.313)	5.167	3.429	0.000
Other Services	158.710	1.488	(16.219)	143.979	56.896	10.588
Category 2 (Planned Schemes)	8.938	0.000	(6.888)	2.050	0.000	0.000

General Fund Total	205.976	1.513	(26.076)	181.413	69.165	10.588
TOTAL	263.743	2.213	(29.965)	235.991	89.259	24.988

Approvals in Quarter 3

Scheme amendments and additions of **£2.213m** have been approved in quarter 3 where the capital spend is expected to be incurred in 2019/20. There are no approvals within quarter 3 forecasting expenditure of more than **£1.000m** in 2019/20, details of all quarter 3 approvals are provided in Appendix A.

Other Movements (Slippage / Reprofiting)

Scheme movements (slippages / reprofiling) in 2019/20 quarter 3 is (**£29.965m**). Schemes where slippage is over **£0.200m** are detailed below in **Table 4**.

TABLE 4: QUARTER 3 MOVEMENTS (SLIPPAGES / REPROFITING)			
Scheme	2019/20 Forecast at Quarter 2 £m	2019/20 Forecast at Quarter 3 £m	Movement £m
Public Sector Housing			
Low Rise Sprinkler Systems	0.490	0.000	(0.490)
Modern Living	3.949	2.492	(1.457)
No Fines/ Solid Wall Insulation Schemes	0.500	0.000	(0.500)
ERDF - Energiesprong Roll Out	6.379	5.695	(0.684)
EWI Schemes - CR&M	0.318	0.000	(0.318)
Garage / Outbuildings - Citywide	0.600	0.100	(0.500)
Knights Close - New Build	1.707	1.368	(0.339)
Tunstall Drive	0.800	0.100	(0.700)
Oakdene - Demolition	0.000	0.221	0.221
Other Public Sector Housing Movements	0.000	0.778	0.778
Total Public Sector Housing			(3.889)
General Fund			
Education / Schools			
Fernwood School Expansion	0.806	0.396	(0.410)
Southglade Reception Extension	0.360	0.050	(0.310)
Nethergate Academy Expansion	1.500	0.382	(1.118)
Other Services			
CleanMobilEnergy - Stationary Battery Storage	0.272	0.000	(0.272)
CleanMobilEnergy - Installation/Groundworks	0.572	0.282	(0.290)
NET Lines 2/3 - Quantative Risk Assessment	3.006	0.100	(2.906)
Waterside Spine Road - DD2800	0.624	0.424	(0.200)
Low Emission Fleet Project	1.136	1.486	0.350
Project Blaze	6.400	6.750	0.350
Nottingham Castle Transformation (HLF Scheme)	14.514	13.514	(1.000)
ERDF Axis 6 - Daybrook Park	1.519	1.895	0.376
Central Library Fitout & Operation - BMCP	0.807	0.407	(0.400)
Leisure Digital Infrastructure Improvements	0.680	0.100	(0.580)
Wollaton Hall Gallery (Stage 1)	0.932	0.700	(0.232)
Regional Housing Board - Equity Loan Scheme	0.332	0.000	(0.332)
Joint Service Centre - Bulwell LIFT	0.225	0.000	(0.225)
NEZ - Boots Campus Infrastructure Works	2.182	1.582	(0.600)

IT - PC Hardware Acquisitions	1.500	0.234	(1.266)
Property Acq - Project Aston	0.320	0.000	(0.320)
Property Acq - Project Fothergill	0.695	0.000	(0.695)
IT - Replacement of Communication Infrastructure	1.350	0.200	(1.150)
Nottingham College Skills Hub	11.800	12.700	0.900
Nottingham Science Park - Phase 2	7.155	7.770	0.615
Sneinton Market in Partnership Scheme	0.224	0.000	(0.224)
Old Market Square / Lace Market - Conservation Area	0.928	0.200	(0.728)
Blueprint Third Party Loan	5.000	1.770	(3.230)
Southside Regeneration	22.500	21.720	(0.780)
Blueprint Loan Note	2.500	1.000	(1.500)
Southwell Road Shops Project (SMiPS)	0.541	0.200	(0.341)
Planned Schemes			
Crocus Place (Construction)	8.838	2.050	(6.788)
Other General Fund Movements	2.770	0.000	(2.770)
Total General Fund			(26.076)
Scheme Movements at Quarter 3 - Total			(29.965)

Public Sector Housing (HRA) Capital Programme

The Public Sector Housing Programme has been updated to reflect movements in quarter 3, **Table 5** below sets out the updated programme and resources.

TABLE 5: Public Sector Housing – Capital Programme and Resources							
Scheme	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Category 1 - Approved Schemes	54.568	50.553	56.108	41.724	33.375	27.916	264.244
Category 2 - Planned Schemes	0.010	8.922	2.450	0.000	0.000	0.000	11.382
Total Programme	54.578	59.475	58.558	41.724	33.375	27.916	275.626
Resources Available							
Prudential Borrowing	(12.415)	(18.444)	(15.309)	(9.682)	(3.572)	0.000	(59.422)
Grants & Contributions	(3.694)	(3.830)	(3.191)	0.000	0.000	0.000	(10.715)
Major Repairs Reserve	(29.945)	(29.415)	(31.746)	(24.955)	(25.335)	(24.839)	(166.235)
Secured Capital Receipts	(8.524)	(4.731)	(4.010)	(4.010)	(3.355)	0.000	(24.630)
Unsecured Capital Receipts	0.000	(3.055)	(4.302)	(3.077)	(1.113)	(3.077)	(14.624)
Total Resources	(54.578)	(59.475)	(58.558)	(41.724)	(33.375)	(27.916)	(275.626)

General Fund Capital Programme

The General Fund Programme is updated to reflect the movements in quarter 3. **Table 6** below sets out the updated programme.

TABLE 6: General Fund – Capital Programme and Resources							
Scheme	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Approved Schemes							
Transport Schemes	30.217	9.853	1.420	0.000	0.000	0.000	41.490
Education	5.167	3.092	0.000	0.000	0.000	0.000	8.259
Other Services	143.979	119.853	30.602	10.812	8.840	9.794	323.880
Category 2 - Planned Schemes	2.050	26.070	16.820	5.682	5.900	0.000	56.522
Total Programme	181.413	158.868	48.842	16.494	14.740	9.794	430.151
Resources Available							
Prudential Borrowing	(99.757)	(98.227)	(36.339)	(7.845)	(6.377)	(7.398)	(255.943)
Grants & Contributions	(68.201)	(40.025)	(6.818)	(8.394)	(8.114)	(2.206)	(133.758)
Internal Funds / Revenue	(3.683)	(8.295)	(1.645)	(0.255)	(0.249)	(0.190)	(14.317)
Secured Capital Receipts	(4.996)	0.000	0.000	0.000	0.000	0.000	(4.996)
Unsecured Capital Receipts	(4.776)	(12.321)	(4.040)	0.000	0.000	0.000	(21.137)
Total Resources	(181.413)	(158.868)	(48.842)	(16.494)	(14.740)	(9.794)	(430.151)

**GENERAL FUND CAPITAL PROGRAMME QUARTER 3 APPROVALS
APPENDIX A**

Public Sector Housing						
	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	Total £m
Category 1 - Approved Schemes						
Interreg - Must Be Zero - Energiesprong	0.200	1.000	4.882	0.000	0.000	6.082
BEIS - Whole House Retrofit - Destination Zero	0.250	2.571	0.500	0.000	0.000	3.321
BEIS - Whole House Retrofit - Energiesprong	0.250	3.240	0.500	0.000	0.000	3.990
BEIS - Whole House Retrofit - Project Level	0.000	0.793	0.000	0.000	0.000	0.793
BEIS - Whole House Retrofit - Contingency	0.000	0.000	0.014	0.000	0.000	0.014
Category 2 - Planned Schemes						
Woodlands Office Conversion	0.000	0.900	0.000	0.000	0.000	0.900
TOTAL - Public Sector Housing	0.700	8.504	5.896	0.000	0.000	15.100

General Fund (Category 1 Approved)						
	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	Total £m
Education / Schools						
Walter Halls Health & Safety Ramp	0.025	0.000	0.000	0.000	0.000	0.025
Other Services						
Solar Panels - Commercial PV Invest Programme	0.812	0.000	0.000	0.000	0.000	0.812
Replacement of Refuse Vehicle	0.184	0.000	0.000	0.000	0.000	0.184
S106 - Affordability Housing Nottingham Framework	0.000	0.500	0.000	0.000	0.000	0.500
Loan - NCH Homeless	0.000	9.000	0.000	0.000	0.000	9.000
NCHRP Loan - Move On Accommodation	0.000	0.734	0.000	0.000	0.000	0.734
Property Management System	0.021	0.200	0.050	0.052	0.052	0.375
Property Acquisition - 12-16 Hartley Court	0.375	0.000	0.000	0.000	0.000	0.375
30 Woolpack Lane Repair Works	0.072	0.000	0.000	0.000	0.000	0.072
1-4 Cheapside Repairs	0.024	0.000	0.000	0.000	0.000	0.024
TOTAL - General Fund	1.513	10.434	0.050	0.052	0.052	12.101

TOTAL - Quarter 3	2.213	18.938	5.946	0.052	0.052	27.201
--------------------------	--------------	---------------	--------------	--------------	--------------	---------------

Details	Net Amount £m	Department		Portfolio	
		Between		Between	
Portfolio realignment within Highways, Infrastructure & Energy	0.294	within CO		EE&DS	ACLT
Security Team Budget realignment	0.011	within CO		COM	R,S&C
Digital Apprentice Role	0.011	within CO		FG&CC	COM
Budget Realignment - GIS	0.045	CO	DG	COM	L,C&IT
Health Transition Fund Realignment	0.081	within CA		H,HR&E	CYP
Community Protection Realignment	0.125	within CO		R,S&C	FG&CC
Pay Model Adjustments	0.003	Corporate	CO	R,S&C	FG&CC
	0.570				

Department	Key
Children & Adults	CA
Commercial & Operations	CO
Development & Growth	DG
Strategy & Resources	SR

Portfolio	Key
Adult Care & Local Transport	ACLT
Communities	COM
Energy, Environment & Democratic Services	EE&DS
Children & Young People	CYP
Early Years, Education & Employment	EY,E&E
Finance, Growth & The City Centre	FG&CC
Housing, Planning & Heritage	HPH
Leisure, Culture & IT	L,C&IT
Regeneration, Safety & Communications	R,S&C
Health, HR & Equalities	H,HR&E

MOVEMENTS IN RESERVES REQUIRING APPROVAL 2019/20

APPENDIX C

Portfolio	Reserve Name	Description	Reserve Replenishment	Use of Reserves	Reserve to Capital	Contribution to Capital Scheme	Total	
Adult Care & Local Transport	Revenue Implications of Capital Schemes	Revenue expenditure incurred in year		0.223			0.223	
	Bike Hire Scheme	Revenue expenditure incurred in year		0.026			0.026	
	OLEV Go Ultra Low	Revenue expenditure incurred in year		0.919			0.919	
Adult Care & Local Transport Total				1.167			1.167	
Children & Young People	Technical & Regulatory Advisory Fund	Revenue expenditure incurred in year		0.008			0.008	
Children & Young People Total				0.008			0.008	
Communities	Contingency Reserve	Citizens Advice Bureau		0.055			0.055	
	Capital Resources	Neighbourhood Improvement Programme		0.007			0.007	
Communities Total				0.062			0.062	
Corporate	Workforce Reserve	Technical adjustment		0.027			0.027	
	Capital Resources	Repayment of in year debt			(1.058)		(1.058)	
		Revenue repairs incurred in year				(0.122)		(0.122)
		In year Capital funding movements				(3.097)		(3.097)
Castle Development	Castle Development one-off costs		(0.034)			(0.034)		
Corporate Total				(0.034)	0.027	(4.277)	(4.284)	
Early Years, Education & Employment	Statutory Schools Reserve	Net movement for year	(1.077)	0.985			(0.092)	
	PFI Life Cycle	Building Schools for Future Rosehill	(0.007)				(0.007)	
Early Years, Education & Employment Total				(1.084)	0.985		(0.099)	
Energy, Environment & Democratic Services	IT Investment Fund	Customer Access Programme		0.177			0.177	
	Local Government Elections	May 2019 Local Election		0.400			0.400	
	Carbon Reduction Commitment	Revenue expenditure including Climate Change Levy		0.175			0.175	
	Feasibility Schemes	Eastcroft Development		0.046			0.046	
	Direct Revenue Financing	Solar installation - Eastcroft				(0.133)	(0.133)	
Energy, Environment & Democratic Services Total				0.799		(0.133)	0.667	
Finance, Growth & the City Centre	Treasury Management	Refinancing PFI Scheme	(0.303)				(0.303)	
	Treasury Management MRP Transformation of Services	Treasury Management strategy	(4.024)				(4.024)	
	Contingency	Slippage - Eurocities funding		0.012			0.012	
	Capital Resources	Repayment of in year debt		1.058			1.058	

Page 34

		Capital project underspend		0.039		0.039
	Good to Great	Net movement in year	(0.050)	0.180		0.130
	Growing Places	Revenue expenditure incurred in year		0.536		0.536
Finance, Growth & the City Centre Total			(4.377)	1.825		(2.552)
Health, HR & Equalities	Workforce Reserve	Learning Management System		0.018		0.018
		Revenue expenditure incurred in year		0.087		0.087
Health, HR & Equalities Total				0.105		0.105
Housing, Planning & Heritage	HAZ Delivery Plan	Revenue expenditure incurred in year		0.012		0.012
Housing, Planning & Heritage Total				0.012		0.012
Leisure, Culture & IT	Contingency Reserve	Armed Forces & WW1 centenary commemoration		0.009		0.009
	Parklives Partnership	Revenue expenditure incurred in year		0.030		0.030
Leisure, Culture & IT Total				0.039		0.039
Regeneration, Safety & Communications	Contingency Reserve	Shop Strategy		0.023		0.023
		Portfolio Management Office		0.115		0.115
	Capital Resources	Capital Project underspend		0.018		0.018
		Revenue repairs incurred in year		0.122		0.122
	Property Maintenance	Revenue expenditure incurred in year		0.026		0.026
	CCTV Equip Replacement Fund	Revenue expenditure incurred in year		0.050		0.050
Investment Property Maintenance Fund	Establish reserve	(0.849)	0.004		(0.845)	
Direct Revenue Financing	Purchase of vehicles				(0.016)	(0.016)
Regeneration, Safety & Communications Total			(0.849)	0.359	(0.016)	(0.506)
Total			(6.344)	5.389	(4.277)	(0.149)

Page 35

DEBTORS MONITORING TO 31 DECEMBER 2019

APPENDIX D

Debtors - Performance Review – Q3 2019/20	Q1 June	Q2 Sept	Q3 Dec
BVPI 66a - Housing Rent Collection (%) <i>(cumulative - current tenants only)</i>			
<i>(arrears + debit)</i> Actual	96.80	97.68	98.08
Target	98.50	98.50	98.50
Last Year Actual 2018/19	97.09	97.93	98.55
BVPI 9 - Council Tax Collection (%)			
<i>(in year cumulative)</i> Actual	25.90	50.53	76.20
Target	26.10	50.50	76.00
Last Year Actual 2018/19	26.10	50.80	76.60
BVPI 10 - NNDR Collection (%)			
<i>(in year cumulative)</i> Actual	30.40	54.50	81.80
Target	28.50	55.50	80.50
Last Year Actual 2018/19	27.34	54.90	79.03
Sundry Income Collection (%)			
<i>(12 month rolling average)</i> Actual	79.50	83.20	82.70
Target	99.00	99.00	99.00
Last Year Actual 2018/19	79.00	79.80	83.00
Sundry Income Debtor Days – General			
Actual	32.00	41.00	44.00
<i>(12 month rolling average)</i> Target	32.30	32.30	32.30
Last Year Actual 2018/19	31.00	36.00	38.00
Estates Rents Collection (%)			
Actual	98.19	98.05	98.18
<i>(12 month rolling average)</i> Target	97.50	97.50	97.50
Last Year Actual 2018/19	97.94	98.01	97.89
Adult Residential Services Collection (%)			

Actual		96.50	96.90	97.20
(12 month rolling average)	Target	95.90	95.90	95.90
Last Year Actual 2018/19		97.90	97.70	97.50

This page is intentionally left blank

ANNEX 2

DRAFT REVENUE MTFP 2020/21 to 2022/23

CONTENTS	
SECTION	PAGE
1. Introduction	2
2. The Financial Framework	2
3. Constructing the MTFP	2
4. Economic and Funding Overview	2
5. Draft MTFP 2020/21 – 2022/23	6
6. Medium Term Financial Outlook	13
7. Financial Stability & the Management of Risk	13
8. CIPFA Financial Management Code	14
9. Accountability	14
10. Portfolio Pages	15
11. Tax Strategy & Policy – year ended 31 March 2021	25

TABLES		
TABLE NUMBER AND TITLE		PAGE
1	Settlement Funding	3
2	Core Spending Power	3
3	Budget Refresh	7
4	Pressures / Over spend Risks	7
5	Inflation	8
6	Technical Adjustments	8
7	Previously Agreed Savings	9
8	Summary of New Savings	9
9	Portfolio Savings	10
10	Net Budget	10
11	Section 31 Grants (Business Rates)	11
12	Funding	11
13	Amount To Be Raised By Council Tax	12
14	Medium Term Financial Outlook	13

APPENDICES	
APPENDIX LETTER AND TITLE	
A	Portfolio Proposals

1. INTRODUCTION

The Council's Revenue Medium Term Financial Plan (MTFP) is the financial representation of the Council's service plans for the next three years.

2. THE FINANCIAL FRAMEWORK

The main financial objectives for the City Council focus on: ensuring our financial planning and management support our citizens to have access to value for money services which are modern and fit for purpose; maintaining good underlying financial health and good governance, and always taking a longer-term view.

This policy-led, medium term approach to financial planning and management is good practice and ensures that we can fund our vision, values and priorities. The City Council is committed to maintaining financial stability and delivering value for money through effective, economic and efficient services.

3. CONSTRUCTING THE MTFP

The Medium Term Financial Strategy (MTFS) sets out the principles we work to in order to deliver our aims and objectives. The City Council operates on a principal of medium term, policy-led financial planning. This connects the vision, values and priorities with decisions made in setting the annual budget within the MTFP.

In particular, any new investment is considered in the context of how it will contribute to realising the City Council's vision and performance improvement more generally. Options are worked up for consideration and decisions to stop, reduce or reshape services are made in full knowledge of the impact on objectives. All proposals are scrutinised throughout the budget process by peers, senior colleagues and councillors. The whole approach is informed by the use of a variety of performance and financial data.

4. ECONOMIC AND FUNDING OVERVIEW

Local authorities continue to operate in a challenging financial environment of reduced levels of Government funding, with the full consequences of Brexit yet unknown.

Alongside this reduction in grant income, Nottingham has seen increased demand for a number of services, for example Adult Social Care and Children in Care. These increasing care costs, alongside continuing funding cuts, will have a significant impact on the Council's ability to fund other local services. It is expected that the continuing trend will mean that local services will be increasingly funded by local tax payers as Government funding continues to fall.

In the period from 2010/11 to 2019/20 the Council has had to make cumulative savings totalling **£271.4m** and will continue to have to make difficult decisions about the services it provides in order to close the budget gap for next year.

The figures in this report are based on the final Local Government Finance Settlement announced on 6 February although it is yet to be approved by Parliament. The scheduled parliamentary debate was postponed due to emergency legislation and now due to be debated week commencing 24 February.

Settlement Funding

Settlement Funding is the amount of funding assumed by the Ministry of Housing, Communities and Local Government (MHCLG) to be available to an authority through the estimated business rates share and general grant funding.

Table 1 summarises the total amount of funding assumed by MHCLG to be available to the authority through an estimated business rates share and general grant funding (including previous specific grants which have been rolled into it).

TABLE 1: SETTLEMENT FUNDING	
Elements of the Settlement	2020/21 £m
Business Rates Baseline	67.995
Business Rates Top-up	28.584
Revenue Support Grant	25.745
TOTAL	122.323

The Government has assumed a level of business rates for Nottingham based on the 2017 business rates revaluation. The figure included in **Table 1** is **£0.096m** higher than the forecast of retained business rates income as reported to MHCLG in the NNDR1 return and included in the MTFP.

Core Spending Power

Core Spending Power is the calculation by Government to assess the overall impact on local authority funding. This includes the Council Tax requirement, New Homes Bonus and the Settlement Funding. This attempts to assess the total resources over which the Council can exercise discretion in how it can spend its funding. The Government has published that Nottingham's overall increase in spending power will be **6.7%** or **£126** per dwelling in 2020/21 as set out in **Table 2**. However the estimates used for this calculation over-project for both business rates and council tax income. A more realistic increase based on the figures included in this report is closer to **5.8%** or **109** per dwelling with the equivalent of **2.3%** being generated from local taxation.

TABLE 2: CORE SPENDING POWER		
Elements of MHCLG Core Spending Power	MHCLG estimates	
	Revised 2019/20 £m	Final 2020/21 £m
Settlement Funding Assessment	120.362	122.323
Compensation for lower BR multiplier (<i>MHCLG estimate</i>)	3.097	3.871
Council Tax requirement (<i>MHCLG estimate</i>)	107.484	112.116
Social care precept (<i>MHCLG estimate</i>)	8.617	11.363
Improved Better Care Fund	14.565	16.115
Winter Pressures	1.550	0.000
Social Care Support Grant	2.648	9.793
New Homes Bonus grant	4.067	4.432
Total	262.390	280.013
Increase		17.623
Increase by dwelling		£126
Annual % change		6.72%

Retained Business Rates

With the localisation of Business Rates it is necessary for each authority to estimate the amount of business rates to be collected in 2020/21. The locally retained element of business rates is 50%, of which the council retains 49% and 1% is received by Nottinghamshire and City of Nottingham Fire and Rescue Authority. The monitoring and estimating of Business Rates is a local responsibility and the financial risk due to the volatility within Business Rates (including outstanding appeals) has an impact on the Council's overall funding.

Business Rates are based on the 2017 valuation list and the rateable value of businesses in Nottingham will be **£362.521m** (NNDR1 January 2020). There are currently numerous rating appeals lodged with the Government's Valuation Office in respect of rateable values. Not all of these will be successful either in full or part. The cost of any successful appeals will be met from the monies received, and hence will impact the Council's overall funding.

Top-up

Under the retained Business Rates system any authority whose Business Rates income is less than their initial baseline funding level, as is the case for Nottingham, will receive the balance as a 'top-up' grant.

Revenue Support Grant (RSG)

Authorities currently continue to receive RSG from the Government in addition to their retained business rates. The final settlement has confirmed funding for one year only with a full Spending Review and introduction of Fair Funding Review/75% Rates Retention now delayed until 2021/22.

Current RSG figures reflect an inflationary increase of **1.6%** or **£0.413m** from 2019/20 to 2020/21.

In the absence of a robust multi-year settlement from the Government the draft MTFP assumes the current level of settlement funding for 2020/21 will continue for 2021/22+. No assumptions have been made for the likely impact on future settlement funding of Government policy due to a lack of clear exemplification of the options being currently considered.

Specific Grants outside the Settlement

A number of additional grants have been announced which are outside of the settlement. The basis of distribution varies from grant to grant. The budget has again been constructed on the basis that if specific grant funding reduces then the expenditure and activity will reduce accordingly.

New Homes Bonus (NHB)

The New Homes Bonus grant is awarded to local Councils for increasing the number of new and affordable homes. The MTFP reflects the announced grant of **£4.432m** for 2020/21. The scheme remains unchanged for 2020/21 with details given for one year only, a consultation will commence in the spring on a new targeted housing incentive scheme. No NHB grant is assumed for 2021/22+ to support the budget.

Existing Social Care grants

The settlement confirmed that the existing levels of funding for Improved Better Care Fund (iBCF), Winter Pressures Grant and Social Care Support Grant in 2019/20 will continue into 2020/21. The Winter Pressures funding will be rolled into the iBCF and the 2019/20 Social Care Support Grant will be included in the new 2020/21 Social Care funding.

Improved Better Care Fund

This grant was initially awarded in 2017/18 with the purpose of contributing towards the increased pressure of Adult Social Care needs aiming to reduce pressures in Health and ensure the Social Care market is provided for. The 2020/21 allocation announced in the settlement of **£16.115m** reflects the roll-over of the 2019/20 allocation of **£14.565m** and the transfer of the previous **£1.550m** Winter Pressures grant.

Additional funding for Social Care

The settlement also confirmed an extra **£1bn** of social care grant funding in 2020/21 for all authorities with social care responsibilities. The allocation methodology, announced as part of a technical consultation in October 2019, uses a combination of the Adults Relative Needs Formula (RNF) and an assessment of each Council's ability to raise funds via the social care precept. The funding for Nottingham will be **£9.793m** (including the rolled-in 2019/20 grant of **£2.648m**).

Disabled Facilities Grant

This grant allocation is still to be confirmed for 2020/21 however in 2019/20 it was **£2.440m**. This grant contributes to the cost of improvements to citizens' homes to enable them to continue to live there. This forms part of the Better Care and a section 75 agreement.

Former Independent Living Fund (ILF) Grant

The **£0.702m** Former ILF Grant compensates cost pressures to local authorities caused by the closure of the ILF. The funding followed the introduction of the Care Act 2014, which ensures that key features such as personalisation, choice and control are now part of the mainstream adult social care system. Government have confirmed that the 2020/21 grant allocation will be maintained at the 2019/20 value.

Social Care in Prisons Grant

This grant allocation is still to be confirmed for 2020/21 however in 2019/20 it was **£0.149m**, recognising changes introduced as part of the Care Act that established that the local authority will be responsible for assessing and meeting the care and support needs of an offender residing in a prison, approved premises of bail accommodation.

Local Reform & Community Voices Grant

This grant allocation is still to be confirmed for 2020/21 however in 2019/20 it was **£0.222m**, comprised of the following elements:

- Funding for Deprivation of Liberty Safeguards in Hospitals;
- Funding for Independent NHS Complaints Advocacy Services and
- Local Healthwatch Funding (Local Authorities have a duty to ensure that an effective local Healthwatch is operating in their area, delivering the activities set out in the legislation).

Public Health

The 2020/21 assumed grant for Nottingham is **£33m**, this is based on the 2019/20 allocation as currently there is no confirmation of the 2020/21 grant value. Since 2015/16 and based on the grant allocation in 2019/20, the grant has reduced by **£5.536m** (14.39%).

Local Council Tax Support & Housing Benefit Administration Subsidy Grant

The City Council will receive administration subsidy grants of **£1.879m** in 2020/21 (this was **£1.919m** in 2019/20) to fund the Council's statutory duty to administer and process Housing Benefit and directly related enquiries.

Dedicated School Grant (DSG)

The DSG is a ring-fenced grant subject to grant conditions requiring it to be used to support the Schools Budget as defined in the School and Early Years Finance Regulations.

The DSG funds educational establishments and specific services for Schools, Central Expenditure, Early Years and High Needs. The initial 2020/21 DSG budget allocation for Nottingham is **£287.760m** increasing by **£13.377m**. The material movements contributing to this increase are:

1. An increase in school pupil numbers from 41,075 to 41,784 (710) **£8.112m**;
2. Additional funding in High Needs of **£5.636m**

Any spend allocated to the Local Authority has been incorporated in the MTFP.

5. DRAFT MTFP 2020/21 – 2022/23

This section provides an update to the draft MTFP report presented to December Executive Board to reflect latest assumptions, Government announcements and the final settlement.

The December Executive Board reported an outstanding 2020/21 budget gap of **£2.405m**. Since the December report, further savings have been developed and these are detailed in this report to present a balanced position for 2020/21. In total **£15.623m** of proposals have been identified for 2020/21:

- December Executive Report savings of **£13.411m** for 2020/21, comprising:
 - **£12.432m** portfolio consultation proposals
 - **£0.979m** already approved / fast tracked proposals
- Additional savings presented within this report of **£2.212m** (**£1.212m** portfolio proposals and **£1.000m** corporate proposal) and other adjustments of **£0.193m** for 2020/21

Individual portfolio savings totaling **£14.623m** are detailed within **Appendix A**

Budget Overview and Headlines

The draft budget has been constructed in accordance with the MTFS and all relevant corporate financial protocols. It is a balanced budget; policy-led, medium term and risk assessed, reflects the Council Plan priorities and comprises:

- a 2020/21 net General Fund revenue budget of **£248.059m**;
- a council tax requirement of **£121.807m**, basic council tax increase of **1.99%** and an additional **2.00%** increase for the Adult Social Care precept
- total savings of **£15.623m**
- provision for pressures of **£17.911m** in 2020/21 including Adults demographic increases **£4.551m**, Adults National Living Wage **£2.042m** and Children and Young People increase of **£6.546m**;
- a general contingency of **£1.475m**;

- provision for pay inflation of **2.00%**, although at the time of writing the report the pay offer is yet to be announced, any variation to the MTFP assumption will need to be managed as part of the in-year monitoring and may lead to more savings being required;
- provision for contractual inflation where appropriate.

General Fund Revenue Budget

Table 3 summarises the changes required to update the 2019/20 base budget to refresh the starting point for the 2020/21 budget.

TABLE 3: BUDGET REFRESH				
DESCRIPTION	2020/21 £m	2021/22 £m	2022/23 £m	TABLE
Pressures / Overspend Risks	17.911	29.470	31.183	4
Pay / Contractual Inflation	12.287	18.596	24.944	5
Technical Adjustments	(5.985)	(4.069)	(2.057)	6
Previously Agreed Savings	(0.314)	(1.857)	(1.857)	7
TOTAL	23.898	42.139	52.213	

Budget assumptions are refreshed on an ongoing basis to reflect the Council's latest understanding in relation to inflation, corporate adjustments, previous MTFP proposals and emerging pressures/overspend risks.

Pressures / Overspend Risks

As in previous years, the Council continues to face significant budget issues that have a major impact on the MTFP. Further details of the funded pressures and potential overspend risks are summarised in **Table 4**. Most notably the continued demand for Adult Social Care and Children in Care has significantly increased the cost of these services. The Government's Spending Round acknowledges these pressures as a continuing national issue but the announced rollover of existing social care grants, proposed increase in funding and flexibility to set additional precept income is insufficient to fully meet these increased costs. The Government must ensure that its 2020 Spending Review builds on the September Spending Round by ensuring sustainable long-term funding so that the increasing burden does not fall on council tax payers or necessitate reductions in other local services.

TABLE 4: PRESSURE / OVERSPEND RISKS			
BUDGET ITEM	2020/21 £m	2021/22 £m	2022/23 £m
Adults Demographics	4.551	11.419	12.769
National Living Wage	2.042	4.159	4.159
Adult Care & Local Transport	6.593	15.578	16.928
Children's workforce related issues	1.950	1.950	1.950
Contractual increases	0.586	0.618	0.651
Remand costs	1.297	1.297	1.297
Complexity changes	2.713	4.252	4.583

Children & Young People	6.546	8.117	8.481
Historical savings	0.811	0.961	0.961
Early Years, Education & Employment	0.811	0.961	0.961
Individual Electoral Registration	0.050	0.050	0.050
Market supplement for drivers	0.143	0.143	0.143
Coroner - Contractual issue	0.500	0.500	0.500
Energy, Environment & Democratic Services	0.693	0.693	0.693
Trade Unions	0.070	0.070	0.070
Health, HR & Equalities	0.070	0.070	0.070
Markets (reduction of previous one-off)	(0.301)	(0.301)	(0.301)
Leisure, Culture & IT	(0.301)	(0.301)	(0.301)
Strategic Asset Management	0.737	0.737	0.737
Regeneration, Safety & Communications	0.737	0.737	0.737
Pressures Contingency	0.850	1.702	1.702
Nottingham Ice Centre	0.250	0.250	0.250
Capital	1.400	1.400	1.400
Treasury Management	0.262	0.262	0.262
Corporate	2.762	3.614	3.614
TOTAL	17.911	29.470	31.183

Inflation

Table 5 shows the pay, pension and specific inflation currently assumed for 2020/21 and subsequent years.

TABLE 5: INFLATION			
DESCRIPTION	2020/21 £m	2021/22 £m	2022/23 £m
Employee Pay / Pension	11.140	16.195	21.251
Specific contractual inflation	1.147	2.401	3.694
TOTAL	12.287	18.596	24.944

The draft MTFP includes a provision for pay inflation of **2.00%**. Although at the time of writing the report the pay offer is yet to be agreed. The National Employers who negotiate pay on behalf of 350 local authorities in England met with the Trade Unions on 5 February, a pay offer of **2.00%** was made but then rejected on the day by the Trade Unions. Any variation to the MTFP assumption once a final agreement is made will need to be managed as part of the in-year monitoring and may lead to more savings being required. For non-pay costs, the MTFP assumes no general inflation; only specific contractual inflation has been applied.

Technical Adjustments

Table 6 summarises the corporate adjustments that include anticipated movements in the financing of the capital programme and the debt portfolio, movements in reserves, net impact of changes in specific grants and various other changes. Provision has also been made for the revenue implications of investment schemes within the capital programme.

TABLE 6: TECHNICAL ADJUSTMENTS			
DESCRIPTION	2020/21 £m	2021/22 £m	2022/23 £m
Net movement in Reserves	5.448	3.801	6.266

Net movement in Specific Grants	(8.865)	(4.617)	(4.805)
Other	(2.569)	(3.253)	(3.518)
TOTAL	(5.985)	(4.069)	(2.057)

General Reserves

The proposed level of general reserves for 2020/21 is **£11.643m** and assumes that the outturn for 2019/20 is on budget.

Previously Agreed Savings

Table 7 summarises the continuing impact on the 2020/21 budget of saving decisions made in previous budgets.

TABLE 7: PREVIOUSLY AGREED SAVINGS			
PORTFOLIO	2020/21 £m	2021/22 £m	2022/23 £m
Adult Care & Local Transport	0.083	(0.699)	(0.699)
Children & Young People	(0.029)	(0.215)	(0.215)
Early Years, Education & Employment	0.154	0.154	0.154
Energy, Environment & Democratic Services	(0.030)	(0.030)	(0.030)
Finance, Growth & the City Centre	(0.314)	(0.884)	(0.884)
Leisure, Culture & IT	(0.157)	(0.157)	(0.157)
Regeneration, Safety & Communications	(0.021)	(0.026)	(0.026)
TOTAL	(0.314)	(1.857)	(1.857)

Portfolio Savings

During the budget process, colleagues and councillors work together to identify budget savings which, when taken together, direct funding into the Council's priorities and balance the budget. This is a complex and time consuming activity. These will be found from a combination of income generation, demand management, service transformation and efficiencies.

Portfolio savings proposed for 2020/21 are included in **Table 8** below and detailed by lead portfolio within **Appendix A**

- **£13.411m** of these proposals were included in the December Budget Consultation report
- **£1.212m** of additional/amended savings are identified within **Appendix A**, individual consultation will be undertaken with regards to these proposals as appropriate.

TABLE 8: SUMMARY OF NEW SAVINGS			
DESCRIPTION	2020/21 £m	2021/22 £m	2022/23 £m
Portfolio Consultation Proposals	(12.432)	(9.167)	(9.124)

Already approved / Fast track Proposals	(0.979)	(0.746)	(0.715)
Savings in December Consultation	(13.411)	(9.913)	(9.839)
Portfolio Proposals	(1.212)	(0.910)	(0.955)
Additional/Amended Savings	(1.212)	(0.910)	(0.955)
TOTAL	(14.623)	(10.823)	(10.794)

Table 9 summarises by budgeted portfolio the total value of both previously consulted and additional/amended proposals.

TABLE 9: PORTFOLIO SAVINGS			
BUDGETED PORTFOLIO	2020/21 £m	2021/22 £m	2022/23 £m
Adult Care & Local Transport	(5.379)	(2.280)	(2.192)
Children & Young People	(2.020)	(2.020)	(2.020)
Communities	(0.308)	(0.308)	(0.308)
Early Years, Education & Employment	(0.255)	(0.265)	(0.275)
Energy, Environment & Democratic Services	(1.346)	(1.346)	(1.311)
Finance, Growth & the City Centre	(3.213)	(2.668)	(2.583)
Health, HR & Equalities	(0.219)	(0.269)	(0.419)
Housing, Planning & Heritage	(0.070)	(0.070)	(0.070)
Leisure, Culture & IT	(0.865)	(0.923)	(0.968)
Regeneration, Safety & Communications	(0.949)	(0.674)	(0.649)
TOTAL	(14.623)	(10.823)	(10.794)

Corporate Proposal

The MTFP assumes the total use of **£6.000m** from the MRP reserve between 2019/20 and 2021/22 to support the general fund. In order to balance the 2020/21 budget **£1.000m** use of Minimum Revenue Provision (MRP) reserve has been brought forward from 2021/22; this rephasing of MRP reserve has consequently added **£1.000m** to the budget gap in 2021/22.

Historical freeze on incremental pay rises – Supreme Court ruling

In November 2018, the Supreme Court refused the Council's application to appeal a previous judgement in relation to the historical freeze on incremental pay rises. The matter was returned to the Nottingham Employment Tribunal to assess the position of individual claimants and oversee the complex process of agreeing schedules of loss; this legal process is still ongoing. This ruling is likely to result in additional costs to the Council; however as yet this is unknown. The full financial implications won't be known until the Nottingham Employment Tribunal process has been concluded.

Budget Requirement

Table 10 shows the resulting proposed draft net budget requirement for 2020/21 and the current budget projections for 2021/22 and 2022/23 before any additional savings.

TABLE 10: NET BUDGET

DESCRIPTION	2020/21 £m	2021/22 £m	2022/23 £m	TABLE
2019/20 Budget Requirement	239.785	239.785	239.785	
Budget Refresh	23.898	42.139	51.213	3
SUB-TOTAL	263.683	281.924	290.998	
Portfolio savings	(14.623)	(10.823)	(10.794)	9
Corporate proposal	(1.000)	1.000		
NET BUDGET	248.059	272.101	280.203	

Funding

The position relating to Retained Business Rate income carries significant risks for the Council. The assumed share of the business rate income is **£67.899m** in 2020/21, which is **£0.96m** below our Business Rate Baseline as determined by the Government for the purpose of the settlement.

Under the retention scheme, there are both potential risks and rewards in calculating our share of the yield. The major risks and concerns are; the level of successful rating appeals that may be made in the year, the unknown level of bankruptcies and businesses going into administration, the number of empty properties, the number of new properties and the collection rate achievable. We have to make an estimate of the impact of all these, based on limited trend information. The NNDR1 return submitted to MHCLG in January 2020 estimated the net rates as **£144.447m** after all reliefs, with **£1.500m** assumed for bad debts (1.0%) and **£6.438m** for appeals (4.5%) leaving total collectible rates for 2020/21 as **£136.509m**.

The Council in 2020/21 expects to receive **£9.230m** section 31 grant, this grant compensate councils for the loss of income, suffered as a result of previously announced changes to the business rates multiplier and various reliefs. The impact of these grants has been included within the budget refresh figures and details are shown in **Table 11**.

TABLE 11: SECTION 31 GRANTS (BUSINESS RATES)	
DESCRIPTION	2020/21 £m
Small business rates relief	3.919
Multiplier cap	2.702
Retail Discount	1.399
Discretionary Scheme	0.017
Supporting Small Business Relief	0.047
NNDR1 return	8.084
Under-indexing of Top-up Grant	1.146
TOTAL	9.230

Under the current scheme 100% of any business rates uplift in both the Enterprise Zone and the Creative Quarter can be retained and ring-fenced for these areas. No retained uplift for either the Enterprise Zone or the Creative Quarter is expected in 2020/21.

Table 12 sets out the overall funding assumed within the MTFP.

TABLE 12: FUNDING			
DESCRIPTION	2020/21 £m	2021/22 £m	2022/23 £m
Projections			
- Retained Business Rates	(67.899)	(69.257)	(70.642)
- Top Up	(28.584)	(29.155)	(29.738)
- Revenue Support Grant	(25.745)	(23.813)	(21.843)
NET POSITION	(122.227)	(122.225)	(122.223)

The MTFO assumes that retained business rates and top-up grant will increase by currently projected future CPI inflation and RSG grant will consequently fall in line with a flat overall settlement funding position.

Collection Funds

The collection funds are held separately from the General Fund and account for income collected from council tax and business rates. An annual review is undertaken to assess the estimated level of collection, the likely balance of the funds and to advise the precepting authorities (Fire and Police) of their share of any surplus/deficit. This enables them to take this into account in their own budget calculations.

It is estimated that for 2020/21 there will be a surplus on the council tax collection fund of **£1.643m** with the City Council share of this being **£1.402m**. In addition, there will be a surplus on the business rates of **£5.352m** with the City Council share of this being **£2.622m**.

Both these amounts will be paid into the Business Rates & Collection Fund Reserve previously created to protect against any future volatility in funding. This is a particular concern for 2021/22+ with the unknown impact of the next Spending Review and the introduction of Fair Funding Review/75% Rates Retention.

Proposed Council Tax

Table 13 shows the implications for the proposed level of council tax needing to be levied.

If the final budget is in line with the total figures outlined in this report, the proposed total council tax levied for 2020/21 will be **£121.807m**, equating to a Band D of **£1,808.31** and a Band A of **£1,205.54**, this represents a basic increase of **1.99%** and an adult social care precept of **2.00%**.

TABLE 13: AMOUNT TO BE RAISED BY COUNCIL TAX	
DESCRIPTION	2020/21 £m
Net Budget Requirement	248.059
Funding	(122.227)
Collection Fund – Council Tax	(1.402)
Collection Fund – Business Rates	(2.622)
COUNCIL TAX REQUIREMENT	121.807

6. MEDIUM TERM FINANCIAL OUTLOOK (MTFO)

In examining proposals for the 2020/21 budget, the Council considers both the immediate situation and the longer term outlook and assesses the impact of decisions accordingly.

Current MTFO for 2020/21 through to 2022/23 assumes:

- Council tax increases of **3.99%** in 2020/21 (**1.99%** basic increase and **2.00%** adult Social care precept), **1.99%** Council Tax increase for 2021/22 and 2022/23
- Settlement funding confirmed for 2020/21 with working assumption that overall funding for 2021/22+ will continue at same level. The MTFO will updated once more details are known of the Spending Review, Fair Funding Review and 75% Rates Retention
- Working assumption of nil underlying growth in retained business rates over the future years of the MTFO
- Pay award of **2.00%** per annum for all years within the MTFO, at the time of writing the report the pay offer for 2020/21 has yet to be agreed, any variation to this assumption will need to be managed in year
- The recent pension valuation reported an increase to the primary rate and a decrease in the annual pension deficit lump sum payment. The net impact of the changes is an additional cost to the draft MTFP of **£2.2m** pa and it is proposed, as a one off measure, the additional cost for 2020/21 will be funded from reserves. The Council is currently evaluating the most appropriate method of paying the pension deficit lump sum, either monthly, annual payment or one off payment.
- No NHB grant for 2021/22+ to support budget

All these budget assumptions will be subject to on-going review in light of changing circumstances.

Table 14 includes the impact of the 2020/21 budget savings contained elsewhere in this report and confirms the need for on-going significant cost reductions in the short to medium term of **£25m** in 2021/22 and **£30m** in 2022/23.

TABLE 14: MEDIUM TERM FINANCIAL OUTLOOK			
DESCRIPTION	2020/21 £m	2021/22 £m	2022/23 £m
2019/20 Net Budget Requirement	239.785	239.785	239.785
Updated Budget Assumptions	23.898	42.139	52.213
SUB-TOTAL	263.683	281.924	291.998
Already approved / fast tracked proposals	(0.979)	(0.746)	(0.715)
Portfolio proposals	(13.644)	(10.077)	(10.079)
Corporate proposals	(1.000)	1.000	0.000
ASSUMED NET BUDGET	248.059	272.101	281.203
Retained Business Rates, Top-up & RSG	(122.227)	(122.225)	(122.223)
Council Tax	(121.807)	(125.311)	(128.905)
Collection Funds	(4.025)	0.000	0.000
ASSUMED FUNDING	(248.059)	(247.536)	(251.128)
NET MTFO POSITION	0.000	24.565	30.075

7. Financial Stability and the Management of Risk

The Council's strategy is to have financial stability and ensure that our financial pressures are known, understood and well managed. The CFO advises on this using the principles within the MTFS, best practice and professional experience.

Under sections 25-27 of the Local Government Act 2003 (part II), the CFO is required to formally report to councillors on the robustness of the budget estimates and the adequacy of the City Council's financial reserves.

A corporate financial risk assessment has been undertaken to determine key risks and their impact on the budget. This ensures that adequate overall corporate budgetary provision is available to cover for unforeseen future events. This approach is embedded within the budget process and is used to inform the level of reserves required. Details appear in **Annex 5**.

The proposed General Fund balance for 2020/21 is **£11.643m** and has been informed by the risk assessment, financial climate and comparison to other Core Cities.

Annex 5 details the separate report (incorporating the risk assessment) relating to the robustness of the budget and the adequacy of reserves and has been written by the CFO in her capacity as S151 officer.

Transformation Programmes

The Council is currently undertaking the implementation of a new Enterprise Resource Planning (ERP) system for Finance, HR and Payroll which is due to go live from April 2020. This is a key transformation and business change programme that will deliver operational efficiencies. The use of the MRP reserve to fund this transformational activity has enabled the release of **£0.700m** ongoing savings.

8. CIPFA Financial Management Code

The Chartered Institute of Public Finance and Accountancy (CIPFA) published a Financial Management Code in October 2019. This code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. **Annex 5** provides more detail on the Financial Management Code and the principles that the Council will need to adopt in order to be compliant.

9. Accountability

Portfolio pages are included below, providing an outline of the key responsibilities of each portfolio and the headline revenue budget. Portfolio Holders are expected to deliver the City's policies and priorities within the resources made available to them. The budgets set for 2020/21 form the basis by which performance management can take place.

The regular monitoring of budgets takes place at various management levels within the Council, including at monthly reports to CLT, Leadership and Executive Panel and is reported quarterly to Executive Board. This is particularly important in highlighting areas of budget pressures, as early as possible in the process, to enable management action to take place.

The City Council recognises the importance of individual and collective accountability and requires managers acknowledge their responsibilities to deliver services on time, to the required standard and within budget, and to implement any savings and investment allocated to their areas. In recognition that financial management is an integral aspect of

effective leadership and good management, relevant councillors and managers are required to participate fully in all aspects of financial processes.

10. Portfolio Pages

Leader / Regeneration, Safety & Communications – Councillor David Mellen



Broad Responsibilities:

- Promote Core Values & Objectives of Council
- Overseeing the strategic use of resources and the strategic planning cycle of the Council
- Political leadership and development of City, reflecting national, European and international policy and strategic partnerships
- Support to portfolio holders

- Strategic Regeneration and Development
 - Overview of all regeneration activity across the City
 - City Centre, major regeneration projects
 - Local Economic Partnership and European Funding
- Strategic Transport
 - HS2
- Strategic and Operational Property
- Metro Strategy
- Community Safety
- Crime and Drugs Partnership
 - Overview of the Council's Section 17 responsibilities.
 - Public and Consumer Protection
 - Community Safety and Respect for Nottingham
 - Domestic Violence
- Communications and Marketing

Revenue Budget 2020/21: Regeneration, Safety & Communications				
	Base Budget £m	Adjustments, Inflation & Previous Decisions £m	Portfolio Proposals £m	Net Budget £m
Total	(12.075)	1.745	(0.949)	(11.279)

Deputy Leader / Energy, Environment and Democratic Services – Councillor Sally Longford



Broad Responsibilities:

- Deputise for the Leader;
- Value for Money and Organisational Health;
- Improved cross-cutting delivery;

- Sustainability
 - Climate change and Carbon Reduction
 - Nature Conservation - Strategy
- Energy, energy bills, fuel poverty
 - Energy from Waste including Enviroenergy (Waste Recycling Group)
 - Nottingham Energy Partnership
 - Waste disposal and waste collection
 - Clean air / Air quality
 - Emergency Planning
 - Flooding and flood risk
 - Robin Hood Energy
 - Smart Cities
- Legal and Democratic Services
 - Elections
 - Monitoring
 - Facility and Building Services
- Customer Services and Customer Care

Revenue Budget 2020/21: Energy, Environment and Democratic Services				
	Base Budget £m	Adjustments, Inflation & Previous Decisions £m	Portfolio Proposals £m	Net Budget £m
Portfolio	20.714	1.544	(1.346)	20.911
Corporate item	0.090	0.000	0.000	0.090
Portfolio Total	20.804	1.544	(1.346)	21.001

Adult Care & Local Transport – Councillor Adele Williams



Broad Responsibilities:

- Adults
 - Corporate Strategies for Older People and Vulnerable Adults
 - Championing Independent Living
 - telecare
 - catering
 - Adult Safeguarding
 - Lead on commissioning of Adults Services
 - Health and Social Care Integration (shared)
 - Meals at Home
 - Adult Passenger Transport
- Neighbourhood Transport
 - NET phase 1,2 and 3
 - Road repairs and resurfacing
 - Traffic Management and Parking
 - Highways Design and Maintenance
 - Public Transport
 - Corporate Transport Fleet
 - Cycling
- Street Lighting

Revenue Budget 2020/21: Adult Care & Local Transport				
	Base Budget £m	Adjustments, Inflation & Previous Decisions £m	Portfolio Proposals £m	Net Budget £m
Total	97.313	4.398	(5.379)	96.333

Children & Young People – Councillor Cheryl Barnard



Broad Responsibilities:

- Children's Services
 - Performing the lead role for Children's Services in accordance with statutory requirements and guidance
 - Children's Safeguarding and children's social care
 - Children in Care and Care Leavers
 - Leading on Early-Intervention
 - Children's Partnership and Young People's Plan
 - Youth and Play teams
 - Youth justice services
 - Children's Centres
 - Children's Disability
 - Children's Mental Health
 - Lead on commissioning of Children's Services

Revenue Budget 2020/21: Children & Young People				
	Base Budget £m	Adjustments, Inflation & Previous Decisions £m	Portfolio Proposals £m	Net Budget £m
Total	51.324	6.000	(2.020)	55.304

Communities – Councillor Rebecca Langton



Broad Responsibilities:

- Neighbourhood Regeneration
 - Neighbourhood Retail Management
 - Cleansing
 - Street Scene
- Area Working
 - Area committee highways work
 - Neighbourhood Management
 - Community Engagement
 - Neighbourhood communications
 - Welfare Rights
- Partnerships – voluntary sector and faith
 - Lead on refugees and asylum seekers
- Community Sector
 - Lead role with the Community Sector and Volunteering
 - Community Centres
- Community Cohesion
- One Nottingham

Revenue Budget 2020/21: Communities				
	Base Budget £m	Adjustments, Inflation & Previous Decisions £m	Portfolio Proposals £m	Net Budget £m
Total	11.570	0.736	(0.308)	11.998

Early Years, Education & Employment – Councillor Neghat Kahn



Broad Responsibilities:

- Schools
 - Education Improvement Board
 - Educational provision 3 – 16 including Academies and Free Schools
 - Attendance
 - School re-organisation and governance
 - Attendance
 - Special Educational Needs – Special Education Schools
 - Pupil Referral Units
 - Virtual School for Children in Care
 - Employability in Schools
 - Services to schools
 - Schools catering
- Jobs and Skills:-
 - Lead on skills and employment
 - Post 16 Training, FE and HE
 - Apprenticeships
 - Develop opportunities for young people and adults
 - Local Jobs for Local People and Making the Connections
 - Investment initiatives
 - Nottingham and Notts Futures Advice, Skills and Employment

Revenue Budget 2020/21: Early Years, Education & Employment				
	Base Budget £m	Adjustments, Inflation & Previous Decisions £m	Portfolio Proposals £m	Net Budget £m
Total	3.878	1.196	(0.255)	4.820

Finance, Growth & the City Centre – Councillor Sam Webster



Broad Responsibilities:

- Finance & Resources
 - Finance
 - Health and Safety
 - Risk Management
 - Collection of Council Tax and NNDR
 - Housing and Council Tax Benefits
- Income Generation and Commercialisation
- Commissioning and Procurement
- City Centre Management
 - City Centre Retail Management
 - Licensing and Environmental Health
 - Trading Standards
 - Taxi Strategy
- Business & Growth
 - Growth Plan Delivery
 - Business Support, Development and Liaison
 - Inward Investment
 - Social Enterprise and Enterprise Development
- Creative Quarter

Revenue Budget 2020/21: Finance, Growth & the City Centre				
	Base Budget £m	Adjustments, Inflation & Previous Decisions £m	Portfolio & Corporate Proposals £m	Net Budget £m
Portfolio	9.885	2.953	(2.855)	9.983
Corporate items	47.715	4.357	(1.358)	50.714
Total	57.600	7.310	(4.213)	60.697

Health, HR & Equalities – Councillor Eunice Campbell-Clark



Broad Responsibilities:

- Health:-
 - Public Health and Wellbeing
 - Health inequalities
 - Smoking and avoidable injuries
 - Chair of the Health and Well Being Board
 - Mental Health and Well-being
 - Teenage Conception
 - Oral / Dental health
 - Wider Health Links
- Health and Social Care Integration (shared)
- Equalities
- HR and Transformation

Revenue Budget 2020/21: Health, HR & Equalities				
	Base Budget £m	Adjustments, Inflation & Previous Decisions £m	Portfolio Proposals £m	Net Budget £m
Total	(5.884)	0.229	(0.219)	(5.874)

Housing, Planning & Heritage – Councillor Linda Woodings



Broad Responsibilities:

- Planning
 - Planning policy and development management
- Housing
 - Physical neighbourhood transformation and regeneration
 - Estate Management – Council and private estates
 - Private Housing and Private Rented Sector
 - Performance of NCH and Housing Associations
 - Student Housing
 - Housing with care and support
 - Strategic and Retained Housing functions
 - Regeneration Land and Property
 - Temporary Accommodation commissioning
 - HiMOs
- Heritage
- Homelessness and Housing Aid

Revenue Budget 2020/21: Housing, Planning & Heritage				
	Base Budget £m	Adjustments, Inflation & Previous Decisions £m	Portfolio Proposals £m	Net Budget £m
Portfolio	6.342	0.290	(0.070)	6.562
Corporate item	(2.950)	0.000	0.000	(2.950)
Total	3.392	0.290	(0.070)	3.612

Leisure, Culture & IT – Councillor Dave Trimble



Broad Responsibilities:

- Leisure and Culture:
 - Parks, allotments, open spaces and playgrounds
 - Street Parks (Play Zones)
 - Leisure Centres
 - Museum and Heritage sites
 - Libraries, Arts and Events, Museums, Theatres and Sport
 - Lead on arms-length venues – Ice Arena, Playhouse, Theatre Royal & Royal Centre
 - Nature conservation – operational
- Tourism
 - Place Marketing Organisation
- Markets, fairs and toilets
- Cemeteries and crematoriums
- Digital Inclusion and IT
 - Information Management and Assurance
- International and European Links

Revenue Budget 2020/21: Leisure, Culture & IT				
	Base Budget £m	Adjustments, Inflation & Previous Decisions £m	Portfolio Proposals £m	Net Budget £m
Total	11.863	0.449	(0.865)	11.447

11. Tax Strategy and Policy – year ended 31 March 2021

Context

The purpose of this section is to set out the Council's (comprising the Council and its subsidiary companies) policy and approach to conducting its tax affairs and dealing with tax risk for year ended 31 March 2021. Organisations and groups with an annual turnover of £200m per annum are legally required to publish a tax strategy, for organisations with a lower turnover although not statutorily required to do so the adoption of a tax strategy is considered to be good practice. This document draws on the Council's current approach to Tax administration and follows best practice in the sector and from advisers.

The document will be reviewed annually by the Council's Section 151 Officer and any amendments will be presented to Executive Board for approval.

This document addresses the Council's:

- a) Approach to risk management and governance arrangements
- b) Attitude towards tax planning
- c) Level of acceptable risk in relation to UK taxation
- d) Approach to dealings with HM Revenue & Customs

Tax Policy

In line with the Council's commitment to adhere to the best ethical and professional standards, the Council commits to conduct its tax affairs in order to:-

- a) Comply with all relevant tax laws, rules, regulations and reporting requirements wherever it operates
- b) Ensure that the tax strategy is at all times consistent with the overall strategy, approach to risk and values of the Council.
- c) Apply diligence and care to the management of risks associated with tax matters, and ensure that governance and assurance procedures are appropriate
- d) Foster constructive, professional and transparent relationships with tax authorities, based on integrity, collaboration and mutual trust
- e) The Council will use incentives and reliefs to minimise the tax costs of conducting its activities. The Council will not enter into transactions that have a main purpose of gaining a tax advantage or intentionally make interpretations of tax law that are opposed to the original intention of the legislation.

Risk Management and Governance

In accordance with the Council's Constitution, the Audit Committee has oversight of the governance of Council Affairs. The Council prepares an Annual Governance Statement in accordance with the Accounts and Audit (England) Regulations 2015 which is considered annually by the Audit Committee alongside the Statement of Accounts. The Council has adopted a Governance Framework that is consistent with the 2016 CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

Authority is delegated to officers for the day-to-day operation of the Council's affairs in accordance with an agreed schedule of delegation. As head of paid service the Chief Executive is ultimately accountable to the Council for all aspects of operational management of Council affairs.

The Monitoring Officer and Section 151 Officer fulfil key roles in ensuring that the Council complies with all applicable statutes and regulations and maintains appropriate financial records and systems of control. The operational application of these roles is delegated to other officers within the Council establishment.

Personnel managing the Council's tax affairs are appropriately qualified and experienced; they are required to update their knowledge through Continuing Professional Development and liaising with colleagues within the sector through appropriate forums and informally to ensure that best practice is maintained.

When it is judged to be required the Council seeks advice from appropriately qualified external advisers.

The Council adopts appropriate risk management processes and controls to provide assurance that the Council is complying with the requirements of applicable statutes and the Tax Strategy. This includes consideration of reputational risk arising from the Council's approach to tax.

Attitude to Tax Planning

The Council's policy in relation to tax is to comply with its legal duty to account for and pay all tax due and recover all tax to which it is entitled.

The Council will use available incentives and reliefs to minimise the tax costs of conducting its activities, thereby retaining more funds available to maintain the delivery of services to citizens.

The Council aims to pay the amounts of tax legally due. There are likely to be circumstances where this amount may not be clearly defined, or where alternative interpretations or approaches might result in different tax outcomes. In these circumstances, the Council will use its best judgement to determine the appropriate course of action. This will usually involve seeking advice from external professional advisers and/or HMRC.

The Council will not enter into transactions that have a main purpose of gaining a tax advantage or intentionally make interpretations of tax law that are opposed to the original intentions of the legislation.

Level of Acceptable Risk

In accordance with generally accepted best practice, The Council's appetite to risk is determined on an activity basis such that risks are taken in a controlled manner within the overall governance framework set by Council with a generally cautious approach to risk. The Section 151 Officer will determine the degree of risk in any activity, consulting colleagues, members of Council and external advisers as appropriate.

Relationship with HM Revenue & Customs

It is the Council's intention to have constructive, professional and transparent relationships with tax authorities, based on concepts of integrity, collaboration and mutual trust. The Council's aim is to meet all its statutory and legislative tax requirements.

As part of this, personnel managing the Council's tax affairs will:

- Submit all statutorily required returns and payments in accordance with deadlines and respond to requests for information by tax authorities in a courteous and timely manner
- Conduct all dealings with tax authorities with openness and honesty, maintaining the Council's standard policies on integrity and ethics.
- Engage in open and early dialogue to discuss tax planning, strategy, risks and significant transactions
- Aim to minimise the risk of future challenge and gain certainty in our tax affairs by proactively entering into dialogue with HMRC in real time with regard to issues where the correct treatment is uncertain.

- Where disagreements arise, work together to resolve issues by agreement (where possible)
- Respond to Consultations as appropriate, either directly with HMRC or via appropriate representative groups.

Bodies covered by this Tax Strategy and Policy

The following bodies are covered by this strategy and policy:

- Enviroenergy Ltd
- Nottingham City Council
- Nottingham City Homes
- Nottingham City Transport
- Nottingham Ice Centre Limited
- Nottingham Revenues & Benefits Ltd
- Robin Hood Energy
- Thomas Bow Ltd

Adult Care & Local Transport

Appendix A.1

	Department	Service Area	Title of Proposal	Narrative	2020/21 £m	2021/22 £m	2022/23 £m
1	C&A - Adults	ASC	Commissioned services review	Ensure the best value for payment of commissioned social care services to support eligible citizens.	(0.800)	0.000	0.000
2	C&A - Adults	ASC	Introduction of Best Practice Policy	In line with the Better Lives, Better Outcomes programme the Care and Support Policy will be reviewed in conjunction with the new approach and learning achieved.	(0.300)	(0.300)	(0.300)
3	C&A - Adults	ASC	Short Breaks	Partnership working between Nottingham City Homes and Adult Social Care to create a Short Breaks Facility for citizens with complex Learning Disabilities	(0.030)	(0.060)	(0.060)
4	C&A - Adults	ASC	Consultation Fees and Charging	A system for charging will be put in place for in-house home care once the non-chargeable reablement is completed.	(0.005)	(0.010)	(0.010)
5	C&A - Adults	ASC	Day Care offer for Older People	Relocate The Willows older people day service into Cherry Trees residential service	(0.019)	(0.019)	(0.019)
6	C&A - Adults	ASC	Alternative Accommodation	Developing Alternative Accommodation options for citizens with Neurological Conditions	(0.024)	(0.048)	(0.048)
7	C&A - Adults	ASC	Fees and Charges review	The implementation for the removal of the subsidy for those citizens who can afford to contribute to their social care (Day Care, Transport, Additional Carer) has been delayed. Due to this delay the expected saving created from this policy change will impact in 2020/21	(0.099)	(0.028)	0.000
8	C&A - Adults	ASC	External funding UPDATED PROPOSAL	Non recurrent external funding that supports initiatives already captured in the 2020/21 MTFP	(1.741)	0.000	0.000
9	C&A - Adults	ASC	Non-recurrent equipment budget	Release of non-recurrent minor adaptations and specialist equipment budget underspend, carried forward from 2017/18+	(0.312)	0.000	0.000
10	C&A - Adults	ASC	Management redesign NEW PROPOSAL	Review of management posts to identify and create efficiencies across the whole department.	(0.090)	(0.090)	(0.090)
11	C&O	Commercial & Energy Infrastructure	Highways Services - Commercialism	The commercialisation of the Highways Services	(0.772)	(0.539)	(0.508)
12	C&O	Neighbourhood Services	On-street parking changes	Increase hourly rate	(0.064)	(0.064)	(0.064)
13	C&O	Neighbourhood Services	On-street parking changes	Introduce a through the night charge	(0.021)	(0.021)	(0.021)
14	C&O	Neighbourhood Services	On-street parking changes	Consistent tariffs throughout the day and evening	(0.009)	(0.009)	(0.009)
15	C&O	Neighbourhood Services	On-street parking changes	Minimum tariff is 1hr	(0.009)	(0.009)	(0.009)
16	C&O	Neighbourhood Services	On-street parking changes	Introduce charging for motorbikes	(0.017)	(0.017)	(0.017)

	Department	Service Area	Title of Proposal	Narrative	2020/21 £m	2021/22 £m	2022/23 £m
17	C&O	Neighbourhood Services	On-street parking changes	Extend cashless zones	(0.050)	(0.050)	(0.050)
18	C&O	Neighbourhood Services	On-street parking changes	Extend pay by phone system	(0.020)	(0.020)	(0.020)
19	C&O	Neighbourhood Services	On-street parking changes (Lenton Lane and Willow Road)	Implement charging on free bays	(0.006)	(0.006)	(0.006)
20	C&O	Neighbourhood Services	On-street parking charges in Meadows	Increase price	(0.015)	(0.015)	(0.015)
21	C&O	Neighbourhood Services	On-street parking charges in Sherwood	Increase price	(0.016)	(0.016)	(0.016)
22	C&O	Neighbourhood Services	ULEV Fleet Framework	Income from Commission Payments	(0.005)	(0.005)	(0.005)
23	C&O	Neighbourhood Services	Workplace Parking Levy	Consultancy Income	(0.020)	0.000	0.000
24	D&G	Traffic	Fees and Charges	A review of fees and charges for activities on the public highway to take account of the Consumer Price Index and full cost recovery.	(0.025)	(0.025)	(0.025)
25	D&G	Traffic	City Centre decluttering	Working in collaboration with the BID to support A-board and other decluttering initiatives to make the city centre more accessible and attractive to visitors and shoppers.	(0.010)	(0.010)	(0.010)
26	D&G	Traffic	Bus Lane Enforcement Review	Introduce a new camera at congestion hot spots to improve bus time reliability	(0.080)	(0.120)	(0.180)
27	D&G	Public Transport	Link bus Rationalisation / Commercialism	Commercialise Park and Ride services	(0.250)	(0.250)	(0.250)
28	D&G	Public Transport	Easylink Contract	Seek increased external financial contribution towards Easylink 'door-to-door' passenger transport service contract	(0.020)	(0.020)	(0.020)
29	D&G	Public Transport	Concessionary travel	Implementation of anti-fraud measures and revised operator reimbursement methodology	(0.120)	(0.100)	(0.010)
30	D&G	Public Transport	Bus departure fees	Revise Victoria Bus Station departure fee and introduce Park and Ride departure charge	(0.015)	(0.015)	(0.015)
31	D&G	Public Transport	Link buses	Let advertising contract on Link Buses	(0.015)	(0.015)	(0.015)
32	D&G	Public Transport	Linkbus rationalisation	Link bus efficiencies	(0.400)	(0.400)	(0.400)
33	D&G	Major Projects	Private Finance Initiative	Private Finance Initiative refinancing	(0.258)	(0.158)	(0.158)
PORTFOLIO TOTAL					(5.637)	(2.438)	(2.350)

Children & Young People

Appendix A.2

	Department	Service Area	Title of Proposal	Narrative	2020/21 £m	2021/22 £m	2022/23 £m
1	C&A - Children's	Children In Care / Placements	Intensive support in high risk situations for children to avoid removing them into care	Investing in a dedicated small team to support families and children where they are on the edge of coming into care. We intend to use funds committed to high cost placements to pilot an alternative intensive approach in direct support.	(0.500)	(0.500)	(0.500)
2	C&A - Children's	Children In Care / Placements	External Placements	Increasing our approach to help children and young people live in their families or foster families instead of residential care so reducing the number of external residential placements.	(0.590)	(0.590)	(0.590)
3	C&A - Children's	Children In Care / Placements	Internal Residential Provision	Extending one of our specialist residential homes to create more space and a sensory room, will allow us to use all 4 beds for young people with complex needs. This keeps them close to home and schools they know well and saves money in the longer term.	(0.203)	(0.203)	(0.203)
4	C&A - Children's	Children In Care / Placements	Special Guardians Review	A national partner in Practice Local Authority has committed to supporting us in reviewing how to offer appropriate and meaningful support to Local Authority Special Guardians and for our previously looked after children on child arrangement orders. We aim to improve our support, whilst reorganising the help we offer to create efficiencies.	(0.093)	(0.093)	(0.093)
Page 69	C&A - Children's	Children In Care / Placements	Parental and Family Assessment Approach	We will increase our assessment capacity to avoid delay for children which is costly where they could potentially return to families, but require a thorough assessment.	0.140	0.140	0.140
	C&A - Children's	Children In Care / Placements	Semi Independence	Create alternatives to semi-independence placements, where this is assessed to be safe and appropriate as part of a goal to help more young people experience living in families - to include supported lodgings scheme.	(0.426)	(0.426)	(0.426)
7	C&A - Children's	Children In Care / Placements	Foster Carers	Continue to expand our fostering service to offer caring, committed local families who can provide homes for our children in care.	(0.287)	(0.287)	(0.287)
8	C&A - Children's	Early Help	NGY Contract	Reduced contribution	(0.010)	(0.010)	(0.010)
9	C&A - Children's	Early Help	Children's Centres NEW PROPOSAL	Reduction in activity budgets	(0.049)	(0.049)	(0.049)
10	C&A - Children's	Early Help	Play and Youth Teams NEW PROPOSAL	The restructure of the Play and Youth service	(0.003)	(0.003)	(0.003)
PORTFOLIO TOTAL					(2.020)	(2.020)	(2.020)

Communities

Appendix A.3

	Department	Service Area	Title of Proposal	Narrative	2020/21 £m	2021/22 £m	2022/23 £m
1	C&O	Community Protection	Community Centres NEW PROPOSAL	Review of facilities management costs	(0.040)	(0.040)	(0.040)
2	C&O	Directorate	Partnership working NEW PROPOSAL	Closer partnership working with communities	(0.050)	(0.050)	(0.050)
3	C&O	Neighbourhood Services	Public Realm Services	Integration of Public Realm Management	(0.150)	(0.150)	(0.150)
PORTFOLIO TOTAL					(0.240)	(0.240)	(0.240)

Early Years, Education & Employment

Appendix A.4

	Department	Service Area	Title of Proposal	Narrative	2020/21 £m	2021/22 £m	2022/23 £m
1	C&A - Education	Education Partnerships	Post 16 SEN Transport	Formal adoption of Post 16 Travel Policy. Proposal has been consulted on with directly affected families.	(0.025)	(0.025)	(0.025)
2	C&A - Education	Inclusive Learning	Routes to Inclusion	Social and Emotional Mental Health assessment, training and advisory service to be commercially marketed to external bodies	(0.005)	(0.010)	(0.015)
3	C&A - Education	Inclusive Learning	Commercial Opportunities in Education	Commercial opportunities in Education	(0.015)	(0.020)	(0.025)
4	D&G	Economic Development	Futures	Reduction in annual NCC contribution	(0.104)	(0.104)	(0.104)
5	D&G	Major Projects	School PFI grants	Ensure school PFI models are picking up the full cost of contract management	(0.101)	(0.101)	(0.101)
6	D&G	Major Projects	Residual asset management budget	No further calls anticipated on the budget	(0.005)	(0.005)	(0.005)
PORTFOLIO TOTAL					(0.255)	(0.265)	(0.275)

Energy, Environment & Democratic Services

Appendix A.5

	Department	Service Area	Title of Proposal	Narrative	2020/21 £m	2021/22 £m	2022/23 £m
1	C&O	Commercial & Energy Infrastructure	Expansion of Energy schemes	Additional Income from Energy Initiatives	(0.250)	(0.250)	(0.250)
2	C&O	Commercial & Energy Infrastructure	Reduction in Contaminated waste	Increase recycling and reduce contamination	(0.050)	(0.050)	(0.050)
3	C&O	Neighbourhood Services	Establish a Council owned Commercial Waste company	To set up an arms-length company for Commercial Waste	(0.200)	(0.200)	(0.200)
4	C&O	Neighbourhood Services	Commercial Waste	To organically grow the Commercial Waste Business by 5%	(0.080)	(0.080)	(0.080)
5	C&O	Neighbourhood Services	Additional Mid-winter garden waste collection NEW PROPOSAL	Mid-winter garden waste e.g. free Christmas tree collection service and advise citizens of their disposal options, specific collection will require a £10 payment in advance of collection	(0.010)	(0.010)	(0.010)
6	C&O	Neighbourhood Services	Building Services	Efficiencies and Income growth in Building Services	(0.150)	(0.150)	(0.150)
7	C&O	Neighbourhood Services	Building Cleaning NEW PROPOSAL	Reduced Cleaning in Council Facilities, specifically Loxley house	(0.025)	(0.025)	(0.025)
8	S&R	Customer Services	Customer-centric Approach NEW PROPOSAL	Digitalise services to improve productivity and reduce costs associated with process inefficiencies. Rationalise first contact into Customer Hub encouraging improved access, channel shift and improved access to expertise, enable a single view of the citizen and ensure compliance is duly adhered to	(0.200)	(0.200)	(0.200)
9	S&R	Legal & Governance	Legal & Governance	Reduction in posts across Legal & Governance	(0.121)	(0.121)	(0.121)
10	S&R	Legal & Governance	Grant funding	Maximise grant funding over 2 years to fund a post in Legal & Governance	(0.035)	(0.035)	0.000
11	S&R	Legal & Governance	Offsite storage	Reduction in cost for offsite storage by reviewing and reducing the number of boxes stored long term off site	(0.020)	(0.020)	(0.020)
12	S&R	Legal & Governance	Conveyancing	Income target increase	(0.005)	(0.005)	(0.005)
13	S&R	HR & Customer	Registrars	Increased income	(0.020)	(0.020)	(0.020)
14	S&R	HR & Customer	Customer Hub	Staffing Reduction	(0.023)	(0.023)	(0.023)
15	S&R	HR & Customer	Civic function	Efficiencies	(0.008)	(0.008)	(0.008)
PORTFOLIO TOTAL					(1.196)	(1.196)	(1.161)

Finance Growth & the City Centre

Appendix A.6

	Department	Service Area	Title of Proposal	Narrative	2020/21 £m	2021/22 £m	2022/23 £m
1	C&O	Community Protection	Reduce Environmental Health	Reduce by 1fte	(0.025)	(0.025)	(0.025)
2	C&O	Community Protection	Reduce Trading Standards Officers	Reduce by 1fte	(0.035)	(0.035)	(0.035)
3	C&O	Neighbourhood Services	Nottingham Catering UPDATED PROPOSAL	Increased Income	(0.120)	(0.100)	(0.100)
4	C&O	Neighbourhood Services	Charge Pest Control to the Housing Revenue Account (HRA)	Charge HRA for the costs associated with Housing Landlord function	(0.040)	(0.040)	(0.040)
5	S&R	Analysis & Insight	Corporate Performance and Policy team	Reduction of a post	(0.041)	(0.041)	(0.041)
6	S&R	Commissioning & Procurement	Alternative funding	Use of external funding to support delivery of Adults and Social Care contracts.	(0.085)	(0.085)	0.000
7	S&R	Commissioning & Procurement	Reduction in procurement posts	The proposal involves a reduction in the size of the procurement team	(0.062)	(0.062)	(0.062)
8	S&R	Commissioning & Procurement	Commissioning Team	Reduction in Commissioning Team posts	(0.112)	(0.112)	(0.112)
9	S&R	Commissioning & Procurement	Review of contracts	Review of contracts across the council.	(0.200)	(0.200)	(0.200)
10	S&R	Strategic Finance	Treasury Management	Saving generated from Treasury Management activity from work undertaken to reduce cost of borrowing / generate financial returns from use of resources	(0.260)	(0.260)	(0.260)
11	S&R	Strategic Finance	Insurance premiums	Saving following the successful negotiation of policies in terms of self-insurance	(0.110)	0.000	0.000
12	S&R	Strategic Finance	Council Tax and Business Rates	Realignment of activity to further target fraud in relation to Council Tax and Business Rates	(0.210)	(0.210)	(0.210)
13	S&R	Strategic Finance	Housing Benefits	Reduce the error rates in relation to Housing Benefit, introduce an invest to save quality assurance approach working with partners	(0.210)	(0.210)	(0.210)
14	S&R	Strategic Finance	East Midlands Shared Services (EMSS)	Contract Price Reduction and service provision	(0.200)	(0.200)	(0.200)
15	S&R	Strategic Finance	Nottingham Revenue & Benefits (NRB)	Contract and service delivery review following successful trading surplus	(0.100)	(0.050)	(0.050)
16	S&R	Strategic Finance	Strategic Finance	Removal of vacant posts	(0.125)	(0.125)	(0.125)
17	S&R	Strategic Finance	Replacement ERP system - Oracle cloud solution	Savings from licence fees and hosting costs	(0.700)	(0.700)	(0.700)
18	S&R	Strategic Finance	Discretionary Business Rates relief	Review of discretionary relief awarded to business rates payers	(0.055)	(0.055)	(0.055)
PORTFOLIO TOTAL					(2.690)	(2.510)	(2.425)

Health, HR & Equalities

Appendix A.7

	Department	Service Area	Title of Proposal	Narrative	2020/21 £m	2021/22 £m	2022/23 £m
1	C&A - Public Heath	Public Heath	Contractual efficiencies NEW PROPOSAL	Contractual efficiencies	(0.050)	0.000	0.000
2	S&R	HR & Customer	Employability budget	Reductions to the employability budget will be offset by support from a European Social Fund Bid and improved value for money via a tender for recruitment and training support.	(0.050)	(0.150)	(0.300)
3	S&R	HR & Customer	Transformation budget	This budget provides support for training, development and engagement of employees across the council. Activity will be correspondingly reduced.	(0.055)	(0.055)	(0.055)
4	S&R	HR & Customer	Non-salary budgets	Reduction in non-salary budgets across the HR & Customer directorate.	(0.064)	(0.064)	(0.064)
PORTFOLIO TOTAL					(0.219)	(0.269)	(0.419)

Housing, Planning & Heritage

Appendix A.8

	Department	Service Area	Title of Proposal	Narrative	2020/21 £m	2021/22 £m	2022/23 £m
1	C&O	Community Protection	Increase charges to HRA for ASB activity NEW PROPOSAL	A 10% increase to the HRA charge for the contribution to ASB – in line with cumulative inflation	(0.026)	(0.026)	(0.026)
2	D&G	Planning and Regeneration	Pre-application fees	Increase due to the level of major developments taking place in the City	(0.010)	(0.010)	(0.010)
3	D&G	Planning and Regeneration	Framework contractual cost	Negotiated reduction in contract price for the current provision has been agreed of £20k	(0.020)	(0.020)	(0.020)
4	D&G	Planning and Regeneration	Planning post	Use of alternative funding mechanisms to cover Planning post	(0.040)	(0.040)	(0.040)
5	D&G	Strategic Homelessness	Strategic Homelessness	One off use of reserve to support Strategic Homelessness budgets releasing base budget for one year	(0.250)	0.000	0.000
6	D&G	Various	HRA charges	Increased charges for retained housing	(0.224)	(0.224)	(0.224)
PORTFOLIO TOTAL					(0.570)	(0.320)	(0.320)

Leisure, Culture & IT

Appendix A.9

	Department	Service Area	Title of Proposal	Narrative	2020/21 £m	2021/22 £m	2022/23 £m
1	C&O	Neighbourhood Services	Cemeteries and Crematoria	Additional Income	(0.050)	(0.050)	(0.050)
2	C&O	Neighbourhood Services	Parks Development Activity	Increased Parks Development Project Management Fee Income	(0.020)	(0.020)	(0.020)
3	C&O	Neighbourhood Services	Tree Services	Additional Income	(0.020)	(0.020)	(0.020)
4	C&O	Neighbourhood Services	Parks Commercial	Commercial landscape and grounds maintenance contracts	(0.050)	(0.050)	(0.050)
5	C&O	Neighbourhood Services	Spectacolour NEW PROPOSAL	Reduction of Spectacolour Neighbourhood Floral Bedding	(0.025)	(0.025)	(0.025)
6	C&O	Neighbourhood Services	Close 2 out of 3 Super Loos NEW PROPOSAL	Impacted areas are Spondon St and Forest Park & Ride £0.045m to come out of contract Victoria Embankment to remain open	0.000	(0.018)	(0.063)
7	C&O	Sport & Culture	Events	Review events / new commercial developments	(0.050)	(0.050)	(0.050)
8	C&O	Sport & Culture	Cultural Grants	Reduction in Cultural Grants	(0.025)	(0.025)	(0.025)
Page 7 of 6	C&O	Sport & Culture	Theatre Royal and Concert Hall	Increase commercial income	(0.100)	(0.100)	(0.100)
9	C&O	Sport & Culture	Nottingham Tennis Centre	Review current operating model	(0.080)	(0.120)	(0.120)
11	C&O	Sport & Culture	Libraries	Hire of rooms	(0.001)	(0.001)	(0.001)
12	C&O	Sport & Leisure	Leisure Centres NEW PROPOSAL	Review the operating model of leisure centres	(0.200)	(0.200)	(0.200)
13	D&G	Economic Development	Tourist Information Centre	Reduction in annual costs	(0.050)	(0.050)	(0.050)
14	S&R	IT	ITLT senior management	Reduction in ITLT senior management post	(0.050)	(0.050)	(0.050)
15	S&R	IT	IT management and change management	Reduction in IT management and change management positions	(0.042)	(0.042)	(0.042)
16	S&R	IT	Service Support team	Reduction in Service Support team capacity	(0.023)	(0.023)	(0.023)
17	S&R	IT	IT Infrastructure	Infrastructure savings - a range of low risk changes regarding licences, support and maintenance	(0.026)	(0.026)	(0.026)
18	S&R	IT	Replacement frequency for laptops	Extension of replacement frequency for laptops. Currently 5,500 laptops are replaced on a 5 year cycle and extending this would generate savings.	(0.050)	(0.050)	(0.050)
PORTFOLIO TOTAL					(0.862)	(0.920)	(0.965)

Regeneration, Safety & Communications

Appendix A.10

	Department	Service Area	Title of Proposal	Narrative	2020/21 £m	2021/22 £m	2022/23 £m
1	C&O	Community Protection	Parking Enforcement	Productivity Review through yield increase	(0.060)	(0.060)	(0.060)
2	C&O	Community Protection	Residents parking permits	Charging for non-council tax payers for parking permits (£100) Charging for any fourth permits issued (£100)	(0.028)	(0.028)	(0.028)
3	C&O	Community Protection	Community protection	Extended vacancy management and income maximisation	(0.125)	(0.125)	(0.125)
4	C&O	Community Protection	Security Services	Delivery of patrol, events, site security, alarm monitoring and response services.	(0.100)	(0.100)	(0.100)
5	C&O	Community Protection	CCTV Control Room	Additional savings from the Implementation of the previous budget decision to establish one 24/7 Control Room by merging CCTV with Traffic Control	(0.025)	(0.025)	(0.025)
6	C&O	Community Protection	PCC contribution towards partnership working NEW PROPOSAL	Further joint working with PCC	(0.025)	(0.025)	(0.025)
7	D&G	Directorate	Partnership working NEW PROPOSAL	Closer partnership working with communities	(0.050)	(0.050)	(0.050)
8	D&G	Directorate	Advertising / Sponsorship NEW PROPOSAL	Increase income into the Council by developing new advertising and sponsorship propositions to support organisations wishing to reach residents, workers, visitors and students in the City. Review external spend on advertising and ensure optimum value for money is being achieved.	(0.100)	(0.100)	(0.100)
9	C&O	Neighbourhood Services	Planned Maintenance	Reduce the Planned/Preventative maintenance budget for 1 year only	(0.200)	0.000	0.000
10	D&G	Strategic Asset & Property	Vacant post	Deletion of half a vacant post	(0.020)	(0.020)	(0.020)
11	D&G	Transport Strategy	Grant maximisation NEW PROPOSAL	Maximisation of grants within Transport Strategy will enable salary costs to be met from grants for 20/21.	(0.100)	0.000	0.000
12	S&R	Marketing & Comms	Reduce Arrow from 4 to 3 editions	This change would be supported by additional promotion to shift even more citizens to our digital channels for Council information and news. The Council would consider and seek to offer a bespoke solution for people who cannot access digital information	(0.033)	(0.033)	(0.033)
13	S&R	Marketing & Comms	Social Media accounts management	Cease using third party software to manage Social Media accounts	(0.014)	(0.014)	(0.014)
14	S&R	Analysis & Insight	Citizens and Respect Survey	Two residents surveys are traditionally carried out annually and the proposal is to not carry one of them out in 2020 or 2021	(0.015)	(0.025)	0.000
15	S&R	Marketing & Comms	Design and Print	Delete vacant manager post and re-align team under remaining manager in the service	(0.030)	(0.030)	(0.030)
16	S&R	Marketing & Comms	Increase income	Increase income into the service via existing income target streams	(0.005)	(0.005)	(0.005)
17	S&R	Marketing & Comms	Print procurement review	Review how print is currently procured within the Council and re-tender the print framework	(0.005)	(0.005)	(0.005)
PORTFOLIO TOTAL					(0.935)	(0.645)	(0.620)

This page is intentionally left blank

ANNEX 3

CAPITAL PROGRAMME

CONTENTS		
	SECTION	PAGE
1	Introduction	2
2	Understanding the Capital Programme	2
3	General Fund Capital Programme – excluding Transport Schemes	3
4	Sources of Programme Funding	6
5	New and Emerging Projects	8
6	Transport Schemes	8
7	Public Sector Housing Capital Programme	9
8	Risk Management & Governance	9

TABLES & CHARTS		
	TABLE NUMBER & TITLE	PAGE
1	Total Capital Programme	3
1a	Total Capital Programme Overview	3
2	General Fund Programme – Revisions Since Quarter 2	4
3	Approval of Rolling Schemes	5
4	Revised General Fund Capital Programme	6
4a	General Fund Capital Programme Resources	7
5	Transport Schemes Programme Movement	9
6	Public Sector Housing Capital Programme & Resources	9

APPENDICES	
	APPENDIX LETTER & TITLE
A	Capital Programme Quarter 3 Approvals
B	Prudential Borrowing Schedule
C	Local Transport Plan Programme Overview
D	Detailed Capital Programme

Capital Programme

1. Introduction

Annex 3 introduces the draft capital programme, incorporating the capital budget for 2020/21 – 2024/25. CIPFA requires the Council to have an agreed Capital and Investment Strategy; this capital programme report has been formulated in accordance with this strategy.

The capital budget is aligned to the Capital and Investment Strategy and presents, in financial terms, the Council's plan for investment related to the purchasing, building and improvement of capital assets, together with the implications of any major capital projects or investments in Nottingham; this does not relate to the day-to-day running costs of the Council.

This draft capital programme shows how we intend to invest **£705.777m**, from 2019/20 to 2024/25, enabling substantial regeneration in and around the City and allowing the Council to deliver the capital requirements that have arisen from service needs. This planned investment will ensure that Nottingham continues to be a Great City with Citizens at the Heart.

2. Understanding the Capital Programme

The programme is divided into two categories:

The General Fund Capital Programme

This is the main fund from which the costs of the majority of capital projects are met; it deals with most functions of the Council and is reported in the following sections:

- Transport Schemes – sets out the policies and programmes of investment for delivering transport improvement initiatives across Nottingham.
- Education – This section includes capital expenditure needed for the maintenance and upkeep of schools in the City together with the investment required to ensure there are sufficient school places for the number of pupils in the City, through the expansion of existing schools or building new ones.
- Other Services – All other capital projects, including the maintenance and upkeep of Council owned assets, capital investments required to maintain and enhance service delivery and significant investment in regeneration projects, aimed at creating jobs, attracting other investment into the city and creating a vibrant and attractive city centre for all.

Public Sector Housing Capital Programme

The Housing Revenue Account (HRA) is the Council's landlord account, which provides for the capital expenditure associated with the management and maintenance of the Council's social housing stock of c25,400 dwellings. Legislation requires that the HRA is kept separate (ring-fenced) from the Council's other financial transactions.

Both the General Fund and Public Sector Housing programmes are further subdivided into two categories, as follows:

Category 1: Approved Capital Schemes

Projects that have been formally approved and have a funding package that is deemed affordable

Category 2: Planned Capital Schemes

Projects that have been agreed in principal and the Council is undergoing project feasibility and development to identify if the project's objectives can be achieved within an affordable funding envelope

Table 1 summarises the proposed capital programme of **£705.777m** between the General Fund and the Housing Revenue Account. **Appendix D** sets out the details.

Programme	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	TOTAL £m
General Fund							
Category 1 - Approved Schemes	179.363	132.798	32.022	10.812	8.840	9.794	373.629
Category 2 - Planned Schemes	2.050	26.070	16.820	5.682	5.900	0.000	56.522
Total General Fund	181.413	158.868	48.842	16.494	14.740	9.794	430.151
Public Sector Housing							
Category 1 - Approved Schemes	54.568	50.553	56.108	41.724	33.375	27.916	264.244
Category 2 - Planned Schemes	0.010	8.922	2.450	0.000	0.000	0.000	11.382
Total Public Sector Housing	54.578	59.475	58.558	41.724	33.375	27.916	275.626
TOTAL PROGRAMME	235.991	218.343	107.400	58.218	48.115	37.710	705.777

Table 1a below shows the funding of the total proposed capital programme, split by General Fund and the Public Sector Housing Programme.

Programme	Capital Budget	Prudential Borrowing	Grants & Cont's	Internal Funds	Major Repair Allowance	Secured Capital Receipts	Unsecured Capital Receipts	Total Funding
Total General Fund	429.780	(255.943)	(133.758)	(14.317)	0.000	(4.996)	(21.137)	(430.151)
Public Sector Housing	275.626	(59.422)	(10.715)	0.000	(166.235)	(24.630)	(14.624)	(275.626)
Total	705.777	(315.365)	(144.473)	(14.317)	(166.235)	(29.626)	(35.761)	(705.777)
Capital Funding (Surplus) / Deficit								0.000

3. General Fund Capital Programme – excluding Transport Schemes

Table 2 shows the revisions to the General Fund (excluding Transport Schemes) approved capital programme since Quarter 3 (presented at Executive Board in December 2019).

TABLE 2: General Fund Programme (Excluding Transport) – Revisions Since Quarter 2							
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	TOTAL
	£m	£m	£m	£m	£m	£m	£m
Qtr 2 Projections	175.103	125.813	38.965	16.007	13.326	0.000	369.214
Additions	1.513	10.434	0.050	0.052	0.052	9.372	21.473
Slippage / Reprofiting / Other	(18.532)	10.861	4.010	0.435	1.362	0.422	(1.442)
Movement with Category 2 Planned	(6.888)	1.907	4.397	0.000	0.000	0.000	(0.584)
Qtr 3 Projections	151.196	149.015	47.422	16.494	14.740	9.794	388.661

The updated projected programme excluding transport totals **£388.661m**. Details of approved additions to the programme, of **£21.473m**, are shown in **Appendix A**.

The Transport proposals are highlighted in **section 6**, with the detail included in the Local Transport Plan at **Appendix C** and changes in Public Sector Housing are detailed in **Appendix D**.

In addition approval is requested for the expansion of rolling schemes for Eastcroft CAPEX, Vehicle Replacement Programme, Disabled Facility Grants, the District Heating Pipe Network and Area Capital Fund as detailed below and in **Table 3**.

- Eastcroft Capex**
Extension of the Capital works required to maintain the Eastcroft Incinerator, which is a contractual commitment for the Council. The reduction in maintenance reflects the linked contract expiring in 2030/31.
- Vehicle Replacement Programme**
The Council operates a fleet of c525 vehicles that are to be replaced on a rolling basis in order to maintain an efficient and effective fleet and service. The programme for 2020/21 is **£3.000m** and is funded from prudential borrowing. The revenue costs of repayments are met within the service.
- Disabled Facilities Grant (DFG)**
DFG's are a means tested mandatory grant, delivered through an integrated service by Occupational Therapy and the Adaptations & Renewal Agency. They are the principal method of financing adaptations for vulnerable disabled people in the private sector i.e. owner occupiers, tenants of housing associations and tenants of private landlords. The DFG approval is based on the DFG grant to be received in 2019/20 and an assumption has been made that the grant will remain at a consistent level. Any reduction in grant will mean a subsequent reduction in capital approval.
- Preventative Adaptations**
Preventative Adaptations finance minor adaptations for older people that prevent injuries and minimise costs to social care and health services, and help them to remain in their own homes for longer. This does not attract any capital grant and therefore is to be funded by re-allocating a proportion of the DFG Grant.
- Integrated Community Equipment Services**
The Integrated Community Equipment Services provide care equipment in the community and is an ongoing commitment for the Council, this capital scheme

does not attract any capital grant and therefore is to be funded by reallocating a proportion of the DFG Grant.

- **District Heating Network**

The City has a contractual obligation to maintain its assets to a satisfactory standard and in order to do so an effective asset management strategy has been developed with the introduction of quality survey data combined with operational expertise and local knowledge. Targeted maintenance is undertaken in order to minimise service failure and disruption to our domestic and commercial customers. This expenditure is funded through prudential borrowing and recovered from Enviroenergy by charges made to the company under established SLA arrangements.

- **Area Capital Fund**

A continuation of the Council's contribution to Area Based Capital Plans, further supported through aligned funding contained within the LTP programme. The contribution from the General Fund is forecast to cease after 2020/21.

TABLE:3 Approval of Rolling Schemes							
Scheme	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m	£m
Eastcroft Incinerator							
Fully Approved Position	1.822	1.632	0.848	0.955	0.306	0.000	5.563
Approval Required	0.000	(0.011)	0.275	0.593	0.467	2.972	4.296
Latest Position Quarter 3	1.822	1.621	1.123	1.548	0.773	2.972	9.859
Vehicle Replacement Programme							
Fully Approved Position	4.928	3.000	3.000	3.000	3.000	0.000	16.928
Approval Required	0.000	0.000	0.000	0.000	0.000	3.000	3.000
Latest Position Quarter 3	4.928	3.000	3.000	3.000	3.000	3.000	19.928
Disabled Facilities Grant							
Fully Approved Position	1.825	1.825	1.825	1.825	1.825	0.000	9.125
Approval Required	0.000	0.000	0.000	0.000	0.000	1.825	1.825
Latest Position Quarter 3	1.825	1.825	1.825	1.825	1.825	1.825	10.950
Preventative Adaptations							
Fully Approved Position	0.049	0.049	0.049	0.049	0.049	0.000	0.245
Approval Required	0.000	0.000	0.000	0.000	0.000	0.049	0.049
Latest Position Quarter 3	0.049	0.049	0.049	0.049	0.049	0.049	0.294
Integrated Community Equipment Services							
Fully Approved Position	0.336	0.336	0.336	0.336	0.336	0.000	1.680
Approval Required	0.000	0.000	0.000	0.000	0.000	0.336	0.336
Latest Position Quarter 3	0.336	0.336	0.336	0.336	0.336	0.336	2.016
District Heating Network							
Fully Approved Position	2.740	1.840	1.800	1.000	1.000	0.000	8.380
Approval Required	0.000	0.000	0.000	0.000	0.000	1.000	1.000
Latest Position Quarter 3	2.740	1.840	1.800	1.000	1.000	1.000	9.380
Area Capital Fund							
Fully Approved Position	0.750	0.750	0.750	0.750	0.750	0.000	3.750
Approval Required	0.000	0.000	(0.750)	(0.750)	(0.750)	0.000	(2.250)

Latest Position Quarter 3	0.750	0.750	0.000	0.000	0.000	0.000	1.500
---------------------------	-------	-------	-------	-------	-------	-------	-------

Revised Capital Programme 2019/20 – 2024/25

Table 4 presents the revised General Fund element of the capital programme, by portfolio after amending for the revisions stated above in **Tables 2** and **3**. The detailed capital programme is attached at **Appendix D**.

TABLE 4 : Revised General Fund Capital Programme							
PORTFOLIO	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Category 1 - Approved Schemes							
Transport Schemes	30.217	9.853	1.420	0.000	0.000	0.000	41.490
Education / Schools	5.167	3.092	0.000	0.000	0.000	0.000	8.259
Other Services	143.979	119.853	30.602	10.812	8.840	9.794	323.880
Total Approved Schemes	179.363	132.798	32.022	10.812	8.840	9.794	373.629
Category 2 - Planned Schemes							
Regeneration	0.000	0.210	0.000	5.000	5.900	0.000	11.110
Commercial	2.050	19.300	13.820	0.000	0.000	0.000	35.170
Leisure and Culture	0.000	6.560	3.000	0.682	0.000	0.000	10.242
Total Planned Schemes	2.050	26.070	16.820	5.682	5.900	0.000	56.522
Total Programme	181.413	158.868	48.842	16.494	14.740	9.794	430.151

4. Sources of Programme Funding

The funding of the capital programme is delivered from a diverse range of sources as follows:

Capital Receipts

Receipts from the sale of surplus assets are a corporate resource, allowing the Council to fund a range of projects. Capital receipts are also used as a strategic funding mechanism to deliver projects for which the Council has a statutory responsibility.

Unsecured capital receipts used to fund the capital programme have been subject to a risk assessment that takes current market conditions and other factors into consideration. A full review of surplus assets is currently being undertaken as part of the Disposal and Reinvestment Strategy, which will include a new strategy for asset management. The general fund capital programme is predicated on **£21.137m** of Unsecured Capital Receipts, if these receipts do not materialise or additional assets are not identified a pressure will be created in the capital programme.

At Quarter 3 2020 the Council has committed to applying **£70.528m** of General Fund capital receipts, this can be broken down as follows:

- General Fund Capital Programme, Secured Capital Receipts - **£4.996m**
- General Fund Capital Programme, Unsecured Capital Receipts - **£21.137m**
- Past commitments from prior Capital Programme - **£18.999m**
- Other commitments outside the Capital Programme - **£25.396m**

Prudential Borrowing

Under the rules of the Prudential Code the Council has the power to finance capital projects through borrowing that does not attract support from the Government. The key principle for this prudential borrowing is that it must be affordable and consequently it is heavily regulated. This method of financing is used for those schemes that demonstrate they can deliver savings or make a return on investment to cover the debt repayments of interest and principal.

All borrowing is subject to:

- A robust business case that details how the related schemes will cover the costs of borrowing or make a commercial return.
- The prudential indicators for limits on external debt.
- Ensuring the borrowing and the Council's overall debt levels are affordable and sustainable.

Grants

External funds that are either provided by the Government which may be ring-fenced for specific areas, or external grants from other sources that have been specifically provided in order to deliver specific projects.

Reserves

Earmarked reserves set aside through Executive Board approval, for specific capital projects.

Table 4a below gives a further breakdown of how the General Fund capital programme will be funded.

TABLE 4a: General Fund Capital Programme Resources							
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m	£m
Category 1 - Approved Schemes							
Prudential Borrowing	(97.166)	(76.067)	(21.224)	(7.845)	(6.377)	(7.398)	(216.077)
Grants & Contribution	(68.201)	(38.365)	(5.113)	(2.712)	(2.214)	(2.206)	(118.811)
Internal Funds / Revenue	(3.683)	(8.295)	(1.645)	(0.255)	(0.249)	(0.190)	(14.317)
Capital Receipts - Secured	(5.537)	0.000	0.000	0.000	0.000	0.000	(5.537)
Capital Receipts - Unsecured	(4.776)	(10.071)	(4.040)	0.000	0.000	0.000	(18.887)
Total Approved Schemes	(179.363)	(132.798)	(32.022)	(10.812)	(8.840)	(9.794)	(373.629)
Category 2 - Planned Schemes							
Prudential Borrowing	(2.591)	(22.160)	(15.115)	0.000	0.000	0.000	(39.866)
Grants & Contribution	0.000	(1.660)	(1.705)	(5.682)	(5.900)	0.000	(14.947)
Internal Funds / Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Capital Receipts - Secured	0.541	0.000	0.000	0.000	0.000	0.000	0.541
Capital Receipts - Unsecured	0.000	(2.250)	0.000	0.000	0.000	0.000	(2.250)
Total Planned Schemes	(2.050)	(26.070)	(16.820)	(5.682)	(5.900)	0.000	(56.522)
Total Resources	(181.413)	(158.868)	(48.842)	(16.494)	(14.740)	(9.794)	(430.151)
Cumulative (Surplus) / Shortfall (Table 4 + Table 4a)	0.000	0.000	0.000	0.000	0.000	0.000	0.000

59.5% of the value of capital schemes is proposed to be funded by prudential borrowing. 31.1% of projects are funded by external grants and contributions, with

9.4% being funded by capital receipts and internal funds. **Appendix B** lists the schemes that are being funded by Prudential Borrowing.

5. New and Emerging Projects

As capital projects progress through the sub categories (i.e. Planned and Potential Schemes) or emerge as a new project throughout the year it is common for there to be a number of emerging capital schemes being considered simultaneously. The decision to progress additional schemes will be dependent on securing the required level of external funding or grant as appropriate. Where projects do not attract grant or external funding, inclusion in the capital programme will be based on how the project aligns to Council priorities, the assessment of robust business cases and financial models that demonstrate the necessary return on investment required. All new and emerging capital schemes will be subject to the principles set out in **section 8** of this report.

Given the general financial outlook, a rate of return on any investment is desirable. The rate of return that will need to be generated on an investment will depend on the chosen method of financing. For example, any investment funded from prudential borrowing will need to cover the cost of borrowing as the minimum requirement.

In addition to the above it has been recognised that although commercial schemes are expected to make future returns on investment, some business cases demonstrate cash flow shortfalls in the early years. These shortfalls need to be taken into consideration in the wider context of available resources and funding to cover these shortfalls will need to be identified and approved prior to the commencement of projects. Therefore the following principle to be adopted and approved is as follows:

- All schemes will need to address the consequences of cash flow shortfalls in the early years, and available funding must be identified and approved prior to the commencement of projects.

A revenue reserve has been established for contractual commitments which give rise to a cash flow shortfall of **£11.149m** over the period 2019/2019 to 2023/24, and the current capital programme has fully committed these resources. Funding to cover this has been identified and has been included in the Medium Term Financial Plan.

6. Transport Schemes

The Transport Schemes are a significant component of the capital programme. The transport scheme programme comprises of Local Transportation Schemes and other Transport Schemes. Local Transport Plan (LTP) funding is also used to lever in significant additional external resources.

Traditionally the LTP is set for three years, however due to the 2019 Spending Review being outstanding no funding is programmed beyond 2020/21. Once the outcome of the spending review has been completed the Transport Programme will be reviewed to ensure it is able to respond to any new requirements or priorities.

Table 5 below shows the impact the new schemes will have on the proposed programme. The detail and the funding allocations are set out in **Appendix C**. The programme has been compiled on the basis that all schemes are consistent with the objectives set out in the LTP.

Description	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 - 2024/25 £m	Total £m
Transport Schemes as Reported at Quarter 2	30.873	4.710	1.420	0.000	37.003
Additions (New Schemes)	0.000	5.543	0.000	0.000	5.143
Slippage / Reprofitting Current Schemes / Other	(0.656)	(0.400)	0.000	0.000	(0.656)
Proposed Transport Schemes	30.217	9.853	1.420	0.000	41.490

7. Public Sector Housing Capital Programme

The Public Sector Housing Programme sets out the five year investment in the housing stock. This programme is within the overall 30 year HRA Business Plan which sets out how the public sector housing stock will be maintained to decent standards over the long term. Although Nottingham City Homes (NCH) manages the stock under a management agreement, the Council retains ownership and funding is awarded to the Council. Allocation of these funds to individual schemes is agreed between the Council and NCH. **Table 6** shows investment to 2023/24 of **£275.626m**.

Scheme	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Category 1 - Approved Schemes	54.568	50.553	56.108	41.724	33.375	27.916	264.244
Category 2 - Planned Schemes	0.010	8.922	2.450	0.000	0.000	0.000	11.382
Total Programme	54.578	59.475	58.558	41.724	33.375	27.916	275.626
Resources Available							
Prudential Borrowing	(12.415)	(18.444)	(15.309)	(9.682)	(3.572)	0.000	(59.422)
Grants & Contributions	(3.694)	(3.830)	(3.191)	0.000	0.000	0.000	(10.715)
Major Repairs Reserve	(29.945)	(29.415)	(31.746)	(24.955)	(25.335)	(24.839)	(166.235)
Secured Capital Receipts	(8.524)	(4.731)	(4.010)	(4.010)	(3.355)	0.000	(24.630)
Unsecured Capital Receipts	0.000	(3.055)	(4.302)	(3.077)	(1.113)	(3.077)	(14.624)
Total Resources	(54.578)	(59.475)	(58.558)	(41.724)	(33.375)	(27.916)	(275.626)

8. Risk Management & Governance

The proposed five-year programme will require the Council to use a high proportion of available resources. Investment of this nature will result in the Council being exposed to additional risks as follows:

- an increase in the authority's borrowing over the next five years;
- exposure to interest rate changes; a 0.5% increase in interest rates will increase the cost of borrowing by c**£0.499m** per annum for 2019/20 forecast General Fund spend;
- major schemes have a long pay-back period, which will require the use of reserves in the early years to fund short term deficits in business plans;

- the cost of feasibility studies are all undertaken at risk;
- schemes may not cover their costs or make the desired return.

In order to manage these risks the following key principles will be adopted in managing the capital programme, further details can be found in the Council's Capital Strategy:

- Where new projects are added to the programme that will not cover their costs, an existing project will be removed or amended;
- all projects must have a robust and viable business case, which considers and includes whole life costing and revenue implications (including rate of return);
- all schemes will be subject to robust and deliverable business plans and models which demonstrate the necessary return on investment required;
- assumptions within business cases to have an Officer of the Council as the assumptions owner. The assumption owner will be accountable for the assumptions in the model;
- all future schemes will need to address the consequences of cash flow shortfalls in the early years, and available funding must be identified and approved prior to the commencement of projects;
- the decision to progress schemes will be dependent on securing the stated level of external funding or grant as appropriate;
- new projects will be considered where the Council can make a return on investment;
- where new sources of external funding/grants become available, the programme will be revisited;
- all schemes will be subject to an independent internal 'Gateway Review Process'.

The Medium Term Financial Strategy includes the following requirements for consideration of the funding of the capital programme:

- The Council will endeavour to maximise grant funding for schemes which will assist in the delivery of the corporate priorities, part/full grant funded bids will be subject to the same prioritisation process;
- Prudential or Unsupported Borrowing can be used where it can be demonstrated that it is affordable and sustainable in the medium term. Borrowing must be within approved limits and in accordance with the prevailing guidance in the Treasury Management Strategy;
- Corporate Capital Receipts generated from the sale of land, buildings and other assets are held centrally due to pressures within the current capital programme. These receipts are to be allocated according to Council pressures / priorities only after a thorough and objective options appraisal and consideration of opportunity costs, and not earmarked to a particular project, scheme, service, directorate and/or geographical area.

The City Council recognises the importance of individual and collective accountability and requires managers to formally acknowledge their responsibilities. Financial management is an integral aspect of effective leadership and good management, relevant councillors and managers are required to participate fully in all aspects of capital investment plans.

Corporate Directors will be accountable for the success and deliverability of all capital projects within their remit including:

- Ownership of business cases and any subsequent changes to them.
- Ensuring that capital projects are delivered in line with agreed targets and resources.
- The successful outcome and benefits realisation of capital projects

CAPITAL PROGRAMME QUARTER 3 APPROVALS

APPENDIX A

Public Sector Housing							
	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Category 1 - Approved Schemes							
Interreg - Must Be Zero - Energiesprong	0.200	1.000	4.882	0.000	0.000	0.000	6.082
BEIS - Whole House Retrofit - Destination Zero	0.250	2.571	0.500	0.000	0.000	0.000	3.321
BEIS - Whole House Retrofit - Energiesprong	0.250	3.240	0.500	0.000	0.000	0.000	3.990
BEIS - Whole House Retrofit - Project Level	0.000	0.793	0.000	0.000	0.000	0.000	0.793
BEIS - Whole House Retrofit - Contingency	0.000	0.000	0.014	0.000	0.000	0.000	0.014
City Wide CCTV / Door Entry Imp	0.000	0.000	0.000	0.000	0.000	0.806	0.806
Fire Alarm Installations	0.000	0.000	0.000	0.000	0.000	0.227	0.227
Asbestos Works	0.000	0.000	0.000	0.000	0.000	0.200	0.200
Renew Bin Store/Refuse Chute	0.000	0.000	0.000	0.000	0.000	0.578	0.578
Nottingham Secure - Windows	0.000	0.000	0.000	0.000	0.000	0.500	0.500
Modern Living	0.000	0.000	0.000	0.000	0.000	4.528	4.528
Warmth for Nottingham - CR&M	0.000	0.000	0.000	0.000	0.000	4.023	4.023
Roof & Chimney Replacement	0.000	0.000	0.000	0.000	0.000	4.470	4.470
External Fabric	0.000	0.000	0.000	0.000	0.000	3.341	3.341
Management Fee - Safe	0.000	0.000	0.000	0.000	0.000	0.928	0.928
City Wide Environmental	0.000	0.000	0.000	0.000	0.000	1.000	1.000
Estate/Area Impact works	0.000	0.000	0.000	0.000	0.000	1.540	1.540
Paving Works	0.000	0.000	0.000	0.000	0.000	0.360	0.360
Garage / Outbuildings - Citywide	0.000	0.000	0.000	0.000	0.000	1.000	1.000
Major Void Works	0.000	0.000	0.000	0.000	0.000	2.180	2.180
Fire Damaged Properties	0.000	0.000	0.000	0.000	0.000	0.100	0.100
Sanctuary Project	0.000	0.000	0.000	0.000	0.000	0.035	0.035
Adaptations For Disabled Persons	0.000	0.000	0.000	0.000	0.000	2.000	2.000
Preventive Adaptations For Older People	0.000	0.000	0.000	0.000	0.000	0.100	0.100
Category 2 - Planned Schemes							
Woodlands Office Conversion	0.000	0.900	0.000	0.000	0.000	0.000	0.900
TOTAL - Public Sector Housing	0.700	8.504	5.896	0.000	0.000	27.916	43.016

General Fund							
	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Transport - Highways Capital Maintenance							
Main Roads	0.000	0.500	0.000	0.000	0.000	0.000	0.500
Residential Resurfacing	0.000	0.222	0.000	0.000	0.000	0.000	0.222
Condition Surveys	0.000	0.030	0.000	0.000	0.000	0.000	0.030
Street Furniture	0.000	0.250	0.000	0.000	0.000	0.000	0.250
Cycle Infrastructure	0.000	0.100	0.000	0.000	0.000	0.000	0.100
Bridges	0.000	0.280	0.000	0.000	0.000	0.000	0.280
Trent Bridge Project	0.000	0.200	0.000	0.000	0.000	0.000	0.200
Streetscape Maintenance	0.000	0.100	0.000	0.000	0.000	0.000	0.100
Old Market Square Refurbishment	0.000	0.100	0.000	0.000	0.000	0.000	0.100
Transport - Integrated Transport Block							
Area Capital Contribution	0.000	1.250	0.000	0.000	0.000	0.000	1.250
Walking Schemes	0.000	0.050	0.000	0.000	0.000	0.000	0.050
Earmarked for Major Schemes	0.000	0.840	0.000	0.000	0.000	0.000	0.840

Supporting Economic Development	0.000	0.300	0.000	0.000	0.000	0.000	0.300
Traffic Management (Clear Zone)	0.000	0.750	0.000	0.000	0.000	0.000	0.750
Programme Co-Ordination	0.000	0.100	0.000	0.000	0.000	0.000	0.100
Local Transport Monitoring	0.000	0.100	0.000	0.000	0.000	0.000	0.100
Transport - Other Grants							
Maintenance Incentive	0.000	0.371	0.000	0.000	0.000	0.000	0.371
Education / Schools							
Walter Halls Health & Safety Ramp	0.025	0.000	0.000	0.000	0.000	0.000	0.025
Other Services							
Solar Panels - Commerical PV Invest Prog	0.812	0.000	0.000	0.000	0.000	0.000	0.812
Replacement of Refuse Vehicle	0.184	0.000	0.000	0.000	0.000	0.000	0.184
S106 - Affordability Housing Notmm Framework	0.000	0.500	0.000	0.000	0.000	0.000	0.500
Loan - NCH Homeless	0.000	9.000	0.000	0.000	0.000	0.000	9.000
NCHRP Loan - Move On Accommodation	0.000	0.734	0.000	0.000	0.000	0.000	0.734
Property Management System	0.021	0.200	0.050	0.052	0.052	0.000	0.375
Property Acquisition - 12-16 Hartley Court	0.375	0.000	0.000	0.000	0.000	0.000	0.375
30 Woolpack Lane Repair Works	0.072	0.000	0.000	0.000	0.000	0.000	0.072
1-4 Cheapside Repairs	0.024	0.000	0.000	0.000	0.000	0.000	0.024
Eastcroft Incinerator	0.000	0.000	0.000	0.000	0.000	2.972	2.972
Vehicle Replacement Programme	0.000	0.000	0.000	0.000	0.000	3.000	3.000
Disabled Facilities Grant	0.000	0.000	0.000	0.000	0.000	1.825	1.825
Preventative Adaptations	0.000	0.000	0.000	0.000	0.000	0.049	0.049
Integrated Community Equipment Services	0.000	0.000	0.000	0.000	0.000	0.336	0.336
District Heating Network	0.000	0.000	0.000	0.000	0.000	1.000	1.000
IT - Server Improvement Programme	0.000	0.000	0.000	0.000	0.000	0.190	0.190
TOTAL - General Fund	1.513	15.977	0.050	0.052	0.052	9.372	27.016
TOTAL - APPROVED	2.213	24.481	5.946	0.052	0.052	37.288	70.032

PRUDENTIAL BORROWING SCHEDULE

APPENDIX B

Public Sector Housing (Category 1 Approved)							
	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Lenton New Build	0.137	0.000	0.000	0.000	0.000	0.000	0.137
Strelley Library & ILS	0.073	0.000	0.000	0.000	0.000	0.000	0.073
Infrastructure Cost	0.099	0.000	0.000	0.000	0.000	0.000	0.099
Morley School - New Build	0.013	0.000	0.000	0.000	0.000	0.000	0.013
Affordable Homes - Garage Sites - New Build	0.011	0.000	0.000	0.000	0.000	0.000	0.011
Woodthorpe & Winchester - New Build	0.704	0.000	0.000	0.000	0.000	0.000	0.704
Property Acquisition - RTB 1-4-1	6.295	6.110	6.110	6.110	0.000	0.000	24.625
Knights Close - New Build	1.059	1.373	0.000	0.000	0.000	0.000	2.432
Clifton Miners Welfare	1.780	0.413	0.000	0.000	0.000	0.000	2.193
Tunstall Drive	0.073	1.427	0.000	0.000	0.000	0.000	1.500
Marlstones	1.265	0.000	0.000	0.000	0.000	0.000	1.265
Oakdene - Demolition	0.155	0.000	0.000	0.000	0.000	0.000	0.155
Sandfield	0.434	0.059	0.000	0.000	0.000	0.000	0.493
Padstow Ridgeway New Build	0.000	0.000	3.523	3.523	3.523	0.000	10.569
Nottingham City Homes Management Fee	0.242	0.460	0.049	0.049	0.049	0.000	0.849
PV Installation Programme	0.000	0.000	5.627	0.000	0.000	0.000	5.627
Provision of Driveways to Council Homes	0.065	0.000	0.000	0.000	0.000	0.000	0.065
Subtotal - Public Sector Housing (Category 1)	12.405	9.842	15.309	9.682	3.572	0.000	50.810

Public Sector Housing (Category 2 Planned)							
	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
New Build Phase 2 - Unallocated	0.010	7.972	0.000	0.000	0.000	0.000	7.982
Woodlands Office Conversion	0.000	0.630	0.000	0.000	0.000	0.000	0.630
Subtotal - Public Sector Housing (Category 2)	0.010	8.602	0.000	0.000	0.000	0.000	8.612

General Fund (Category 1 Approved)							
	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Other Services							
CleanMobilEnergy - Electric Vehicles	0.600	0.000	0.000	0.000	0.000	0.000	0.600
Eastcroft Combined Heat & Power Plant Works	1.822	1.621	1.123	1.548	0.773	2.972	9.859
District Heating - Replacement of Network	2.740	1.840	1.800	1.000	1.000	1.000	9.380
NET Lines 2/3	1.744	5.892	0.000	0.000	0.000	0.000	7.636
Vehicle Acquisitions	4.928	3.000	3.000	3.000	3.000	3.000	19.928
Low Emission Fleet Project	1.235	0.000	0.000	0.000	0.000	0.000	1.235
Vehicle Telematics System	0.900	0.000	0.000	0.000	0.000	0.000	0.900
ULEV Service Centre	0.416	0.000	0.000	0.000	0.000	0.000	0.416
Project Blaze	5.400	0.744	0.720	0.296	0.000	0.000	7.160
Replacement of Refuse Vehicle	0.184	0.000	0.000	0.000	0.000	0.000	0.184
Nottingham Castle Transformation	2.433	1.881	0.036	0.000	0.000	0.000	4.350
Car Parking Meters at Major Parks	0.004	0.004	0.000	0.000	0.000	0.000	0.008
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total

	£m	£m	£m	£m	£m	£m	£m
Joint Service Centre - St Anns	0.040	0.051	0.062	0.097	0.104	0.426	0.780
Loan - NCH Homeless	11.477	9.000	0.000	0.000	0.000	0.000	20.477
Loan - NCH-Enterprises Ltd	14.794	8.468	8.396	0.904	0.000	0.000	32.562
Loxley House Workplace & Hub	1.568	0.000	0.000	0.000	0.000	0.000	1.568
Loan - NCH Registered Provider	0.000	1.933	0.000	0.000	0.000	0.000	1.933
Expansion of Bio City	0.014	0.000	0.000	0.000	0.000	0.000	0.014
Nottingham College Skills Hub	11.672	6.328	0.000	0.000	0.000	0.000	18.000
Nottingham Science Park - Phase 2	3.980	0.000	0.000	0.000	0.000	0.000	3.980
Blueprint Third Party Loan & Loan Notes	2.770	4.310	2.920	1.000	1.500	0.000	12.500
Southside Regeneration	28.445	30.995	3.167	0.000	0.000	0.000	62.607
Subtotal - General Fund (Category 1 Approved)	97.166	76.067	21.224	7.845	6.377	7.398	216.077

General Fund (Category 2 Planned)							
	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Other Services							
Central Library Fitout & Operation - BMCP	0.000	2.755	1.295	0.000	0.000	0.000	4.050
Southside Regeneration (Planned)	2.591	19.300	13.820	0.000	0.000	0.000	35.711
ERDF - Heathcote Building	0.000	0.105	0.000	0.000	0.000	0.000	0.105
Subtotal - General Fund (Category 1 Approved)	2.591	22.160	15.115	0.000	0.000	0.000	39.866

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Public Sector Housing - Total	12.415	18.444	15.309	9.682	3.572	0.000	59.422
General Fund - Total	99.757	98.227	36.339	7.845	6.377	7.398	255.943
TOTAL Forecast Borrowing	112.172	116.671	51.648	17.527	9.949	7.398	315.365

Local Transport Plan Programme Overview

1. Context

The Nottingham Local Transport Plan 3 (LTP3), adopted in April 2011, sets out the policies and programme of investment for delivering transport improvements across Nottingham. It comprises two components: The Local Transport Strategy 2011 to 2026 that outlines the long-term transport vision and strategy and the Implementation Plan that details funding allocations and proposed transport measures on a three-year rolling basis. The funding allocations set out below will inform the update of the Implementation Plan covering the period April 2020 to March 2023.

A one-off budget announcement from Central Government confirmed funding for the 2019/20 financial year. Notification of funding levels for 2020/21 is still awaited. However, indications suggest that 2019/20 funding levels will be maintained.

In November 2018, Central Government indicated that the local transport settlement funding from 2020/21 was under review but further details have not yet been provided. Government has announced a number of new funding opportunities that will arise during the year and the Council will bid into these to supplement the programme.

2. Total Transport Programme

Table 1 shows the total summary transport programme for 2020/21 of **£5.543m**. No funding is currently programmed for 2021/22 and 2022/23 as this funding is subject to the spending review by Central Government. Full details of the 2020/21 programme are shown in **Section 3**. In addition, elements of the 2019/20 programme are expected to roll forward into 2020/21.

TABLE 1: OVERALL SUMMARY TRANSPORT PROGRAMME					
Programme	2019/20 £m	2020/21 £m	2021/22 £m	Total £m	Funding Source
Local Transport Programme	5.543	0.000	0.000	5.543	LTP- Grant and Maintenance Incentive Fund

Local Transport Plan

The Local Transport Plan element of the programme is split in to a variety of streams that support local transport infrastructure and maintenance. It is specifically funded by LTP funding, made up of the Integrated Transport Block (ITB) and Maintenance Block (MB) from the Department for Transport.

The local transport block, maintenance block and associated block allocations are set out in **Table 2 below**. Scheme allocations for 2020/21 total **£5.543m** and are listed in **Section 1 - LTP Allocations**.

TABLE 2: LOCAL TRANSPORT PLAN PROGRAMME 2020/21 - 2022/23				
	2020/21 £m	2021/22 £m*	2022/23 £m*	Total £m
Neighbourhood Improvements	1.250	0.000	0.000	1.250
Supporting Economic Growth	1.140	0.000	0.000	1.140
Local Transport Improvements	0.800	0.000	0.000	0.800
Maintenance Schemes	1.782	0.000	0.000	1.782
Maintenance Incentive and Pothole Fund	0.371	0.000	0.000	0.371
Monitoring & Evaluation	0.200	0.000	0.000	0.200
Total Local Transport Schemes	5.543	0.000	0.000	5.543
Grant Funding (Anticipated)				
Integrated Highways Block (ITB)	3.390	0.000	0.000	3.390
Highways Capital Maintenance	1.782	0.000	0.000	5.346
Maintenance Incentive Fund	0.371	0.000	0.000	0.037
Total Transport Grant Funding	5.543	0.000	0.000	5.543

*Allocations are shown as zero as these are subject to the Central Government spending review. The mechanisms and allocations of any funding are likely to change. No guarantee of funding in future years.

3. Proposals

Although the LTP is set for three years, it is annually reviewed during the budget process to allow flexibility in responding to prevailing new requirements or priorities. As some schemes may not be completed by the end of March, elements of the 2019/20 programme and associated funding may need to be rolled forward into the next financial year.

The LTP3 Strategy anticipated lower levels of funding than previous years. It also reflects Council priorities for greater emphasis on supporting the local economy, maintenance activity, small-scale neighbourhood transport schemes and measures to 'Keep Nottingham Moving', given current funding constraints. Priorities for LTP transport investment are therefore:

- **Supporting the local economy** - Investment in Nottingham's transport system increases opportunities for local businesses and thus provides a stimulus to the local economy (this includes local contributions to Local Growth Fund schemes);
- **Linking local people to jobs and training** through improving transport services and facilities to key employment areas and education sites;
- **Maintaining our current transport system** - Following a decade of substantial investment to improve our transport infrastructure, we are prioritising investment to protect and preserve our existing transport system reflecting the economic and social importance to local communities;
- **Supporting neighbourhood transformation** through enabling local citizens and communities to have a greater say in what local transport improvements are made in their local areas and neighbourhoods. These include footway improvements, local accessibility, parking and traffic management schemes;
- **'Keep Nottingham Moving'** through continued investment in measures to tackle congestion including local road improvements and investment in public transport, walking and cycling.

- **Greening of the transport system** by pursuing clean and efficient vehicle choice for fleets and buses and providing electric charging infrastructure to help improve air quality.

To maximise performance, a combination of internal and levered-in external resources will be used to ensure that the programme will be delivered, whilst conforming to financial regulations and value for money considerations. The three-year programme will also be managed flexibly to maximise the potential from new funding opportunities, new development, take account of issues arising from consultation with Ward councillors, stakeholders and the public, legal procedures, detailed design and variations to scheme estimates. The programme has been compiled on the basis of:-

- Schemes being consistent with the objectives set out in the LTP;
- Enabling wider Council Strategic Choices budget savings to be achieved;
- Achieving co-ordination of schemes with other elements of the programme;
- Schemes that lever in other external funding (including developer contributions and economic development funding, including from the Local Enterprise Partnership);
- Procurement to support the local economy and increase job opportunities for local people;
- Ensuring sufficient advance design is undertaken to maintain future programme delivery;
- Achieving a balance between large and small-scale schemes to ensure efficient use of staff resources.

The main LTP programme is set out under the following headings – Highways Capital Maintenance and Integrated Transport Block. Detailed allocations are set out below.

Highways Capital Maintenance

This programme includes schemes for carriageway and structural maintenance. Priorities are determined through condition surveys, taking account of co-ordination with the integrated transport block programme and, in the case of residential roads informed by priorities of Ward councillors.

Significant schemes within this block for the 2020/21 financial year include:-

- Carriageway maintenance priorities, including resurfacing and surface dressing;
- Residential Roads carriageway programme (to be identified from condition surveys and neighbourhood priorities in consultation with Ward councillors);
- Corrosion protection and minor works for bridges;
- Trent Bridge Footway reconstruction & waterproofing.

More details regarding the maintenance programme can be found in **Section 1**. Detailed programmes for 2021/22 and 2022/23 will be determined over the coming year.

Maintenance Incentive Fund

The Incentive Fund is a measure that was first announced in December 2014, to help improve maintenance performance. The funding is used to “top-up” the existing capital maintenance funding, based on local authorities providing a self-assessment proforma to be submitted annually to the Department for Transport. Dependent on

Annex 3 – Appendix D

the scores based on the questions, the local authority is placed into a performance band and receives additional funding to that level. This funding is tapered, with the lowest performing bands eventually receiving no additional funding in future years.

Table 3 provides a breakdown as to the potential allocations based on performance the council could receive each financial year.

TABLE 3: MAINTENANCE INCENTIVE FUND				
Performance Band	2020/21 £m	2021/22* £m	2022/23* £m	Total £m
Band 3 (Highest Performing)	0.371	0.000	0.000	0.371
Band 2	0.111	0.000	0.000	0.111
Band 1 (Lowest Performing)	0.000	0.000	0.000	0.000

NOTE: Figures are not cumulative. Figures for 2021/22 and 2022/23 are subject to the Central Government spending review.

Based on the performance for 2019/20, the Council is currently scored as being on Band 3, and received £371,000 in 2019/20 through the Incentive Fund. Efforts are currently being made to maintain Band 3 for 2020/21. However, funding is not yet confirmed, and subject to change. It is presumed that the authority will receive the band 3 allocation as previously. Details regarding the use of this funding can be found in **Section 1** as part of the maintenance allocations.

Pothole Fund

From 2016/17 onwards, an additional allocation of funding from Central Government has been made to support the repairs of potholes on local roads. For 2019/20, this funding was £141,319, and was used to provide pothole repairs and flood resilience. Confirmation of 2020/21 funding is awaited.

Integrated Transport Block (ITB)

This programme comprises a wide range of projects to tackle congestion and improve public transport, walking, cycling, and measures to influence travel behaviour and support the local economy. Significant 2020/21 schemes included here are:

- Programme of footway improvements, parking and traffic management improvements in neighbourhoods prioritised by ward councillors and Area Committees (continuation of Area Capital Fund transport component);
- Traffic Management works within the City Centre (Clear Zone);
- Local contribution towards the Broadmarsh regeneration programme and other future Local Growth Fund schemes;

Again the 2021//22 and 2022/23 programmes await funding confirmation. Elements included in the Integrated Transport Block programme will be used as match for other funding streams.

The LTP allocation table is shown in **Section 1** of the 2020/21 Local Transport Programme tables.

Neighbourhood/Area Working

Certain elements of the programme require local input to determine final priorities for scheme delivery, including footway renewals, parking and traffic management improvements, residential road maintenance and elements of the road safety programme. This input is achieved through ongoing consultation with Ward councillors, neighbourhood managers, Area Committees, residents and other local stakeholders.

The purpose of the Area Capital Fund (ACF), established in 2006, has been to secure neighbourhood public realm improvements with a particular focus on improving footways. Due to the programme's success it was extended to include small-scale schemes to address local parking and traffic management issues within neighbourhoods. The LTP programme in 2020/21 allows for a further continuation of the transport component of this programme, at a level of £1.25m.

The mechanism for allocating ACF to areas is determined by a fixed sum for each (£20,000 per annum), with the remaining funding derived by formulae based on population (latest mid-year population estimates) and deprivation (based on the index of Multiple Deprivation 2019 statistics).

The allocations for respective Areas and Wards are shown in **Section 2**. Allocations for 2021/22 and 2022/23 are shown as zero subject to any changes made to the LTP formula grant as part of the forthcoming spending review. Allocations are based on the Wards revised in 2019. Allocations to Wards have been provided to the nearest £100.

Contribution to Economic Development

In addition to the above the Local Transport Plan has also contributed **£0.300m** to Economic Development to support regeneration schemes for 2020/21.

Transforming Cities Fund (TCF)

On the 27th September 2018, the Department for Transport announced that Nottingham and Derby was one of the shortlisted cities as part of the £840m Transforming Cities Fund. Funding for measures under Transforming Cities is allocated via a competitive bidding process (for funding between 2019-20 and 2022/23).

The authority received initial funding (Tranche 1) of £5.045m for Public Transport Technology and £3.302 for the Active Travel Package in 2019/20. Confirmation of Tranche 2 funding is awaited.

4. Other Funding Opportunities

Maintenance Challenge

The local highways maintenance challenge fund enables local highway authorities in England to bid for major maintenance projects that are otherwise difficult to fund through the usual formula funding allocations they receive from government.

4.1. This current tranche of the challenge fund will be available for 2019/20 and 2020/21, with a total of £198 million DfT funding available nationally. A bid has been submitted for the Trent Bridge maintenance Programme.

As part of the HM Treasury Budget announced in October 2019, several funding opportunities have arisen that will affect future programming. A large proportion

of this funding is likely to be in the form of specific grants by competitive bidding. As a result, there will be a will need to coordinate bidding for these funding streams and programmes. Key announcements for transport from the statement included:-

Designated 'A' Roads

From 2020, the Major Road Network (MRN) will potentially provide funding for highway improvements on designated 'A' roads over the next five years (up to 2025). At the 2018 budget, approximately £3.5bn was set aside for this fund (along with Local Major Transport scheme funding). Funding is to be allocated through the Strategic Transport Bodies (STBs).

Pinch Point Fund

This is a competitive fund for local authorities to bid for high-impact schemes to help address congestion and to reduce congestion on local roads.

4.2. This local pinch point fund builds on the previous funds that took place between 2013 and 2015. A further £150m of funding is available in 2021/22 and 2022/23.

Also announced were:-

- Extension of the Transforming Cities Fund by a further year.
- Extension to the Housing Infrastructure Fund by a further year.
- £675m Future High Streets Fund to support local high streets.

Further details relating to these funding streams will be announced over the coming months. Any additional funding streams will be reported through future Financial Plans where appropriate.

5. Programme Delivery

To ensure good project management practice, significant or groups of LTP schemes will be subject to Gateway Review.

In addition to the main programme, some reserve schemes are also in development. In the event of non-delivery of any main programme schemes, this can be replaced by a future year or reserve scheme to ensure full expenditure is still achieved for the financial year. This also ensures that a pool of schemes is ready for implementation in future years or bids for alternative sources of funding can be submitted at short notice.

The LTP programme is delivered through a combination of in-house resources and external contractors and suppliers. Wherever possible procurement routes will be used that maximise employment for local people through the creation of direct employment or training opportunities and prioritising the use of local companies consistent with the business charter.

2020/21 Transport Programme Tables

Section 1 - LTP Allocations

Project	Description	2020/21 £m	2021/22 £m*	2022/23 £m*	Total
Neighbourhood Improvements					
Area Capital Fund					
Area Capital Fund	Small scale improvements through Area Committee, determined by ward councillors.	1.250	0.000	0.000	1.250
Total: Neighbourhood Improvements		1.250	0.000	0.000	1.250

Supporting Economic Growth					
Contributions to Major Schemes					
Future funding allocations for major schemes contribution (Contribution to Local Growth Fund)	Match contribution to major transport schemes including Broadmarsh Phase 2.	0.840	0.000	0.000	0.840
Supporting Regeneration					
Economic Development Fund Contribution	Funding to Economic Development	0.300	0.000	0.000	0.300
Total: Supporting Economic Growth		1.140	0.000	0.000	1.140

Local Transport Improvements					
Walking and Cycling					
City Wide General Improvements	Works to the rights of way network to maintain use for public.	0.050	0.000	0.000	0.050
Traffic and Safety					
City Centre Clear Zone	Traffic management measures within the City Centre.	0.750	0.000	0.000	0.750
Total: Local Transport Improvements		0.800	0.000	0.000	0.800

Other Schemes					
LTP Programme Coordination / Development	Staff Costs and advance design that will inform LTP programmes.	0.100	0.000	0.000	0.100
Local Transport Monitoring	Annual Monitoring of LTP Performance indicators.	0.100	0.000	0.000	0.100
Total: Other Schemes		0.200	0.000	0.000	0.200

Maintenance					
Streetscape Maintenance					
City Centre Streetscape maintenance	Refurbishment works as a priority from condition surveys.	0.100	0.000	0.000	0.100
Cycle Maintenance					
Cycle Infrastructure Maintenance	City wide programme of maintenance of strategic cycling routes and facilities.	0.100	0.000	0.000	0.100
Bridges and Structures					
Bridge Inspections	Principal Inspections of Railway Bridges - to identify bridge deterioration.	0.050	0.000	0.000	0.050
Bridge Maintenance	Corrosion protection of metal bridges over Rivers / Nottingham Canal -prioritised based on bridge condition.	0.230	0.000	0.000	0.230
Road Maintenance					
Main Roads Resurfacing works	A611, Hucknall Road.	0.100	0.000	0.000	0.100
Main Roads Resurfacing works	A610, Nuthall Road.	0.100	0.000	0.000	0.100
Main Road Surface Dressing	A60, Mansfield Road A6200, Derby Road A611, Hucknall road A6130, Lenton Boulevard A6005, Castle Boulevard A60, Huntingdon Street A610, Nuthall Road.	0.300	0.000	0.000	0.300
Residential Resurfacing Programme	Priorities to be determined on technical scores, Neighbourhood priorities in consultation with Ward Councillors and condition surveys.	0.222	0.000	0.000	0.222
Trent Bridge Footway Reconstruction & waterproofing	Footway reconstruction & waterproofing works – outbound only.	0.200	0.000	0.000	0.000
Old Market Square Refurbishment	Refurbishment of the north-side terrace.	0.100	0.000	0.000	0.000
Street Furniture, Structural Drainage and Road marking schemes	City wide programme maintaining upkeep of carriageway network.	0.250	0.000	0.000	0.250

Condition Survey	Annual survey of highway condition.	0.030	0.000	0.000	0.030
Total: Maintenance		1.782	0.000	0.000	1.782

Maintenance Incentive Fund and Pothole Fund					
Residential Resurfacing Programme	"Top-up" maintenance allocation for Residential Resurfacing Programme. Priorities to be determined on technical scores from area highway inspectors and condition surveys.	0.371	0.000	0.000	0.371
Total: Maintenance Incentive Fund and Pothole Fund		0.371	0.000	0.000	0.371

*Allocations for 2021/22 and 2022/23 are shown as zero due to review of funding as part of the Central Government spending review.

Section 2 – Area Capital Fund Allocations

Ward	2020/21 Allocation £m		2021/22 Allocation (Indicative) £m		2022/23 Allocation (Indicative) £m	
	Ward allocation	Area Committee Allocation	Ward allocation	Area Committee Allocation	Ward allocation	Area Committee Allocation
Bulwell	0.0742	0.1986	0.0000	0.0000	0.0000	0.0000
Bulwell Forest	0.0551		0.0000		0.0000	
Bestwood	0.0693		0.0000		0.0000	
Basford	0.0634	0.1833	0.0000	0.0000	0.0000	0.0000
Berridge	0.0617		0.0000		0.0000	
Sherwood	0.0582		0.0000		0.0000	
Aspley	0.0784	0.1965	0.0000	0.0000	0.0000	0.0000
Bilborough	0.0730		0.0000		0.0000	
Leen Valley	0.0451		0.0000		0.0000	
Hyson Green & Arboretum	0.0772	0.1848	0.0000	0.0000	0.0000	0.0000
Radford	0.0615		0.0000		0.0000	
Castle	0.0461		0.0000		0.0000	
Mapperley	0.06105	0.20325	0.0000	0.0000	0.0000	0.0000
St Ann's	0.0762		0.0000		0.0000	
Dales	0.0660		0.0000		0.0000	
Wollaton West	0.0464	0.1691	0.0000	0.0000	0.0000	0.0000
Lenton & Wollaton East	0.0642		0.0000		0.0000	
Meadows	0.0585		0.0000		0.0000	
Clifton East	0.06425	0.11445	0.0000	0.0000	0.0000	0.0000
Clifton West	0.0502		0.0000		0.0000	
Total	1.2500	1.2500	0.0000	0.0000	0.0000	0.0000

*Allocations for 2021/22 and 2022/23 are shown as zero due to review of funding as part of 2019 spending review by central government.

Section 3 Total Local Transport Plan and Resources Detail

	Transport Programme					Capital Funding			
	2020/21	2021/22	2022/23	2023/24	Total	DfT Grant (Integrated Transport Block)	DfT Grant (Highways Capital Maintenance)	DfT (Maintenance Incentive)	Total Funding
	£m	£m	£m	£m	£m	£m	£m		£m
Economic Development	0.300	0.000	0.000	0.000	0.300	(0.300)	0.000	0.000	(0.300)
Walking Schemes	0.050	0.000	0.000	0.000	0.050	(0.050)	0.000	0.000	(0.050)
Traffic Management (Clear Zone)	0.750	0.000	0.000	0.000	0.750	(0.750)	0.000	0.000	(0.750)
Area Capital Fund contribution	1.250	0.000	0.000	0.000	1.250	(1.250)	0.000	0.000	(1.250)
Carriageway / Footway Maintenance	1.052	0.000	0.000	0.000	1.052	0.000	(1.052)	0.000	(1.052)
Street Furniture	0.250	0.000	0.000	0.000	0.250	0.000	(0.250)	0.000	(0.250)
Bridges	0.280	0.000	0.000	0.000	0.280	0.000	(0.280)	0.000	(0.280)
Other LTP Schemes	0.200	0.000	0.000	0.000	0.200	(0.200)	0.000	0.000	(0.200)
Streetscape Maintenance	0.100	0.000	0.000	0.000	0.100	0.000	(0.100)	0.000	(0.100)
Cycle Infrastructure Maintenance	0.100	0.000	0.000	0.000	0.100	0.000	(0.100)	0.000	(0.100)
Major Schemes - Match Funding	0.840	0.000	0.000	0.000	0.840	(0.840)	0.000	0.000	(0.840)
Maintenance Incentive Fund	0.371	0.000	0.000	0.000	0.371	0.000	0.000	(0.371)	(0.371)
Total Local Transport Schemes	5.543	0.000	0.000	0.000	5.543	(3.390)	(1.782)	(0.371)	(5.543)

APPENDIX D

DETAILED CAPITAL PROGRAMME

Public Sector Housing							
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m	£m
Safe Programme							
City Wide CCTV / Door Entry Imp	0.240	0.111	0.767	0.806	0.806	0.806	3.536
Fire Alarm Installations	0.087	0.069	0.071	0.227	0.227	0.227	0.908
Asbestos Works	0.193	0.200	0.200	0.200	0.200	0.200	1.193
Lift Replacement Programme	0.630	0.000	0.000	0.000	0.000	0.000	0.630
Radon Awareness	0.000	0.068	0.000	0.000	0.000	0.000	0.068
Low Rise Sprinkler Systems	0.000	0.490	0.000	0.000	0.000	0.000	0.490
Structural Surveys & Rectification Works	0.075	0.050	0.050	0.048	0.006	0.000	0.229
Renew Bin Store/Refuse Chute	0.120	0.595	0.595	0.595	0.595	0.588	3.088
Management Fee - Safe	0.072	0.079	0.084	0.094	0.087	0.091	0.507
Intercom Systems - Fire Safety Works	0.244	0.000	0.000	0.000	0.000	0.000	0.244
Public Address System - Fire Safety Works	0.462	0.137	0.000	0.000	0.000	0.000	0.599
Fire Alarm Installations - Fire Safety Works	0.129	0.000	0.000	0.000	0.000	0.000	0.129
High Rise Sprinkler Systems - Fire Safety Works	2.820	0.914	0.000	0.000	0.000	0.000	3.734
Gas Safety Enhancements - Fire Safety Works	0.000	0.250	0.000	0.000	0.000	0.000	0.250
Management Fee - Fire Safety Works	0.065	0.000	0.000	0.000	0.000	0.000	0.065
Total - Safe Programme	5.237	2.963	1.767	1.970	1.831	1.902	15.670
Secure Warm & Modern							
Nottingham Secure - Windows	2.830	2.692	2.700	0.500	0.500	0.500	9.722
Nottingham Secure - Doors	0.804	0.551	1.507	1.835	0.989	0.000	5.686
Modern Living	2.491	3.271	4.161	4.160	3.960	4.528	22.571
Warmth for Nottingham - CR&M	3.240	3.100	3.100	5.405	4.261	4.023	23.129
Roof & Chimney Replacement	1.626	2.080	3.303	2.237	4.470	4.470	18.186
External Fabric	4.189	2.341	3.059	3.341	3.341	3.341	19.612
Modern Living - Arboretum	0.000	0.547	0.000	0.000	0.000	0.000	0.547
Management Fee - Secure and Warm	0.597	0.574	0.736	0.604	0.663	0.642	3.816
Total - Secure, Warm & Modern	15.777	15.156	18.566	18.082	18.184	17.504	103.269
Energy Efficiency & Tackling Fuel Poverty							
REMOURBAN	0.990	0.017	0.000	0.000	0.000	0.000	1.007
ERDF - Energiesprong Roll Out	5.695	1.649	1.995	0.000	0.000	0.000	9.339
EWI Schemes - CR&M	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Green Deal Communities Funding	0.036	0.000	0.000	0.000	0.000	0.000	0.036
LED Communal Lighting	0.112	0.000	0.000	0.000	0.000	0.000	0.112
Woodthorpe & Winchester - CHP	0.045	0.000	0.000	0.000	0.000	0.000	0.045
Interreg - Must Be Zero - Energiesprong	0.200	1.000	4.882	0.000	0.000	0.000	6.082
BEIS - Whole House Retrofit - Destination Zero	0.250	2.571	0.500	0.000	0.000	0.000	3.321
BEIS - Whole House Retrofit - Energiesprong	0.250	3.240	0.500	0.000	0.000	0.000	3.990
BEIS - Whole House Retrofit - Project Level	0.000	0.793	0.000	0.000	0.000	0.000	0.793
BEIS - Whole House Retrofit - Contingency	0.000	0.000	0.014	0.000	0.000	0.000	0.014
Management Fee - Energy	0.379	0.466	0.517	0.000	0.000	0.000	1.362
Total - Secure, Warm & Modern	7.957	9.736	8.408	0.000	0.000	0.000	26.101
Modernising Housing For Older People							
Independent living Re-Design	0.380	0.372	0.000	0.000	0.000	0.000	0.752
Mobile Scooter Stores	0.045	0.140	0.000	0.000	0.000	0.000	0.185
Management Fee - Older People	0.021	0.026	0.000	0.000	0.000	0.000	0.047
Total - Modernising Housing For Older People	0.446	0.538	0.000	0.000	0.000	0.000	0.984
Decent Neighbourhoods							
City Wide Environmentals	0.927	1.000	1.000	0.952	1.000	1.000	5.879

Public Sector Housing							
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m	£m
Estate/Area Impact works	1.163	1.000	1.000	1.000	1.332	1.540	7.035
Paving Works - Area Committee	0.456	0.360	0.360	0.343	0.360	0.360	2.239
Garage / Outbuildings - Citywide	0.200	1.200	1.100	1.100	1.100	1.000	5.700
Management Fee - Decent Neighbourhoods	0.137	0.178	0.173	0.170	0.190	0.195	1.043
Total - Decent Neighbourhoods	2.883	3.738	3.633	3.565	3.982	4.095	21.896
Existing Stock Investment							
Major Void Works	2.000	2.180	2.180	2.180	2.180	2.180	12.900
Fire Damaged Properties	0.261	0.200	0.100	0.100	0.100	0.100	0.861
Victoria Centre Roof	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Rooftop Fan Project	0.436	0.000	0.000	0.000	0.000	0.000	0.436
Management Fee - Existing Stock	0.022	0.000	0.000	0.000	0.000	0.000	0.022
Total - Existing Stock Investment	2.719	2.380	2.280	2.280	2.280	2.280	14.219
Building A Better Nottingham							
Lenton New Build - Phase 1 Includes ILS	0.120	0.000	0.000	0.000	0.000	0.000	0.120
Strelley Library & ILS	0.065	0.000	0.000	0.000	0.000	0.000	0.065
Infrastructure Cost	0.099	0.000	0.000	0.000	0.000	0.000	0.099
Morley School	0.013	0.000	0.000	0.000	0.000	0.000	0.013
Affordable Homes - Garage Sites	0.011	0.000	0.000	0.000	0.000	0.000	0.011
Woodthorpe & Winchester - New Build	0.720	0.000	0.000	0.000	0.000	0.000	0.720
Property Acquisition - RTB 1-4-1 (Tranche 1 & 2)	8.992	8.729	8.729	8.729	0.000	0.000	35.179
Disposal of HRA Assets	0.037	0.000	0.000	0.000	0.000	0.000	0.037
Knights Close - Decommissioning	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Knights Close - Demolition	0.124	0.000	0.000	0.000	0.000	0.000	0.124
Knights Close - New Build	1.368	1.772	0.000	0.000	0.000	0.000	3.140
Clifton Miners Welfare	2.414	0.560	0.000	0.000	0.000	0.000	2.974
Tunstall Drive	0.100	1.957	0.000	0.000	0.000	0.000	2.057
Marlstones	1.807	0.000	0.000	0.000	0.000	0.000	1.807
Oakford Close - Highways Works	0.010	0.000	0.000	0.000	0.000	0.000	0.010
Oakdene - Demolition	0.221	0.000	0.000	0.000	0.000	0.000	0.221
Sandfield	0.621	0.084	0.000	0.000	0.000	0.000	0.705
Padstow Ridgeway New Build	0.000	0.000	4.893	4.893	4.893	0.000	14.679
Management Fee - Regeneration Programme	0.345	0.658	0.000	0.000	0.000	0.000	1.003
Management Fee - Padstow	0.000	0.000	0.070	0.070	0.070	0.000	0.210
Total - Building A Better Nottingham	17.067	13.760	13.692	13.692	4.963	0.000	63.174
Joint NCC/NCH Involvement							
Sanctuary Project	0.035	0.035	0.035	0.035	0.035	0.035	0.210
HRA Shop Investment Strategy	0.020	0.000	0.000	0.000	0.000	0.000	0.020
St Anns Estate - Stonebridge Park	0.106	0.147	0.000	0.000	0.000	0.000	0.253
PV Installation Programme	0.000	0.000	5.627	0.000	0.000	0.000	5.627
Adaptations For Disabled Persons	0.672	0.731	0.731	0.731	0.731	0.731	4.327
Adaptations For Disabled Persons – CR&M	1.484	1.269	1.269	1.269	1.269	1.269	7.829
Preventive Adaptations For Older People	0.100	0.100	0.100	0.100	0.100	0.100	0.600
Provision of Driveways to Council Homes	0.065	0.000	0.000	0.000	0.000	0.000	0.065
Total - Joint NCC/NCH Involvement	2.482	2.282	7.762	2.135	2.135	2.135	18.931
TOTAL - Public Sector Housing (Category 1 Approved)	54.568	50.553	56.108	41.724	33.375	27.916	264.244
Planned Schemes	0.010	8.922	2.450	0.000	0.000	0.000	11.382
TOTAL Public Sector Housing	54.578	59.475	58.558	41.724	33.375	27.916	275.626

Transport Schemes (Adult Care & Local Transport)							
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m	£m
Local Transport Programme							
Highways Capital Maintenance (HCM)							
HCM - Additional	0.989	0.000	0.000	0.000	0.000	0.000	0.989
Bridges	0.280	0.480	0.000	0.000	0.000	0.000	0.760
Streetscape Maintenance	0.118	0.200	0.000	0.000	0.000	0.000	0.318
Cycle Infrastructure	0.140	0.100	0.000	0.000	0.000	0.000	0.240
Residential Road Resurfacing	0.517	0.222	0.000	0.000	0.000	0.000	0.739
Main Road Resurfacing	0.405	0.500	0.000	0.000	0.000	0.000	0.905
Street Furniture	0.250	0.250	0.000	0.000	0.000	0.000	0.500
Condition Surveys	0.030	0.030	0.000	0.000	0.000	0.000	0.060
Integrated Transport Block							
Area Capital Contribution	1.250	1.250	0.000	0.000	0.000	0.000	2.500
Walking Schemes	0.084	0.050	0.000	0.000	0.000	0.000	0.134
Earmarked for Major Schemes	0.848	0.840	0.000	0.000	0.000	0.000	1.688
Supporting Economic Development	0.300	0.300	0.000	0.000	0.000	0.000	0.600
Traffic Management (Clear Zone)	0.780	0.750	0.000	0.000	0.000	0.000	1.530
Programme Co-Ordination	0.111	0.100	0.000	0.000	0.000	0.000	0.211
Local Transport Monitoring	0.050	0.100	0.000	0.000	0.000	0.000	0.150
Transport - Other Grants							
Maintenance Incentive Fund	0.421	0.371	0.000	0.000	0.000	0.000	0.792
Pothole Fund	0.261	0.000	0.000	0.000	0.000	0.000	0.261
Total - Local Transport Programme	6.834	5.543	0.000	0.000	0.000	0.000	12.377
Other Transport Schemes							
Southside Enabling Works	5.136	4.310	1.420	0.000	0.000	0.000	10.866
Nottingham Enterprise Zone	0.440	0.000	0.000	0.000	0.000	0.000	0.440
Transforming Cities	8.342	0.000	0.000	0.000	0.000	0.000	8.342
Smart Ticketing Project	3.400	0.000	0.000	0.000	0.000	0.000	3.400
Cycle Ambition	0.011	0.000	0.000	0.000	0.000	0.000	0.011
Better Bus Area	0.004	0.000	0.000	0.000	0.000	0.000	0.004
OLEV	2.478	0.000	0.000	0.000	0.000	0.000	2.478
Early Intervention Measures	0.286	0.000	0.000	0.000	0.000	0.000	0.286
Defra Clean Air Fund	0.630	0.000	0.000	0.000	0.000	0.000	0.630
Clean Bus Technology	2.496	0.000	0.000	0.000	0.000	0.000	2.496
Get Nottingham 2 Work	0.160	0.000	0.000	0.000	0.000	0.000	0.160
Total - Other Transport Schemes	23.383	4.310	1.420	0.000	0.000	0.000	29.113
TOTAL TRANSPORT SCHEMES	30.217	9.853	1.420	0.000	0.000	0.000	41.490

Education / School Schemes (Early Year Education & Employment)							
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m	£m
Primary Health & Safety	0.025	0.067	0.000	0.000	0.000	0.000	0.092
Westbury Special School	0.151	0.000	0.000	0.000	0.000	0.000	0.151
Glade Hill Primary - Expansion	0.621	0.000	0.000	0.000	0.000	0.000	0.621
Middleton Primary - Expansion	1.878	0.100	0.000	0.000	0.000	0.000	1.978
South Wilford (Drainage)	0.001	0.000	0.000	0.000	0.000	0.000	0.001
Walter Halls (Boiler)	0.071	0.030	0.000	0.000	0.000	0.000	0.101
Southwold Primary (Structural Repairs)	0.011	0.000	0.000	0.000	0.000	0.000	0.011
Claremont Primary (Heating)	0.400	0.000	0.000	0.000	0.000	0.000	0.400
Greenfields Primary (Roof)	0.380	0.000	0.000	0.000	0.000	0.000	0.380
Melbury Primary Fire Safety	0.028	0.000	0.000	0.000	0.000	0.000	0.028
Fernwood School Expansion	0.396	0.411	0.000	0.000	0.000	0.000	0.807
Estate Review Schools	0.074	0.000	0.000	0.000	0.000	0.000	0.074
Robin Hood Primary Fence	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Cantrell Primary Water Leak / Asbestos	0.025	0.000	0.000	0.000	0.000	0.000	0.025
Haydn Primary Water Leak / Asbestos	0.009	0.000	0.000	0.000	0.000	0.000	0.009
Berridge Primary Heating	0.002	0.000	0.000	0.000	0.000	0.000	0.002
Southglade Reception Extension	0.050	0.310	0.000	0.000	0.000	0.000	0.360
Southwold Asbestos	(0.012)	0.000	0.000	0.000	0.000	0.000	(0.012)
Forest Fields Asbestos	0.012	0.000	0.000	0.000	0.000	0.000	0.012
Bentinck Electrics & Ventilation System	0.013	0.000	0.000	0.000	0.000	0.000	0.013
Nethergate Academy Expansion	0.382	2.000	0.000	0.000	0.000	0.000	2.382
Fernwood Reconfiguration	0.059	0.000	0.000	0.000	0.000	0.000	0.059
Rosehill School Maintenance	0.023	0.016	0.000	0.000	0.000	0.000	0.039
Hempshill Hall - Structural	0.200	0.058	0.000	0.000	0.000	0.000	0.258
Cantrell Primary - Structural	0.062	0.000	0.000	0.000	0.000	0.000	0.062
Mellers Primary - Fire Alarm	0.041	0.000	0.000	0.000	0.000	0.000	0.041
Dunkirk Primary (Abbey) - Asbestos Removal	0.034	0.000	0.000	0.000	0.000	0.000	0.034
Henry Whipple - Boiler Replacement	0.183	0.100	0.000	0.000	0.000	0.000	0.283
Walter Halls Health & Safety Ramp	0.025	0.000	0.000	0.000	0.000	0.000	0.025
Bentinck Primary Goods Lift	0.023	0.000	0.000	0.000	0.000	0.000	0.023
Total - Education	5.167	3.092	0.000	0.000	0.000	0.000	8.259

General Fund Schemes (Category 1 Approved Schemes)

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Adult Care & Local Transport							
Integrated Community Equipment Services	0.336	0.336	0.336	0.336	0.336	0.336	2.016
Assistive Technology - Just Checking Units	0.011	0.000	0.000	0.000	0.000	0.000	0.011
Barkla Close Refurb	0.147	0.000	0.000	0.000	0.000	0.000	0.147
Alcohol Treatment Capital Fund	0.539	0.000	0.000	0.000	0.000	0.000	0.539
NET Lines 2/3 - Quantative Risk Assessment	0.100	5.892	0.000	0.000	0.000	0.000	5.992
NET Lines 2/3 - Land Acquisitions	0.945	0.000	0.000	0.000	0.000	0.000	0.945
Opening Local Authority Transport Data	0.025	0.025	0.000	0.000	0.000	0.000	0.050
WPL Number Plate Recognition	0.058	0.000	0.000	0.000	0.000	0.000	0.058
Vehicle Acquisitions etc	4.928	3.000	3.000	3.000	3.000	3.000	19.928
Vehicle Telematics System	0.900	0.000	0.000	0.000	0.000	0.000	0.900
Children & Young People							
Pathfinder Short Breaks	(0.001)	0.000	0.000	0.000	0.000	0.000	(0.001)
2 Year Old Expansion Programme	0.068	0.000	0.000	0.000	0.000	0.000	0.068
The Ridge Adventure Playground	0.067	0.000	0.000	0.000	0.000	0.000	0.067
Foster Carers Building Work	0.030	0.000	0.000	0.000	0.000	0.000	0.030
Communities							
Neighbourhood Improvement Prog	0.325	0.000	0.000	0.000	0.000	0.000	0.325
Top Valley Flood Alleviation	(0.011)	0.000	0.000	0.000	0.000	0.000	(0.011)
Mapperley Park Flood Alleviation	0.040	0.000	0.000	0.000	0.000	0.000	0.040
Markets & Clinton Street Upgrades	0.025	0.000	0.000	0.000	0.000	0.000	0.025
Wollaton Park Comm Centre (Roof & Lintels)	0.025	0.050	0.000	0.000	0.000	0.000	0.075
Acquisition of land adjacent to Sherwood CC	0.070	0.000	0.000	0.000	0.000	0.000	0.070
Area Based Capital Investment Plans	0.750	0.750	0.000	0.000	0.000	0.000	1.500
CAP-Imps to Highbank Comm Cent	(0.008)	0.000	0.000	0.000	0.000	0.000	(0.008)
Replacement of St Anns Well Road	0.100	0.090	0.000	0.000	0.000	0.000	0.190
Beechdale Flood Alleviation	0.000	0.180	0.000	0.000	0.000	0.000	0.180
Control Centre Network Imps	0.021	0.000	0.000	0.000	0.000	0.000	0.021
Public Space CCTV	0.030	0.000	0.000	0.000	0.000	0.000	0.030
Energy, Environment & Democratic Services							
Eastcroft Combined Heat & Power Plant Works	1.822	1.621	1.123	1.548	0.773	2.972	9.859
District Heating - Replacement of Network	2.740	1.840	1.800	1.000	1.000	1.000	9.380
Solar Panels - Commercial PV Invest Prog	0.750	0.000	0.000	0.000	0.000	0.000	0.750
DEFRA Air Quality (DD2795)	0.130	0.105	0.015	0.000	0.000	0.000	0.250
CleanMobilEnergy - Solar PV	0.062	0.000	0.000	0.000	0.000	0.000	0.062
CleanMobilEnergy - Stationary Battery Storage	0.000	0.272	0.000	0.000	0.000	0.000	0.272
CleanMobilEnergy - Vehicle2Grid Chargers	0.000	0.150	0.000	0.000	0.000	0.000	0.150
CleanMobilEnergy - Installation/Groundworks	0.282	0.518	0.000	0.000	0.000	0.000	0.800
CleanMobilEnergy - Electric Vehicles	0.800	0.000	0.000	0.000	0.000	0.000	0.800
CleanMobilEnergy - iEMS (Software)	0.000	0.137	0.000	0.000	0.000	0.000	0.137
Low Emission Fleet Project	1.485	0.000	0.000	0.000	0.000	0.000	1.485
Low Emission Taxis	0.177	0.000	0.000	0.000	0.000	0.000	0.177
ULEV Service Centre	0.416	0.000	0.000	0.000	0.000	0.000	0.416
Replacement of Refuse Vehicle	0.184	0.000	0.000	0.000	0.000	0.000	0.184
Finance, Growth & the City Centre							
NCH E Loan - 100 Market Rented	11.476	0.000	0.000	0.000	0.000	0.000	11.476

General Fund Schemes (Category 1 Approved Schemes)							
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m	£m
Properties							
NCH E Loan - Forest Road	0.730	0.000	0.000	0.000	0.000	0.000	0.730
NCH E Loan - Arkwright Walk Ph1	2.193	0.000	0.000	0.000	0.000	0.000	2.193
NCH E Loan - Arkwright Walk Ph2	0.000	2.403	0.000	0.000	0.000	0.000	2.403
NCH E Loan - Clifton Triangle	0.000	3.284	0.000	0.000	0.000	0.000	3.284
NCH E Loan - Meadows Police Station	0.000	0.000	3.976	0.000	0.000	0.000	3.976
NCH-E Loan - Arboretum	0.395	2.781	4.420	0.904	0.000	0.000	8.500
NCHRP Loan - Radford Allotments	0.000	1.199	0.000	0.000	0.000	0.000	1.199
NCH Loan - Homelessness	11.477	9.000	0.000	0.000	0.000	0.000	20.477
NCHRP Loan - Move On Accommodation	0.000	0.734	0.000	0.000	0.000	0.000	0.734
Nottingham College Skills Hub	12.700	6.885	0.000	0.000	0.000	0.000	19.585
Blueprint Loan	1.770	2.710	0.520	0.000	0.000	0.000	5.000
Blueprint Loan Note	1.000	1.600	2.400	1.000	1.500	0.000	7.500
Capacity at Bulwell & St Anns JSC	0.000	0.177	0.000	0.000	0.000	0.000	0.177
One Public Estate - Joint Service Centres	0.012	0.000	0.000	0.000	0.000	0.000	0.012
Joint Service Centre - Bulwell LIFT	0.000	0.060	0.000	0.000	0.000	0.000	0.060
Joint Service Centre - St Anns	0.040	0.050	0.061	0.096	0.103	0.422	0.772
Project Blaze	6.750	0.930	0.900	0.370	0.000	0.000	8.950
Housing, Planning & Heritage							
Adaptations (DFG)	1.825	1.825	1.825	1.825	1.825	1.825	10.950
Preventative Adaptations	0.049	0.049	0.049	0.049	0.049	0.049	0.294
Stonebridge General Fund	0.043	0.027	0.000	0.000	0.000	0.000	0.070
S106 - Affordability Housing Dwelling (Basford)	0.039	0.000	0.000	0.000	0.000	0.000	0.039
General Fund Chingford Access Point	0.363	0.100	0.000	0.000	0.000	0.000	0.463
Padstow Site Investigations	0.073	0.000	0.000	0.000	0.000	0.000	0.073
S106 - Affordability Housing Nottm Framework	0.000	0.500	0.000	0.000	0.000	0.000	0.500
Old Market Square / Lace Market - Conservation Area	0.200	0.727	0.000	0.000	0.000	0.000	0.927
Carrington St Area Townscape Heritage	0.550	0.400	0.243	0.000	0.000	0.000	1.193
Leisure, Culture & IT							
Flexible Fitness - Equipment	0.050	0.000	0.000	0.000	0.000	0.000	0.050
Lincoln Street Park Improvements	0.000	0.003	0.000	0.000	0.000	0.000	0.003
Arboretum Café Development	0.046	0.000	0.000	0.000	0.000	0.000	0.046
Sycamore Park Improvements	0.000	0.006	0.000	0.000	0.000	0.000	0.006
Rocket Park / Jersey Gardens Improvements	0.000	0.004	0.000	0.000	0.000	0.000	0.004
Harvey Hadden Sports Centre	0.191	0.000	0.000	0.000	0.000	0.000	0.191
Victoria Leisure Centre Scheme	0.138	0.000	0.000	0.000	0.000	0.000	0.138
Radford Recreation Ground	0.000	0.008	0.000	0.000	0.000	0.000	0.008
Nottingham Castle Transformation (HLF Scheme)	13.514	10.449	0.201	0.000	0.000	0.000	24.164
Astley Drive Playground	0.000	0.001	0.000	0.000	0.000	0.000	0.001
Sunrise Nature Reserve Imps	0.000	0.007	0.000	0.000	0.000	0.000	0.007
Lincoln St / Japonica Drive - Remove Playgrounds	0.000	0.005	0.000	0.000	0.000	0.000	0.005
Hucknall Walkway Improvements	0.000	0.002	0.000	0.000	0.000	0.000	0.002
Right Track CC - New Play Area	0.000	0.005	0.000	0.000	0.000	0.000	0.005
Melbourne Park Pavilion Imps	0.000	0.008	0.000	0.000	0.000	0.000	0.008
Highfields Park - Refurbishment	0.073	0.000	0.000	0.000	0.000	0.000	0.073
Car Parking Meters at Major Parks	0.004	0.004	0.000	0.000	0.000	0.000	0.008

General Fund Schemes (Category 1 Approved Schemes)

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m	£m
Hoylake Park	0.000	0.004	0.000	0.000	0.000	0.000	0.004
Victoria Park and St Mary's Rest Garden	0.000	0.003	0.000	0.000	0.000	0.000	0.003
Sneinton Dales JSC (Lib)	0.001	0.000	0.000	0.000	0.000	0.000	0.001
King Edward Park Improvements	0.000	0.002	0.000	0.000	0.000	0.000	0.002
Coppice Park Improvements	0.000	0.002	0.000	0.000	0.000	0.000	0.002
Royal Centre Transformation Project	(0.001)	0.000	0.000	0.000	0.000	0.000	(0.001)
Barker Gate Pocket Park	0.000	0.003	0.000	0.000	0.000	0.000	0.003
Neighbourhood Trees	0.038	0.020	0.000	0.000	0.000	0.000	0.058
Clifton Park Improvements	0.004	0.000	0.000	0.000	0.000	0.000	0.004
Victoria Embankment Memorial Garden	0.060	0.028	0.000	0.000	0.000	0.000	0.088
Whitemoor Nature Reserve	0.004	0.010	0.000	0.000	0.000	0.000	0.014
Stockhill Park	0.000	0.010	0.000	0.000	0.000	0.000	0.010
Stockhill Circus Allotments	0.001	0.000	0.000	0.000	0.000	0.000	0.001
Whitemoor & Bagthorpe Allotments	0.000	0.027	0.000	0.000	0.000	0.000	0.027
ERDF Axis 6 - Colwick Park	0.027	0.000	0.000	0.000	0.000	0.000	0.027
ERDF Axis 6 - Daybrook Park	1.895	0.169	0.000	0.000	0.000	0.000	2.064
ERDF Axis 6 - Highfields Enhancement	0.199	0.000	0.000	0.000	0.000	0.000	0.199
The Green Play Area	0.000	0.006	0.006	0.006	0.006	0.000	0.024
Wollaton Park Trees	0.014	0.000	0.000	0.000	0.000	0.000	0.014
Wollaton Walled Garden	0.010	0.000	0.000	0.000	0.000	0.000	0.010
Grove Road Trees	0.010	0.012	0.000	0.000	0.000	0.000	0.022
Radio Parks / Parking	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Melbourne Park	0.000	0.009	0.000	0.000	0.000	0.000	0.009
Broxtowe CP & Strelly Rec	0.000	0.170	0.170	0.000	0.000	0.000	0.340
Moorfield Allotment	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Peggy's Park & Play Area	0.035	0.037	0.000	0.000	0.000	0.000	0.072
Queens Walk Rec	0.079	0.010	0.000	0.000	0.000	0.000	0.089
Valley Road Park & Play Area	0.000	0.062	0.000	0.000	0.000	0.000	0.062
Colville Street Play Area	0.000	0.040	0.000	0.000	0.000	0.000	0.040
Forest Rec Ground	0.025	0.044	0.000	0.000	0.000	0.000	0.069
Shipstone Street Park	0.000	0.004	0.000	0.000	0.000	0.000	0.004
Torvill Drive Play Area	0.058	0.003	0.000	0.000	0.000	0.000	0.061
Bilborough Park Play Area	0.027	0.005	0.005	0.005	0.005	0.000	0.047
Mill & Windmill Allotments	0.000	0.015	0.000	0.000	0.000	0.000	0.015
Nottm WW1 ROH Memorial	0.235	0.000	0.000	0.000	0.000	0.000	0.235
ERDF Axis 6 - Beeston Sidings	0.170	0.000	0.000	0.000	0.000	0.000	0.170
Central Library Fitout & Operation - BMCP	0.407	0.400	0.000	0.000	0.000	0.000	0.807
Bulwell Bogs	0.079	0.006	0.000	0.000	0.000	0.000	0.085
Colwick Country Park	0.000	0.035	0.000	0.000	0.000	0.000	0.035
Marmion Park	0.000	0.005	0.000	0.000	0.000	0.000	0.005
Coppice Park	0.000	0.065	0.000	0.000	0.000	0.000	0.065
Greenway Park (Tricketts Yard)	0.060	0.000	0.000	0.000	0.000	0.000	0.060
Area 6 Trees & Parks	0.000	0.011	0.000	0.000	0.000	0.000	0.011
Martins Pond Nature Reserve	0.050	0.000	0.000	0.000	0.000	0.000	0.050
Victoria Embankment HLF	0.000	0.110	0.000	0.000	0.000	0.000	0.110
Ruddington Lane Park	0.093	0.016	0.000	0.000	0.000	0.000	0.109
Arkwright Walk Park	0.000	0.002	0.000	0.000	0.000	0.000	0.002
Locksley Park	0.000	0.002	0.000	0.000	0.000	0.000	0.002
Iremongers Pond	0.002	0.000	0.000	0.000	0.000	0.000	0.002
Area 8 Trees & Parks	0.010	0.050	0.000	0.000	0.000	0.000	0.060
Leisure Digital Infrastructure Improvements	0.100	0.300	0.280	0.000	0.000	0.000	0.680

General Fund Schemes (Category 1 Approved Schemes)

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m	£m
Landscape Greenfield St & Highfield Road	0.050	0.000	0.000	0.000	0.000	0.000	0.050
Newstead Abbey West Wall & Canon Fort	0.310	0.000	0.000	0.000	0.000	0.000	0.310
Colwick Marina pontoons	0.170	0.000	0.000	0.000	0.000	0.000	0.170
Harvey Hadden Track Improvements	0.038	0.070	0.000	0.000	0.000	0.000	0.108
14-22 Shakespeare Street	0.000	0.020	0.000	0.000	0.000	0.000	0.020
Southglade Park Improvements	0.000	0.004	0.000	0.000	0.000	0.000	0.004
Bilborough Park Improvements	0.000	0.021	0.000	0.000	0.000	0.000	0.021
Greens Mill Park	0.000	0.007	0.000	0.000	0.000	0.000	0.007
Whitemoor Park	0.000	0.014	0.000	0.000	0.000	0.000	0.014
Northern Cemetery	0.000	0.020	0.000	0.000	0.000	0.000	0.020
Greens Allotment & Marmion Park	0.000	0.029	0.000	0.000	0.000	0.000	0.029
Woodthorpe Park	0.000	0.106	0.000	0.000	0.000	0.000	0.106
Shipstone Street Play Area	0.000	0.017	0.000	0.000	0.000	0.000	0.017
Independent Street Park	0.004	0.023	0.000	0.000	0.000	0.000	0.027
Forest Recreation	0.000	0.012	0.000	0.000	0.000	0.000	0.012
Area 4 Trees (Bar 7)	0.000	0.044	0.000	0.000	0.000	0.000	0.044
Area 2 Trees (The Rowan)	0.000	0.061	0.000	0.000	0.000	0.000	0.061
Area 2 Trees (Nuthall)	0.000	0.005	0.000	0.000	0.000	0.000	0.005
Gabrielle Close Play Area Refurb	0.060	0.000	0.000	0.000	0.000	0.000	0.060
Sneinton Tenants Outreach Prog	0.019	0.000	0.000	0.000	0.000	0.000	0.019
Dunkirk & Lenton CC	0.010	0.000	0.000	0.000	0.000	0.000	0.010
Colwick Country Park Footpath Imps	0.015	0.000	0.000	0.000	0.000	0.000	0.015
City Play Area Imps	0.010	0.000	0.000	0.000	0.000	0.000	0.010
Wollaton Hall Gallery (Stage 1)	0.700	0.500	0.500	0.386	0.000	0.000	2.086
IT - Data Storage & Backup	1.800	0.000	0.000	0.000	0.000	0.000	1.800
IT - Replacement of Communication Infra	0.200	1.150	0.000	0.000	0.000	0.000	1.350
IT - Anti Virus	0.012	0.046	0.000	0.000	0.000	0.000	0.058
IT - Cisco Call Manager	0.039	0.060	0.008	0.000	0.000	0.000	0.107
IT - VOIP & LAN Contract	0.000	0.044	0.000	0.000	0.000	0.000	0.044
IT - Internet Extension & Bearer	0.333	0.000	0.000	0.000	0.000	0.000	0.333
IT - Service Improvement Prog - Server	0.100	0.190	0.190	0.190	0.190	0.190	1.050
IT - Income Management Enterprise	0.002	0.000	0.000	0.000	0.000	0.000	0.002
IT - PC Hardware Acquisitions	0.234	2.480	0.478	0.000	0.000	0.000	3.192
Voice & Data Network Replacement	0.000	0.500	0.000	0.000	0.000	0.000	0.500
Regeneration, Safety & Communications							
Waterside Spine Road	0.424	0.824	0.000	0.000	0.000	0.000	1.248
NEZ - Boots Campus Infrastructure Works	1.582	0.600	0.000	0.000	0.000	0.000	2.182
Disposal of Angel Row Site	0.169	0.000	0.000	0.000	0.000	0.000	0.169
Investment Prop - Project Albert	0.960	0.000	0.000	0.000	0.000	0.000	0.960
Property Management System	0.021	0.200	0.050	0.052	0.053	0.000	0.376
Property Acquisition	0.375	0.000	0.000	0.000	0.000	0.000	0.375
Expansion of Bio City	0.044	0.000	0.000	0.000	0.000	0.000	0.044
Demolition of Denewood Centre	0.003	0.000	0.000	0.000	0.000	0.000	0.003
Land at Clifton - Clearance prior to sale	(0.015)	0.000	0.000	0.000	0.000	0.000	(0.015)
Nottingham Science Park - Phase 2	7.770	0.000	0.000	0.000	0.000	0.000	7.770
Sneinton Market in Partnership Scheme	0.000	0.269	0.045	0.045	0.000	0.000	0.359
Arnside Rd Collaboration	0.030	0.000	0.000	0.000	0.000	0.000	0.030
Roof Replacement Garnet Court	0.225	0.000	0.000	0.000	0.000	0.000	0.225
Southside Regeneration	38.318	49.007	8.001	0.000	0.000	0.000	95.326
Roof Replacement Clarence Court	0.048	0.000	0.000	0.000	0.000	0.000	0.048
Southwell Road Shops Project (SMiPS)	0.200	0.341	0.000	0.000	0.000	0.000	0.541

General Fund Schemes (Category 1 Approved Schemes)							
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m	£m
Lenton Business Centre - Kitchen	0.053	0.000	0.000	0.000	0.000	0.000	0.053
Demo 135 to 137 Lower Parliament Street	0.052	0.052	0.000	0.000	0.000	0.000	0.104
Heathcote Replacement Boilers	0.031	0.000	0.000	0.000	0.000	0.000	0.031
30 Woolpack Lane Repair Works	0.072	0.000	0.000	0.000	0.000	0.000	0.072
1-4 Cheapside Repairs	0.024	0.000	0.000	0.000	0.000	0.000	0.024
Feasibility Council Buildings	(0.086)	0.000	0.000	0.000	0.000	0.000	(0.086)
Loxley House Workplace & Hub	1.762	0.000	0.000	0.000	0.000	0.000	1.762
Skills Hub (Enabling)	0.050	0.531	0.000	0.000	0.000	0.000	0.581
Total - General Fund (Approved Schemes)	143.979	119.853	30.602	10.812	8.840	9.794	323.880

General Fund Schemes (Category 2 Planned Schemes)							
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m	£m
Other Transport Schemes							
Southside Enabling Works - Stage 2	0.000	0.000	0.000	5.000	5.900	0.000	10.900
Leisure, Culture & IT							
Central Library Fitout & Operation	0.000	6.385	3.000	0.000	0.000	0.000	9.385
Wollaton Hall Gallery (Stage 2)	0.000	0.000	0.000	0.682	0.000	0.000	0.682
Regeneration, Safety & Communications							
Spondon Street Development	0.000	0.175	0.000	0.000	0.000	0.000	0.175
Southside Regeneration	2.050	19.300	13.820	0.000	0.000	0.000	35.170
ERDF - Heathcote Building	0.000	0.210	0.000	0.000	0.000	0.000	0.210
Total - General Fund (Planned Schemes)	2.050	26.070	16.820	5.682	5.900	0.000	56.522

Summary - Capital Programme							
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m	£m
Category 1 (Approved Schemes)							
Public Sector Housing	54.189	50.723	56.198	41.724	33.469	27.916	264.244
Transport Schemes	30.217	9.853	1.420	0.000	0.000	0.000	41.490
Education / School	5.167	3.092	0.000	0.000	0.000	0.000	8.259
General Fund	143.979	119.853	30.602	10.812	8.840	9.794	323.880
Total - Category 1 (Approved Schemes)	233.552	183.521	88.220	52.536	42.309	37.710	637.873
Category 2 (Planned Schemes)							
Public Sector Housing	0.010	8.922	2.450	0.000	0.000	0.000	11.382
Transport Schemes	2.050	26.070	16.820	5.682	5.900	0.000	56.522
Total - Category 2 (Planned Schemes)	2.060	34.992	19.270	5.682	5.900	0.000	67.904
Total - Capital Programme	235.612	218.513	107.490	58.218	48.209	37.710	705.777

This page is intentionally left blank

ANNEX 4

HOUSING REVENUE ACCOUNT

CONTENTS	
SECTION	PAGE
Introduction	1
HRA Forecast Outturn 2019/20	2
HRA Budget 2020/21	3
Medium Term Financial Plan	7
Public sector housing capital programme	8

TABLES		
TABLE NUMBER AND TITLE		PAGE
1	HRA Forecast Outturn 2019/20	3
2	HRA Budget 2020/21	3
3	Rent Income Changes 2020/21	4
4	Service charges & other income change 2020/21	5
5	Capital financing costs	6
6	Medium Term Financial Plan	8
7	Public Sector Housing Capital Programme 2019 – 2025	9
8	Summary Capital Programme 2020/21	10
9	HRA RTB Capital Receipts	11
10	HRA Capital Receipts	11
11	Projected RTB 1-4-1 receipts	12
12	HRA Debt Position	13
13	HRA Debt Position – Projected	13

APPENDICES	
APPENDIX NUMBER AND TITLE	
A	Service charges – Increases 2020/21
B	HRA Capital Programme 2019/20 – 2024/25
C	HRA Capital Programme Scheme Amendments / Proposals

Annex 4 - Housing Revenue Account (HRA)

Introduction

This Annex sets out the detail for both the revenue and capital elements of the HRA.

The HRA is the Council's landlord account, which provides for the management and maintenance of the Council's housing stock. Legislation requires this account to be ring-fenced from the Council's other financial transactions. The budget has been set under the HRA self-financing system whereby the HRA is sustained from the rental income.

The HRA stock at 1 April 2019 was 25,535 (excluding decommissioned properties). The change in stock during 2019/20 is estimated to be a net reduction of around 170 properties resulting from new build stock (57), acquisitions (78) and Right to Buy (RTB) sales (305).

The HRA has to be kept in balance, achieved through raising sufficient income from tenant rents to fund the investment needed to maintain the stock. A working balance is also maintained to deal with emerging pressures. Any balance on the HRA, either positive or negative, has to be carried forward to the following year. This means, for example, that the 2019/20 outturn will impact on the 2020/21 budget through the balance carried forward.

Nottingham City Homes Limited (NCH) is responsible for the management of the housing stock under a partnering agreement with the Council completed in 2011, for which a management fee is paid to cover some of the services provided. This fee paid to NCH by the Council is a charge on the HRA. NCH is also responsible, under a separate agreement that commenced in April 2014, for repairs to the stock through a series of budgets delegated to it from the Council.

The following are the key issues affecting the HRA budget in 2020/21:

- Rent increase of CPI + 1%
- Stock movement reduction resulting from RTB and increase through new build and acquisition
- Continued roll out of Universal Credit and end of benefits freeze
- Use of RTB Replacement Receipts (1-4-1) and impact on borrowing levels
- Impact of Grenfell Tower Public Enquiry and Hackitt review of building regulations and fire safety

The reduction in rents required by the Welfare Reform & Work Act 2016 has come to an end and regulations allow rents to be increased by up to CPI + 1% (2.7%) annually from April 2020. The budget also takes into account the net reduction in stock.

Based on the experience of other Councils, Universal Credit results in a dramatic increase in arrears. In anticipation the HRA Working Balance was increased to a higher level to provide for the potential increase in write offs.

The use of RTB Replacement Receipts to fund additions to the council's stock requires additional borrowing to fund 70% of the costs resulting in additional capital charges covering debt repayment and interest to the revenue account. The impact of schemes that have had Council approval date are included in the budget and MTFP.

Following the tragic fire at Grenfell Tower the Council has undertaken a **£8.4m** programme of fire safety works to high rise blocks. There are likely to be further costs resulting from the need to comply with any resulting legislation on fire safety.

It is expected that a Social Housing White Paper will include measures to improve safety, provide greater redress for tenants, better regulation and improve the quality of social housing. This could result in increased regulatory responsibilities which may have cost implications. An improved quality of social housing may revolve around a revised Decent Homes Standard, which could also have cost implications.

The financial impact of these changes where it can be quantified has been included in proposed budget for 2020/21 and incorporated into the Medium Term Financial Plan (2020/21 to 2023/24). The changes affecting the HRA are also updated in the HRA Business Plan to assess the impact on its financial sustainability and develop plans to ensure it remains in balance.

The key headlines in the HRA budget for 2020/21 are as follows:

HRA Revenue

- An increase in rents of CPI + 1% (**2.7%**) for 2020/21
- Continuation of tenant incentive scheme of up to £100 per annum
- A proposed increase in general service charges of CPI **1.7%**
- A working balance of **£7.7m** to provide for the effects of Universal Credit and early years deficits of new build

HRA Capital

- An overall Public Sector Housing Programme of **£221.048m** for the next 5 years of which **£54.578m** relates to 2020/21.
- **£22.632m** for 2020/21 has been specifically allocated to regeneration and new build (Building a Better Nottingham).

HRA Forecast Outturn 2019/20

Table 1 summarises the HRA budget and forecast outturn for 2019/20.

The key variances for 2019/20 from the budget are as follows:

- Income – increased rents due to less RTB (£0.298m), decreased garage rents (£0.140m), reduced service charges (£0.115m)

TABLE 1: HRA FORECAST OUTTURN 2019/20			
DESCRIPTION	ORIGINAL BUDGET	ESTIMATED OUTTURN	VARIANCE
	£m	£m	£m
INCOME			
Rent income	(91.857)	(92.156)	0.298
Service charges & other income	(11.008)	(10.753)	(0.255)
TOTAL INCOME	(102.865)	(102.908)	0.043
EXPENDITURE			
Repairs	26.899	26.899	0.000
Management (includes Retained)	33.143	33.196	(0.054)
Capital charges	42.423	42.424	0.000
Direct Revenue Financing	0.400	0.400	0.000
TOTAL EXPENDITURE	102.865	102.919	(0.054)
DEFICIT / (SURPLUS)	0.000	0.011	(0.011)
Working balance B/F	(7.727)	(7.738)	0.011
WORKING BALANCE C/F	(7.727)	(7.727)	(0.000)

HRA Budget 2020/21

The budget for 2020/21 has been refreshed to take account of the required reduction in rents, increases in service charges, inflation, cost pressures, capital financing costs and changes to assumptions. **Table 2** shows the summary of the 2020/21 budget and the movement from 2019/20 original budget.

TABLE 2: HRA BUDGET 2020/21				
NOTE	DESCRIPTION	2019/20 BUDGET	2020/21 BUDGET	MOVEMENT
		£m	£m	£m
	INCOME			
1	Rent income	(91.857)	(94.202)	(2.345)
2	Service charges & other income	(11.008)	(11.277)	(0.269)
	TOTAL INCOME	(102.865)	(105.480)	(2.615)
	EXPENDITURE			
3	Repairs	26.899	26.884	(0.015)
4	Management	33.143	33.525	0.383
5	Capital Charges	42.423	44.671	2.247
6	Direct Revenue Financing	0.400	0.400	0.000
	TOTAL EXPENDITURE	102.865	105.480	2.615
	Deficit / (Surplus)	(0.000)	0.000	0.000
7	HRA Working Balance	(7.727)	7.727	0.000

1. Rent Income

Rent policy – The Government has issued a Direction to the Social Housing Regulator that from April 2020 Local Housing Authorities will fall under its Rent Standard in. This replaces the previous regime where the government exercised control of rents using the Limit Rent.

Between April 2016 and April 2019 rents have been reduced by 1% annually from April 2016 to April 2019 as required by the Welfare Reform and Work Act 2016. The Government also announced that rents can be increased by up to CPI + 1% annually from 2020/2021 for five years.

Applying the proposed rent increase and taking account of the estimated reduction in stock will increase rental income by **£2.345m** per annum. The reduction of council housing stock is due to council housing sales (from Right to Buy and sales of non-standard “corporate” stock) and off-set by addition of new build and acquired properties into stock. RTB numbers are assumed to be 300 p.a., and if actuals numbers are higher than estimated the rental income achieved will be reduced. Stock numbers are monitored proactively to identify if rental levels are adversely affected and to ensure the HRA stays in balance.

For comparison only, the estimated limit rent for 2020/21 based on an increase of CPI + 1% would be £76.09 per week (over 52 weeks). The proposed average rent of £74.01 gives headroom of £2.08 per week.

Bad debt provision - Part of the reforms introduced by Universal Credit (UC) includes payment of housing benefit direct to the tenant monthly in arrears (currently housing benefit is received directly by the landlord). The new system was rolled out in Nottingham in October 2018 for all new claimants or those with a change in circumstance, so the increasing proportion of tenants in receipt of UC will impact the 2020/21 budget. Evidence from the roll out so far has shown arrears increasing by around 40%, so the bad debt provision has been increased by £0.300m, giving a provision of £2.213m in 2020/21. The level of provision will be kept under review to ensure it is sufficient.

The Working Balance was originally increased to **£7.727m** to provide flexibility regarding Universal Credit to help manage this risk. We have increased the Bad Debt Provision annually and this has provided the flexibility to reassess the requirement and £4m will be diverted to support the new build programme and fund early year deficits.

TABLE 3: RENT INCOME CHANGES 2020/21	
DESCRIPTION	£m
Rent income – 2.7% increase	2.532
Rent income – net stock reduction	(0.487)
Rent income – increase bad debt provision	0.300
Rent income (net)	2.345

2. Service charges & other income

Where a direct service charge is levied, it will increase by **1.7%** (CPI September 2019) to support the recovery of associated costs. **Appendix A** gives details of the increases in service charges. Other income is projected to reduce due declining occupancy levels of garages.

Garage rents not included as part of the rent of a dwelling will be increased by inflation.

DESCRIPTION	£m
Service charges	0.310
Other income (including garage rents)	(0.041)
Service charges and other income	0.269

3. Repairs (net reduction **£0.015m**)

The housing repairs budget has been reduced to **£26.884m** as a consequence of applying reduction in the stock (**£0.285m**), plus an addition for pressures (**£0.050m** disrepair, **£0.220m** transfer from capital budget for voids repairs).

4. Management (net increase **£0.383m**)

NCH Management Fee – It is proposed that the Management Fee paid to NCH will increase to **£22.649m**, which comprises of an increase for cost pressures such as utilities, fire safety compliance activities (**+£0.195m**) and an adjustment to reflect the declining volume of stock (**-£0.126m**) and a transfer of the retained tipping budget from NCC to NCH (**+£0.280m**).

Retained Housing **£4.391m** – The HRA budgets still managed by the Council are set in line with General Fund assumptions, i.e. pay award (2%) and general inflation (0%) and have been contained within existing resources. There is a decrease due to the budget for tipping charges being transferred to NCH and included in the Management Fee (**£0.280m**) so the effect to the HRA is net nil.

Public Realm & CCTV **£4.485m** – it is proposed that these recharges for services provided by the Council are increased by **£0.114m** to fund inflation.

Responsible Tenant Reward scheme **£2.000m** - The scheme rewards tenants who pay rent on time, behave responsibly and show respect to their neighbours and NCH staff. The cost of the scheme in 2019/20 was **£2.035m** with successful tenants receiving £100 each. It is proposed to continue the scheme for a further year in 2020/21 with a budget of **£2.000m**.

Joint working / cost saving initiatives - The City Council and NCH has embarked on a review of services to be delivered in partnership to deliver General Fund savings whilst ensuring that the HRA is charged a proportionate share of the costs.

5. Capital charges

The introduction of self-financing of the HRA requires the HRA to generate sufficient resources to finance the capital investment to maintain the existing housing stock and tenant priorities.

TABLE 5: CAPITAL FINANCING COSTS			
DESCRIPTION	Original Budget 2019/20	Budget 2020/21	Movement
	£m	£m	£m
Contribution to Major Repairs Reserve (depreciation)	28.391	29.499	1.108
Debt charges	14.033	15.172	1.139
TOTAL	42.424	44.671	2.247

Contribution to Major Repairs Reserve (MRR) The sum that accumulates in the Major Repairs Reserve is based on the depreciation charge and is only available for investment in major repairs of the stock and cannot be used to support the overall rent level. The value of the contribution to the provision in 2020/21 budget is **£29.499m**.

Debt charges - The HRA continues to benefit from the historically low short term interest rates, with the estimated average rate to be applied in 2020/21 being **4.54%**. The increase in debt charges is due to the Prudential Borrowing taken out to fund new build and property acquisitions in the Building a Better Nottingham division of the Public Sector Capital Programme. The budget of **£15.172m** includes the estimated interest and principal repayment, assuming schemes progress as planned. All borrowing is currently at fixed interest rates to remove interest rate risk from the HRA. Over the life of the MTFP the long term average interest rates of between 4.00% and 5.00% are still expected to be valid for the HRA business plan.

6. Direct Revenue Financing

Due to the need to fund certain schemes in the capital programme direct revenue financing is included at **£0.400m** in 2020/21. Together with the contributions to the MRR, this increases the resources available in the HRA to finance capital investment.

7. HRA Working Balance

Under HRA self-financing the Council has taken on new risks arising from the HRA being dependent upon rental income to sustain future investment in the housing stock. The working balance acts as a contingency to cover unexpected significant expenditure or unplanned major additional expenditure. The Working Balance was increased to **£7.727m** to provide for the impact of Universal Credit (UC), however given the increase in the Bad Debt Provision and the impact of UC to date this has enabled the reserve to be reassessed and used to support the early years deficits from new build housing schemes.

HRA Medium Term Financial Plan 2020/21 to 2023/24

The HRA MTFP 4 year projections have been updated to reflect the above changes. **Table 6** shows the HRA MTFP for 2020/21 to 2023/24. The future years' projections are based on information currently available but subject to ongoing review. The projections incorporate the following assumptions:

- The inflation indicators are consistent with those used throughout the entire MTFP
- Rent levels have been assumed to increase within the parameters set by the new rent regime (2% p.a. from 2020 to 2025). The rent level reflects the net stock changes resulting from sales and new build
- No inflation has been assumed for the Management Fee and Repairs budgets as this will form part of the contract negotiations for 2021/22; the fees have been adjusted for projected stock movements
- Financing costs take account of the existing and projected borrowing required
- Depreciation charges are based on asset life spans and replacement costs data provided by NCH
- The Tenant Incentive Scheme continues and remains unchanged
- Working balance remains at around £7.727m as a safeguard during the initial stages of Universal Credit and fund the early years deficits resulting from investment in the construction of new council housing.

TABLE 6: HRA – MEDIUM TERM FINANCIAL PLAN				
DESCRIPTION	BUDGET	BUDGET	BUDGET	BUDGET
	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m
Rental Income	(96.415)	(97.413)	(98.649)	(100.008)
Provision for Bad Debts	2.213	2.213	2.213	2.213
Service charges	(8.525)	(8.525)	(8.525)	(8.525)
Other rents (inc garage)	(2.499)	(2.469)	(2.440)	(2.413)
Other income including interest	(0.254)	(0.254)	(0.254)	(0.254)
TOTAL	(105.480)	(106.448)	(107.654)	(108.987)
Repairs to Dwellings	26.884	26.705	26.527	26.329
NCH Management Fee	22.649	22.574	22.424	22.257
Tenant incentive scheme	2.000	2.000	2.000	2.000
Public Realm	3.104	3.136	3.168	3.198
CCTV	1.381	1.400	1.414	1.427
Retained Housing	4.391	4.391	4.391	4.391
Depreciation (to Major Repairs)	29.499	29.554	30.349	31.645
Debt Charges	15.172	16.287	16.981	17.339
Direct Revenue Financing	0.400	0.400	0.400	0.400
TOTAL EXPENDITURE	105.480	106.447	107.654	108.987
Deficit / (Surplus)	0.000	0.000	0.000	0.000
Add Working Balance B/F	7.727	7.727	7.727	7.727
WORKING BALANCE C/F	7.727	7.727	7.727	7.727

PUBLIC SECTOR HOUSING CAPITAL PROGRAMME

Context

HRA capital expenditure is financed from resources generated from rental income to directly finance capital expenditure or fund prudential borrowing. All borrowing must meet with the Prudential Code and the Council's Capital Strategy, including all investments generating sufficient income to fund repayment of debt including principal and interest.

The impact of an annual 1% reduction to rents from 2016 until 2019, resulted in a revised asset management plan (AMP) to ensure that the HRA 30 year Business Plan to create a sustainable.

The Programme

The Public Sector Housing Capital Programme sets out the five year investment in the housing stock. Management of the stock was transferred to NCH under a management agreement but the Council retains ownership. The allocation of these funds to individual schemes is agreed between the Council and NCH. **Table 7** shows the level of investment to 2024/25 against the existing capital programme approved to 2023/24.

TABLE 7: PUBLIC SECTOR HOUSING CAPITAL PROGRAMME							
PROGRAMME MOVEMENT	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	TOTAL
	£m	£m	£m	£m	£m	£m	£m
Existing programme	57.777	58.141	48.676	45.361	37.280	0.000	247.235
New/amended schemes	(3.199)	1.334	9.881	(3.637)	(3.905)	27.916	28.391
TOTAL PROGRAMME	54.578	59.475	58.558	41.724	33.375	27.916	275.626

The detailed programme is shown in **Appendix B** and is based on existing approved commitments, new projects and amendments to existing schemes. **Appendix C** sets out those new/amended schemes recommended for inclusion within the programme. The schemes/programmes shown as requiring NCH approval are delegated to NCH to award contracts up to the value of the scheme/programme shown in **Appendix B**.

Schemes within the programme, including Building a Better Nottingham, will require further approval within the Council, at either Portfolio Holder or Executive Board level (depending on the value) as these are aspirational projects requiring further refinement and development of a business case.

The Public Sector Housing capital programme supports delivery of the Transforming Nottingham's Neighbourhoods priorities within the Housing Nottingham Plan and Council Plan, supporting delivery of the following key themes:

- The standard of existing homes – ensuring existing housing stock remains well maintained, well managed and energy efficient;
- The supply of new homes – maximising funding to deliver new homes across all tenures; and
- Meeting specialist housing need – supporting vulnerable groups by prioritising and using prevention and early intervention measures to the full.

The programme takes account of the NCH AMP (refreshed to 2024/25), known commitments from schemes in progress, health and safety issues (including fire safety works to high rise blocks) and other service investment needs. The AMP has been reviewed and works have been profiled to match resource availability. For a summary resources identified to support the programme see **Annexe 3 Table 6**.

The summary HRA capital programme for 2020/21 is shown in **Table 8**.

TABLE 8: 2020/21 SUMMARY CAPITAL PROGRAMME	
DESCRIPTION	£m
Maintaining the Nottingham Decent Homes Standard	18.119
Additional tenant priorities:	
- City wide energy efficiency	9.786
- Additional improvements	8.938
Building a Better Nottingham	22.632
TOTAL	59.475

Maintaining the Nottingham Decent Homes Standard

Nottingham City Council, through its delivery agent NCH, has achieved the Decent Homes standard in the council's housing stock. We are committed to Maintaining Decency and have developed a programme which invests **£97.925m** over 5 years to deliver the Nottingham Standard for decent homes.

Energy Efficiency and Tackling Fuel Poverty

Over the 5 years of the programme **£20.959m** is being invested in energy efficiency measures to reduce energy costs and improve living standards for tenants. New and on-going schemes will benefit around 400 council homes through the roll out of the innovative deep retro-fit solutions including "Energiesprong" to around 320 hard to treat homes (ie those where conventional external wall insulation is unsuitable) and Destination Zero to 80 homes. These investments will be supported by grants from DREaM/ERDF, Interreg MUSTBE"0" and BEIS Whole House Retrofit. Further grants will be required to support roll out Energiesprong or alternative solutions to other council properties identified as hard to treat. All investment decisions require a full business case including cash flow forecast and demonstrating that they are affordable in the context of the 30 year business plan and where prudential borrowing is needed sufficient income streams exist to fund the cost of debt repayment.

Building a Better Nottingham

The HRA's Capital Programme for Public Sector Housing includes **£54.979m** for additional council housing, including council developed new build and acquisitions from developers. This supports the aim of the Council Plan 2019-23 to build or buy 1,000 Council or social homes for rent in Nottingham. The programme also includes a proportion of acquisitions of former RTB properties, which has been introduced to accelerate the pace of provision of social rented housing in Nottingham to reflect increased demand.

The new build programme is funded by use of Replacement ("1-4-1") Right to Buy capital receipts (see Table 12) with the balance financed from prudential borrowing. The overall programme needs to be affordable and sustainable, with the early year deficits from schemes being funded from schemes with better financial profiles and through the Working Balance.

HRA Capital Receipts

Table 9 shows the estimated capital receipts from RTB sales based on updated assumptions after applying the pooling requirement and costs of disposal. Currently the balance of RTB receipts available are used to support the private sector housing programme in the 'All Other Services' programme in the General Fund.

TABLE 9: HRA RTB CAPITAL RECEIPTS							
PROJECTION	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	TOTAL
	£m	£m	£m	£m	£m	£m	£m
1-4-1 Receipts (Table 11)	4.474	4.474	3.579	3.579	3.579	3.579	23.265
To repay HRA debt	2.581	3.106	2.978	2.978	2.978	2.978	17.600
To Gen Fund Capital Prog	2.600	2.075	0.750	0.750	0.750	0.750	7.675
Total RTB receipts	9.655	9.655	7.307	7.307	7.307	7.307	48.539

It is Council policy that an element of future receipts will be retained to voluntarily set aside against HRA debt. This is to ensure that the level of capital charges is no more than 12.5% of the HRA turnover to ensure sustainability. Due to the increase in new build housing and acquisitions to contribute to the Council Plan of 1,000 council and social homes for rent, the ratio is projected to increase to 15.8% by 2022/23. This results partly from the inclusion of unapproved schemes that are at feasibility stage and the delay between borrowing and rental income being generated. As schemes are delivered the ratios should reduce, provided these are delivered in budget. Due to the scale of the programme this ratio will be monitored to ensure the HRA remains viable at these higher levels of debt.

Table 10 shows the profile of capital receipts (excluding 1-4-1 receipts), that can be used up to the values stated and may be used to finance capital expenditure in accordance with capital finance and accounting regulations. Previously approved Council policy on the allocation of capital receipts will require these sums to be used for Public Sector Housing. Executive Board approved the disposal of non-purpose built council houses (known as 'corporates') on 20 October 2009.

TABLE 10: HRA CAPITAL RECEIPTS							
PROJECTION	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	TOTAL
	£m	£m	£m	£m	£m	£m	£m
Housing land sales	0.325	0.150	0.150	0.150	0.000	0.000	0.775

RTB Replacement ("1-4-1") Receipts from additional Right to Buy (RTB) sales

From 1 April 2012, MHCLG introduced changes to the treatment of capital receipts under the RTB. The changes require a proportion of the receipt to be used to repay housing debt. The requirement to pay over to the MHCLG 75% of RTB sales receipts remains, but this has been modified to take account of the need to reduce the level of debt. Overall the stated national policy is to use part of the receipts in future to provide

replacement homes for those sold under the RTB. These additional retained RTB sales will be used to support the new build programme within the HRA.

Where RTB sales exceed the sales predicted prior to the government’s reinvigoration of RTB, the Council may keep an additional proportion of the receipt (known as the “1-4-1” receipt) for spend on new build. Funding must be spent on creating additional social housing (either new build or purchase of properties), the Council must contribute at least 70% of the cost and must be spent within 3 years of the related RTB sale. Any receipt unspent within the timeframe must be returned to the MHCLG.

Table 11 shows the projected 1-4-1 receipts and the use to finance expenditure on schemes that meet the eligibility criteria within the capital programme. The available receipts are those currently without a scheme in the capital programme and if suitable schemes are not identified will need to be repaid to central government.

TABLE 11: PROJECTED 1-4-1 RECEIPTS							
PROJECTION	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	TOTAL £m
Opening balance	17.181	16.532	14.216	13.688	13.159	15.250	
Add new 1-4-1 receipts	4.474	4.474	3.579	3.579	3.579	3.579	23.265
Less HRA use in year	5.123	6.789	4.108	4.108	1.489	0.000	21.617
Available	16.532	14.216	13.688	13.159	15.250	18.829	

HRA Prudential Borrowing

The council borrows to fund increasing its social housing stock either through new build or through acquisitions. Until October 2018 the amount of borrowing was limited to the HRA Debt Cap, which was a specific maximum amount of borrowing that a council was permitted. This was abolished by the government to allow councils to increase house building. Although there is no longer a limit on borrowing, as all council house building is partly funded from Prudential Borrowing, all schemes still need to comply with the principals of the Prudential Code, including the “Treasury Management Strategy 2019/20” approved by Executive Board in February 2019. All debt must be affordable and sustainable within the rental income of the HRA over the 30 year plan.

As a reference the headroom to the Debt Cap is shown in **Table 12** below, this being the gap between the previously permitted and projected level of debt. The planned repayment is the repayment of the principal associated with the HRA share of annuity loans, thereby reducing the Capital Financing Requirement (CFR) in year:-

TABLE 12: HRA DEBT POSITION	
DESCRIPTION	£m
HRA CFR at 1 April 2019	294.811
Add: borrowing proposed to be taken out 2019/20	12.415
Less: debt planned to be repaid in year	(10.245)
HRA CFR at 1 April 2020	296.981
Debt cap	319.784
Estimated headroom at 1 April 2020	22.803

The MTFP assumes the use of borrowing over the life of the plan primarily to support investment in new social housing – see **Table 13** for impact on the debt cap. Currently the business plan is in balance such that any additional borrowing would need to generate sufficient revenue resources to fund the repayment of the borrowing and interest.

TABLE 13: HRA DEBT POSITION - PROJECTED	
DESCRIPTION	£m
HRA CFR at 1 April 2020	296.981
Add: borrowing taken out over 5 year investment plan	47.007
Less: debt planned to be repaid over 5 years	(13.350)
HRA CFR at 1 April 2025	330.638
Debt cap	319.784
Estimated headroom at 1 April 2025	(10.854)

APPENDIX A – SERVICE CHARGES INCREASES 2020/21

Service charges (over 50 weeks)

Table 1 lists the range of services provided to specific groups of tenants. It is proposed that service charges are increased by **1.7%** (CPI September 2019).

TABLE 1: WEEKLY SERVICE CHARGE				
SERVICE	CURRENT 2019/20 £	PROPOSED 2020/21 £	INCREASE %	INCREASE £
Caretaking	6.19	6.30	1.7	0.11
Cleaning Service	3.64	3.70	1.7	0.06
Communal lighting	0.65	0.66	1.7	0.01
Communal TV system	1.09	1.11	1.7	0.02
Homewatch	0.63	0.64	1.7	0.01
Security (CCTV)	5.75	5.85	1.7	0.10
Estate Maintenance	3.68	3.74	1.7	0.06
Block Maintenance	3.18	3.23	1.7	0.05

Furnished tenancy service charges will also increase by **1.7%**.

Independent Living Charges

Tenants in Independent Living schemes pay additional charges for services that are necessary to assist tenants in retaining their independence

In schemes where tenants are charged for block maintenance, this has been separated into two components – Independent Living Scheme Maintenance and Grander Designs. The Grander Designs service charge pays for the upgrading and future maintenance of the communal areas of Independent Living schemes.

TABLE 2: INDEPENDENT LIVING CHARGES			
CHARGE	CURRENT 2019/20 £	PROPOSED 2020/21 £	INCREASE £
Independent Living	3.33	3.39	0.06
Intensive Housing Management	11.26	11.45	0.19
Independent Living charge (no intensive HM)	3.51	3.57	0.06
Emergency Alarm	2.70	2.75	0.05
"I'm OK" system (eligible)	5.47	5.56	0.09
"I'm OK" system (ineligible)	1.50	1.53	0.03
Scooter storage	1.11	1.13	0.02
Laundry facilities	1.47	1.49	0.02
ILS Scheme Maintenance	1.33	1.35	0.02
ILS Grander Designs	1.23	1.25	0.02

It is proposed that the total Independent Living service charges are increased by **1.7%** - see **Table 2** above.

Scheme Charges

A number of schemes have specific charges, details are set out in **Table 3**. It is recommended that all charges are to be increased by **1.7%** in line with the other proposed service charge increases.

TABLE 3: SCHEME SPECIFIC CHARGES			
TYPE	CURRENT 2019/20 £	PROPOSED 2020/21 £	CHANGE £
FOXTON GARDENS: SERVICE CHARGES			
One bed	32.50	33.05	0.55
Two bed	34.22	34.80	0.58
FOXTON GARDENS: WATER			
One bed	3.24	3.30	0.06
Two bed	4.50	4.58	0.08
FOXTON GARDENS: HEATING			
One bed	15.81	16.08	0.27
Two bed	21.45	21.81	0.36
WINWOOD: EXTRA CARE CHARGE	31.99	32.53	0.54
COMMUNAL HEATING	4.00	4.07	0.07
SUTTON HOUSE: HEATING	7.42	7.55	0.13

APPENDIX B - CAPITAL PROGRAMME BY SCHEME 2019/20 – 2024/25

PROGRAMME AND SCHEME	Approval	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	TOTAL £m
<u>Meeting the Nottingham Decent Homes Standard</u>								
<u>Safe</u>								
City Wide CCTV / Door Entry Imp	NCH	0.240	0.111	0.767	0.806	0.806	0.806	3.536
Intercom Systems – FSW	NCC	0.244	0.000	0.000	0.000	0.000	0.000	0.244
Public Address System – FSW	NCC	0.462	0.137	0.000	0.000	0.000	0.000	0.599
Fire Alarm Installations	NCH	0.087	0.069	0.071	0.227	0.227	0.227	0.908
Fire Alarm Installations – FSW	NCC	0.129	0.000	0.000	0.000	0.000	0.000	0.129
Asbestos Works	NCH	0.193	0.200	0.200	0.200	0.200	0.200	1.192
Lift Replacement Programme	NCH	0.630	0.000	0.000	0.000	0.000	0.000	0.630
Radon Awareness	NCH	0.000	0.068	0.000	0.000	0.000	0.000	0.068
Low Rise Sprinkler Systems	NCH	0.000	0.490	0.000	0.000	0.000	0.000	0.490
High Rise Sprinkler Systems - FSW	NCC	1.197	0.000	0.000	0.000	0.000	0.000	1.197
High Rise Sprinkler Systems - FSW (CR&M)	NCC	1.624	0.914	0.000	0.000	0.000	0.000	2.538
Gas Safety Enhancements - FSW	NCC	0.000	0.250	0.000	0.000	0.000	0.000	0.250
Structural Surveys & Rectification Works	NCH	0.075	0.050	0.050	0.048	0.006	0.000	0.228
Renew Bin Store/Refuse Chute	NCH	0.220	0.595	0.595	0.595	0.505	0.578	3.088
Management Fee	NCH	0.072	0.079	0.084	0.094	0.087	0.091	0.507
Management Fee - FSW	NCC	0.065	0.000	0.000	0.000	0.000	0.000	0.065
		5.237	2.963	1.767	1.969	1.831	1.902	15.670

PROGRAMME AND SCHEME	Approval	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	TOTAL £m
<u>Secure Warm & Modern</u>								
Nottingham Secure – Windows	NCH	2.830	2.692	2.700	0.500	0.500	0.500	9.722
Nottingham Secure – Doors	NCH	0.804	0.551	1.507	1.835	0.989	0.000	5.686
Modern Living	NCH	2.492	3.818	4.160	4.160	3.960	4.528	23.118
Warmth for Nottingham (CR&M)	NCH	3.240	3.100	3.100	5.405	4.262	4.023	23.130
Roof & Chimney Replacement	NCH	1.626	2.080	3.303	2.237	4.470	4.470	18.186
External Fabric	NCH	4.189	2.341	3.059	3.341	3.341	3.341	19.612
Management Fee	NCH	0.597	0.574	0.736	0.604	0.663	0.642	3.816
		15.777	15.156	18.565	18.082	18.185	17.504	103.269
<u>Additional Tenant Priorities</u>								
<u>Energy Efficiency & Tackling Fuel Poverty</u>								
No Fines/ Solid Wall Insulation Schemes	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
REMOURBAN & Domestic Energy Programme	NCC	0.990	0.017	0.000	0.000	0.000	0.000	1.007
MUSTBE0 / Whole House Retrofit Schemes	NCC	0.700	7.604	5.896	0.000	0.000	0.000	14.200
Deep Innovative Retrofit – ERDF	NCC	4.874	1.466	1.995	0.000	0.000	0.000	8.335
Deep Innovative Retrofit – INTERREG	NCC	0.821	0.183	0.000	0.000	0.000	0.000	1.004
Green Deal Communities Funding	NCC	0.036	0.000	0.000	0.000	0.000	0.000	0.036
LED Communal Lighting	NCH	0.112	0.000	0.000	0.000	0.000	0.000	0.112
Woodthorpe & Winchester - CHP	NCC	0.045	0.000	0.000	0.000	0.000	0.000	0.045
Colwick Woods Court	NCC	0.000	0.050	2.450	0.000	0.000	0.000	2.500
Management Fee	NCH	0.379	0.466	0.517	0.000	0.000	0.000	1.362
		7.957	9.786	10.858	0.000	0.000	0.000	28.601

PROGRAMME AND SCHEME	Approval	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	TOTAL £m
<u>Modernising Housing For Older People</u>								
Independent Living Re-Design	NCH	0.380	0.372	0.000	0.000	0.000	0.000	0.752
Mobile Scooter Stores	NCH	0.045	0.140	0.000	0.000	0.000	0.000	0.185
Management Fee	NCH	0.021	0.026	0.000	0.000	0.000	0.000	0.047
		0.446	0.538	0.000	0.000	0.000	0.000	0.984
<u>Decent Neighbourhoods</u>								
City Wide Environmentals - AREA CAPITAL FUND	NCH	0.927	1.000	1.000	0.952	1.000	1.000	5.879
Estate/Area Impact works	NCH	1.163	1.000	1.000	1.000	1.331	1.540	7.034
Paving Works - AREA COMMITTEE SCHEMES	NCH	0.456	0.360	0.360	0.343	0.360	0.360	2.239
Garage / Outbuildings - CITYWIDE	NCH	0.000	0.974	1.100	1.100	1.100	1.000	5.274
Garage Demolition - CITYWIDE	NCH	0.200	0.226	0.000	0.000	0.000	0.000	0.426
Management Fee	NCH	0.137	0.178	0.173	0.170	0.190	0.195	1.043
		2.883	3.738	3.633	3.565	3.981	4.095	21.895
<u>Existing Stock Investment</u>								
Major Void Works (CR&M)	NCH	2.000	2.180	2.180	2.180	2.180	2.180	12.900
Fire Damaged Properties (CR&M)	NCH	0.261	0.200	0.100	0.100	0.100	0.100	0.861
Rooftop Fan Project	NCH	0.436	0.000	0.000	0.000	0.000	0.000	0.436
Management Fee	NCH	0.022	0.000	0.000	0.000	0.000	0.000	0.022
		2.718	2.380	2.280	2.280	2.280	2.280	14.218

PROGRAMME AND SCHEME	Approval	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	TOTAL £m
<u>Building a Better Nottingham</u>								
Lenton - Decom, Demo & New Build	NCC	0.219	0.000	0.000	0.000	0.000	0.000	0.219
Oakdene - Demolition	NCC	0.221	0.000	0.000	0.000	0.000	0.000	0.221
Stepney Court & Library - New Build	NCC	0.065	0.000	0.000	0.000	0.000	0.000	0.065
Affordable Homes - Infill Sites - New Build	NCC	0.011	0.000	0.000	0.000	0.000	0.000	0.011
New Build - UNALLOCATED	NCC	0.010	7.972	0.000	0.000	0.000	0.000	7.982
Oakford Close	NCC	0.010	0.000	0.000	0.000	0.000	0.000	0.010
Morley School – New Build	NCC	0.013	0.000	0.000	0.000	0.000	0.000	0.013
Woodthorpe & Winchester - New Build	NCC	0.720	0.000	0.000	0.000	0.000	0.000	0.720
Property Acquisition - RTB 1-4-1	NCC	8.992	8.729	8.729	8.729	0.000	0.000	35.179
Affordable Housing Acquisition - Sandfield Site	NCC	0.621	0.084	0.000	0.000	0.000	0.000	0.704
Disposal Of HRA Assets	NCC	0.037	0.000	0.000	0.000	0.000	0.000	0.037
Knights Close - Decom, Demo & New Build	NCC	1.492	1.772	0.000	0.000	0.000	0.000	3.264
Clifton Miners Welfare - New Build	NCC	2.414	0.560	0.000	0.000	0.000	0.000	2.974
Tunstall Drive - New Build	NCC	0.100	1.957	0.000	0.000	0.000	0.000	2.057
Marlstones - New Build	NCC	1.807	0.000	0.000	0.000	0.000	0.000	1.807
Woodlands Office Conversion	NCC	0.000	0.900	0.000	0.000	0.000	0.000	0.900
Affordable Housing Acquisition - Padstow	NCC	0.000	0.000	4.893	4.893	4.893	0.000	14.680
Management Fee - General	NCH	0.345	0.658	0.000	0.000	0.000	0.000	1.003
Management Fee - Padstow	NCH	0.000	0.000	0.070	0.070	0.070	0.000	0.209
		17.077	22.632	13.692	13.692	4.963	0.000	72.055

PROGRAMME AND SCHEME	Approval	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	TOTAL £m
<u>Joint NCC / NCH Involvement</u>								
Sanctuary Project	NCC	0.035	0.035	0.035	0.035	0.035	0.035	0.210
HRA Shop Investment	NCC	0.020	0.000	0.000	0.000	0.000	0.000	0.020
St Anns Estate Action - Stonebridge Park (Phase 3 & 6)	NCC	0.106	0.147	0.000	0.000	0.000	0.000	0.253
HRA Off Street Drive-ways	NCC	0.065	0.000	0.000	0.000	0.000	0.000	0.065
Office Improvements	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
IT Development Programme	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
PV Installation Programme	NCC	0.000	0.000	5.627	0.000	0.000	0.000	5.627
Adaptations For Disabled Persons	NCC	0.672	0.731	0.731	0.731	0.731	0.731	4.327
Adaptations For Disabled Persons (CR&M)	NCC	1.484	1.269	1.269	1.269	1.269	1.269	7.829
Preventive Adaptations For Older People (PAD)	NCC	0.100	0.100	0.100	0.100	0.100	0.100	0.600
		2.482	2.282	7.762	2.135	2.135	2.135	18.931
TOTAL		54.578	59.475	58.558	41.724	33.375	27.916	275.626

APPENDIX C - CAPITAL PROGRAMME SCHEME AMENDMENTS FOR APPROVAL 2019/20 – 2024/25

PROGRAMME AND SCHEME	Approval	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	TOTAL £m
<u>Meeting the Nottingham Decent Homes Standard</u>								
<u>Safe</u>								
City Wide CCTV / Door Entry Imp	NCH	(0.039)	0.000	(0.358)	(0.515)	(0.121)	(0.806)	(1.839)
Intercom Systems - FSW	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Public Address System - FSW	NCC	0.137	(0.137)	0.000	0.000	0.000	0.000	0.000
Fire Alarm Installations	NCH	0.000	0.000	0.000	0.291	0.184	(0.227)	0.248
Fire Alarm Installations - FSW	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Asbestos Works	NCH	0.000	0.000	0.000	(0.010)	(0.200)	(0.200)	(0.410)
Lift Replacement Programme	NCH	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Radon Awareness	NCH	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Low Rise Sprinkler Systems	NCH	0.490	(0.490)	0.000	0.000	0.000	0.000	0.000
High Rise Sprinkler Systems - FSW	NCC	(0.600)	0.600	0.000	0.000	0.000	0.000	0.000
High Rise Sprinkler Systems - FSW (CR&M)	NCC	0.500	(0.500)	0.000	0.000	0.000	0.000	0.000
Gas Safety Enhancements - FSW	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Structural Surveys & Rectification Works	NCH	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Renew Bin Store/Refuse Chute	NCH	(0.020)	0.182	(0.095)	(0.595)	0.696	(0.578)	(0.410)
Management Fee	NCH	0.022	(0.015)	(0.023)	(0.041)	0.028	(0.091)	(0.121)
Management Fee - FSW	NCC	(0.000)	0.000	0.000	0.000	0.000	0.000	(0.000)
		0.490	(0.360)	(0.476)	(0.870)	0.587	(1.902)	(2.531)

PROGRAMME AND SCHEME	Approval	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	TOTAL £m
<u>Secure Warm & Modern</u>								
Nottingham Secure - Windows	NCH	(0.300)	0.000	(2.671)	(0.443)	(0.400)	(0.500)	(4.314)
Nottingham Secure - Doors	NCH	(0.500)	0.000	0.500	0.000	0.000	0.000	0.000
Modern Living	NCH	1.458	0.207	1.338	2.424	1.792	(4.528)	2.691
Warmth for Nottingham (CR&M)	NCH	(0.240)	0.000	0.000	0.240	0.000	(4.023)	(4.023)
Roof & Chimney Replacement	NCH	(0.020)	(0.080)	0.100	0.000	0.000	(4.470)	(4.470)
External Fabric	NCH	0.000	1.659	0.941	0.469	1.659	(3.341)	1.387
Management Fee	NCH	0.032	0.089	0.010	0.122	0.153	(0.642)	(0.235)
		0.430	1.875	0.218	2.812	3.204	(17.504)	(8.965)
<u>Additional Tenant Priorities</u>								
<u>Energy Efficiency & Tackling Fuel Poverty</u>								
No Fines/ Solid Wall Insulation Schemes	NCC	0.500	2.483	0.973	1.553	0.000	0.000	5.509
REMOURBAN & Domestic Energy Programme	NCC	0.000	(0.017)	0.000	0.000	0.000	0.000	(0.017)
EWI Schemes (CR&M)	NCC	0.318	0.507	0.000	0.000	0.000	0.000	0.825
MUSTBE0 / Whole House Retrofit Schemes	NCC	(0.700)	(7.604)	(5.896)	0.000	0.000	0.000	(14.200)
Deep Innovative Retrofit – ERDF	NCC	0.565	1.443	(1.995)	0.000	0.000	0.000	0.013
Deep Innovative Retrofit - INTERREG	NCC	0.120	(0.183)	0.000	0.000	0.000	0.000	(0.063)
Green Deal Communities Funding	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
LED Communal Lighting	NCH	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Woodthorpe & Winchester - CHP	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Colwick Woods Court	NCC	0.050	2.400	(2.450)	0.000	0.000	0.000	(0.000)
Management Fee	NCH	0.043	(0.049)	(0.468)	0.078	0.000	0.000	(0.397)
		0.895	(1.019)	(9.836)	1.631	0.000	0.000	(8.330)

PROGRAMME AND SCHEME	Approval	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	TOTAL £m
<u>Modernising Housing For Older People</u>								
Independent living Re-Design	NCH	0.100	(0.233)	0.000	0.000	0.000	0.000	(0.133)
Mobile Scooter Stores	NCC	0.000	(0.100)	0.000	0.000	0.000	0.000	(0.100)
Management Fee	NCH	0.005	(0.017)	0.000	0.000	0.000	0.000	(0.012)
		0.105	(0.350)	0.000	0.000	0.000	0.000	(0.245)
<u>Decent Neighbourhoods</u>								
City Wide Environmentals - AREA CAPITAL FUND	NCH	0.000	0.000	0.000	0.000	0.000	(1.000)	(1.000)
Estate/Area Impact works	NCH	0.000	0.000	0.000	0.000	0.000	(1.540)	(1.540)
Paving Works - AREA COMMITTEE SCHEMES	NCH	0.000	0.000	0.000	0.000	0.000	(0.360)	(0.360)
Garage / Outbuildings - CITYWIDE	NCH	0.600	(0.010)	0.066	(0.149)	(0.101)	(1.000)	(0.594)
Garage Demolition - CITYWIDE	NCH	(0.201)	(0.226)	0.000	0.000	0.000	0.000	(0.427)
Management Fee	NCH	0.020	(0.012)	0.003	(0.007)	(0.005)	(0.195)	(0.196)
		0.419	(0.248)	0.069	(0.156)	(0.104)	(4.095)	(4.117)
<u>Existing Stock Investment</u>								
Major Void Works (CR&M)	NCH	0.000	0.831	0.220	0.220	0.220	(2.180)	(0.689)
Fire Damaged Properties (CR&M)	NCH	0.000	(0.027)	(0.077)	0.000	0.000	(0.100)	(0.204)
Rooftop Fan Project	NCH	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Management Fee	NCH	0.000	0.000	0.000	0.000	0.000	0.000	0.000
		0.000	0.804	0.143	0.220	0.220	(2.280)	(0.894)

PROGRAMME AND SCHEME	Approval	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	TOTAL £m
<u>Building a Better Nottingham</u>								
Lenton - Decom, Demo & New Build	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Oakdene - Demolition	NCC	(0.221)	0.000	0.000	0.000	0.000	0.000	(0.221)
Stepney Court & Library - Decom, Demo & New Build	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Affordable Homes - Infill Sites - Decom, Demo & New Build	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
New Build Phase 2 - UNALLOCATED	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Oakford Close	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Morley Schools - New Build	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Woodthorpe & Winchester - New Build	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Property Acquisition - RTB 1-4-1	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Affordable Housing Acquisition - Sandfield Site	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Disposal Of HRA Assets	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Knights Close – New Build	NCC	0.339	(0.339)	0.000	0.000	0.000	0.000	0.000
Clifton Miners Welfare - New Build	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Tunstall Drive - New Build	NCC	0.700	(0.700)	0.000	0.000	0.000	0.000	0.000
Marlstones - New Build	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Woodlands Office Conversion	NCC	0.000	(0.900)	0.000	0.000	0.000	0.000	(0.900)
Affordable Housing Acquisition- Padstow	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Management Fee	NCH	0.041	(0.096)	0.000	0.000	0.000	0.000	(0.055)
Management Fee - Padstow	NCH	0.000	0.000	0.000	0.000	0.000	0.000	0.000
		0.859	(2.035)	0.000	0.000	0.000	0.000	(1.177)

PROGRAMME AND SCHEME	Approval	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	TOTAL £m
<u>Joint NCC / NCH Involvement</u>								
Sanctuary Project	NCC	0.000	0.000	0.000	0.000	0.000	(0.035)	(0.035)
HRA Shop Investment Strategy	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
St Anns Estate Action - Stonebridge Park (PHASE 3 & 6)	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
HRA Off Street Drive-ways	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Office Improvements	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
IT Development Programme	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
PV Installation Programme	NCC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Adaptations For Disabled Persons	NCC	0.000	0.000	0.000	0.000	0.000	(0.731)	(0.731)
Adaptations For Disabled Persons (CR&M)	NCC	0.000	0.000	0.000	0.000	0.000	(1.269)	(1.269)
Preventive Adaptations For Older People – PAD	NCC	0.000	0.000	0.000	0.000	0.000	(0.100)	(0.100)
		0.000	0.000	0.000	0.000	0.000	(2.135)	(2.135)
TOTAL		3.199	(1.334)	(9.882)	3.637	3.905	(27.916)	(28.391)

ANNEX 5

ROBUSTNESS OF THE BUDGET

CONTENTS	
SECTION	PAGE
1. Introduction	1
2. Overall Robustness of the Budget	1
2a. Financial Environment and Framework	1
2b. Internal Measures to Manage the Budget	4
3. Capital Programme Risk Management & Governance	6
4. Adequacy of Reserves and Risk Assessment	9

APPENDICES	
APPENDIX LETTER & TITLE	
A	General Fund Risk Assessment
B	Housing Revenue Account Risk Assessment

Robustness of the Budget and Adequacy of Reserves

1. Introduction

The Local Government Act (Part II) 2003 requires a council's Chief Finance Officer (CFO) to report to councillors on the robustness of budget estimates and the adequacy of that council's financial reserves. The City Council's CFO (also known as the Section 151 officer) holds the post of Strategic Director of Finance. A summary of this evaluation is set out below.

2. Overall Robustness of the Budget

The City Council's annual budget is constructed in order to deliver the Council Plan. The Medium Term Financial Strategy (MTFS) is the overarching framework within which the Council's financial planning and management activity takes place. The annual budget is an integral part of the rolling multi-year Medium Term Financial Plan (MTFP). This approach enables it to support delivery of the Council's priorities and services. It provides the means by which planned spending may be controlled within available resources. Therefore, this assessment of the robustness of the budget focuses on the likelihood that actual spending will vary from the budget and the subsequent impact on the financial health of the organisation.

The Council is a going concern and the budget process is part of a continuous service planning and financial cycle. A wealth of knowledge and understanding of the local and national financial and economic environments is used to make informed assumptions and judgements about future financial planning. This activity seeks to establish a robust budget which is appropriate, realistic and constructed having taken a practical and appropriate assessment of risk.

Many of the details used to inform this assessment are set out in the other Annexes of this report and are therefore not replicated here.

2a. Financial environment and framework

The external framework in which the Council operates continues to be significantly challenging. There have been well documented and growing examples of Public Sector bodies experiencing financial difficulties and this is expected to continue into 2020/21 and beyond until there is a sustainable long term solution to fund public bodies to an appropriate level. The full consequences of Brexit are unknown and likely to influence the imminent and longer term funding for Local Government. The following section details key elements that have influenced and been noted in the construction of the MTFP.

Previous Financial Performance

Over previous financial years during the period of austerity the Council has been able to deliver outturns under budget, however as with many other Councils in the previous three years (2016/17, 2017/18 and 2018/19) the Council has been over budget. This has been managed by the use of one off resources.

There continues to be pressures on the 2019/20 budget and, at Q3, there is a reported forecast overspend of £6.6m which is being managed by a range of spending controls and one off measures. Any overspend from the final 2019/20 outturn position will need to be managed during 2020/21 to avoid any impact on the General Fund balance.

Use of one off measures

During the last 3 years, there has been a consistent use of one off measures and mitigating management actions used in arriving at the final overrun position spends. The range of management actions required have included:

- reducing contingency balances
- reviews of earmarked reserves
- reduced revenue contribution to the capital programme
- vacancy freeze controls
- stop to non-essential spend and reductions to maintenance spend
- restrictions on travel and conferences

The 2020/21 budget includes **£8.783m** of one-off items or one-year savings in order to present a balanced position. The continued use of reserves and one off measures have had the impact of deferring the more significant changes that are required to balance the revenue budget to secure future financial sustainability. It needs to be recognised there are diminishing options for the use of one-off measures which reduces further any budget flexibility.

2017/18 External Audit – key issues and recommendation

The 2018/19 external audit has not yet been concluded. However, the 2017/18 external Audit report from KPMG details key issues and recommendations in relation to financial sustainability and the use of one off measures.

“Sustainable Financial Budget

The Authority has highlighted a number of risks regarding its ability to deliver a self-sufficient and sustainable financial budget in the medium term. Many of these risks are not specific to the Authority but to the sector as a whole, underpinned by reduced central funding and increasing demand for social care services.

The Authority’s outturn for 2017/18 and 2016/17 has been overspend against budget. For 2017/18 the Authority has relied on a number of non-recurrent measures to help reduce the in-year overspend. Despite setting a balanced budget for 2018/19, it is likely that there will be emerging financial pressures that will require co-ordinated action by CLT.”

Demand led pressures and reduced flexibility within the budget

The CIPFA Financial Resilience Index, together with other benchmarking data, shows the Council has a higher financial risk from the high local demands for the Council’s Children’s and Adult Services. These demand led services account for an increasing percentage of the overall net budget requirement and therefore it reduces the Council’s net budget for other areas. This in turn impacts on the Council’s ability and flexibility to make future savings, at a time when there are significant gaps in the budget for 2021/22 onwards.

CIPFA Financial Resilience Index

In response to the unprecedented financial challenges faced by local Government, CIPFA have developed a Financial Resilience Index to act as an analytical tool for chief finance officers to support good financial management and shows the council’s position on a range of measures associated with financial risk. The latest information released in 2019 represents the second year of the index and the areas of high and low risk for

Nottingham are consistent with the previous year's assessment. The model shows that Nottingham is carrying risks in the following areas:

- **Council Budget Flexibility** – ratio of total spending on Adults Social Care, Children's Social Care and debt interest to net revenue expenditure. Nottingham has reduced budget flexibility
- **Change in unallocated Reserves** – the average percentage change in unallocated reserves over the past three years. Nottingham has used unallocated reserves more quickly than comparator groups
- **Unallocated Reserves** – the ratio of unallocated reserves to net revenue expenditure. Nottingham has a low level of reserves in relation to comparators
- **Grants to Expenditure ratio** – the proportion of net revenue expenditure funded by central Government grants. Nottingham faces risks if grants are not maintained
- **Council Tax Requirement / Net Revenue Expenditure** – a low Council Tax ratio and therefore a higher dependency on grants may suggest future financial difficulties as grants diminish further. Nottingham has a limited ability to raise revenue from Council Tax when compared to others
- **Children's Social Care ratio** – ratio of spending on Children's Social Care to net revenue expenditure. Nottingham has a higher proportionate spend on Children's services than others in the comparator groups
- **Adults Social Care ratio** - ratio of spending on Adults Social Care to net revenue expenditure. Nottingham has a higher proportionate spend on Adults Social Care services than others in the comparator groups

The following areas are where the Council has been assessed at a lower degree of Financial Stress risk:

- **Earmarked reserves** - the ratio of earmarked reserves excluding Public Health and Schools to net revenue expenditure. Nottingham carries significant earmarked reserves in relation to others (including PFI)
- **Level of reserves** – the ratio of current level of reserves excluding Public Health and Schools to net revenue expenditure. Nottingham holds a number of earmarked reserves
- **Retained Income from Rate Retention / Net Expenditure** – ratio of retained income from business rates as a proportion of net expenditure. As locally raised business rates becomes an increasing percentage of income a higher ratio is seen as having less financial stress for the Council

Symptoms of financial stress

In addition to the financial resilience index, CIPFA has also provided guidance to public bodies regarding the signs that an organisation is suffering from financial stress indicators. This is summarised below:

- **Running down reserves or a rapid decline in reserves** - using up reserves to avoid cuts can only provide temporary relief
- **Failure to plan and deliver savings** to ensure the council lives within its resources
- **Shortening medium-term financial planning horizons** - could indicate a lack of strategic thinking and an unwillingness to confront tough decisions
- **Greater "still to be found" gaps in saving plans**
- Growing tendency for **unplanned overspends and/or carrying forward undelivered savings** into the following year - sign an authority is struggling to translate its policy decisions into actions

As can be seen from the results of the resilience index Nottingham is beginning to experience some of the above such as depletion of reserves and unplanned overspends.

Public Accounts Committee

In March 2019 the Public Accounts Committee released a paper on Local Authority Financial Resilience. A key theme of the paper was the level of reserves and the unplanned use of the resourced by Local Authorities. The paper references the concerns over the uncertainty of future funding and that debates have been held whether there is sufficient funding to enable Local Authorities to discharge their statutory duties. It also had regard to media reports of financial difficulties of Local Authorities since the crisis of Northamptonshire County Council.

The paper makes it clear that the funding of Local Government is a key concern across the sector and the outcomes of the nation funding changes will be fundamental in ensuring that Authorities are financially sustainable.

Medium Term Financial Outlook (MTFO) - Fair Funding Review

The final settlement has confirmed funding for 2020/21 only, the introduction of the Fair Funding Review and 75% Rates Retention has now been delayed until 2020/21, therefore funding for 2021/22+ is unknown and the MTFO assumes funding for 2020/21 will continue for 2021/22+. No assumptions have been made for the likely impact on future settlement funding due to a lack of clear exemplifications of the Government policy options being currently considered.

2b. Internal Measures to monitor the financial performance

Monitoring the financial results and forecasts of the Council in the short and medium term remains a priority and a number of improvements to the process have been implemented as a direct result of the on-going external framework in which the Council operates, these include:

- Enhanced monthly monitoring to CLT
- Budget Manager budget packs
- State of the nation paper – a periodic briefing looking at the authority's overall financial position, including reserve, capital, borrowing levels and financial risk analysis

Enhanced monthly monitoring to CLT and Leadership

The Council's financial controls are set out within financial regulations, allowing significant assurance of the strength of financial management and control throughout the Council. Given the current climate this process has been reviewed with improvements made to give CLT a comprehensive monthly pack. This details the forecasted outturn, variance commentary together with more detailed information by department. Regular updates are also provided to Leadership and Executive with a quarterly report presented to Executive Board.

Accountability Letters – Annual Budget Manager budget packs

Budget Managers are accountable for delivering their services within budget and are required to forecast the outturn position at regular intervals within the financial year, typically monthly. To support Budget Managers with this requirement an annual budget pack is issued prior to the start of the new financial year including the detailed pay budgets, together with non-pay budgets and a statement of the new year budget savings or funded pressures. There is a requirement for Budget Managers to sign their Accountability Letters when taking receipt of their budgets for 2020/21.

New Financial System – Oracle Fusion

A new Finance system is due to go live in April 2020, the Council will be moving to Oracle Fusion, part of this change includes the requirement for a new accounting codes. Budget Managers are being supported through this transition by a series of engagement session, training and budget packs.

State of the nation paper

At the start of the 2018/19 financial year a report was presented to CLT outlining the 2017/18 outturn, financial outlook and risks and issues for 2018-2022, since the introduction of this paper there have been periodic refreshes of the report. The purpose of this report was to bring together the current financial outlook for the Council and describe the associated financial risks and the resulting impact on the financial sustainability of service delivery. This paper has been updated and refreshed then subsequently been used as part of the 2020/21 budget strategy.

Constructing the MTFP

The environment and framework described above has significantly influenced the construction and governance around of the latest MTFP. Throughout the process there has been good and extensive engagement by Senior Colleagues, Finance Colleagues and Executive Councillors.

Assumptions

Underlying assumptions have been examined and found to be satisfactory as follows:

- The funding for inflation is considered to be appropriate, being consistent with known trends and reasonable forecasts.
- The income aspects of the overall budget are calculated based on previous and current trends, known influences and identified risks.
- There are appropriate bad debt provisions in place.
- Other known trends and potential overspends (e.g. demographic changes, new legislation, etc.) have been evaluated, subjected to various peer reviews and professional challenge and adequately provided for.
- The organisational and financial frameworks and processes required in order to operate within the proposed budget are practical and adequately planned.
- Capital receipts used in the funding of the capital programme have been based on professional estimates both of timing and value with a specific risk assessment applied to determine likelihood of receipt.

Current Financial Position

General Fund Revenue

Current monitoring indicates that the forecast General Fund outturn for 2019/20 will show an overspend of **£6.628m** prior to management action, the overspends are largely within Children's Services. Management action is in place to address the overspend as outlined in Annex 1 and the Council is committed to delivering an on budget outturn for 2019/20 and the 2020/21 MTFP is predicated on this assumption.

HRA Revenue

The City Council is required to periodically review the HRA to ensure that it does not move into deficit. In order to allow for unforeseen expenditure or loss of income, a working balance is needed. The 2018/19 budget increased the working balance from **£4.000m** in 2017/18 to **£7.727m**. This will provide additional support to mitigate potential

financial impact of Universal Credit on the HRA and provide additional one-off funding to cover the early years impact on the new build and acquisition programme.

3. Capital Programme Risk Management & Governance

Capital programme schemes often span a number of years, so it is essential that a longer term view is taken on programming and resourcing.

Capital Programme – Current Position

- General Fund - The forecast spend, including schemes in development, is **£430.151m** and is balanced. The resources to fund the capital programme includes **£26.133m** of capital receipts, of which **£21.137m** are unsecured. A full review of surplus assets is currently being undertaken as part of the disposal and reinvestment strategy and an asset rationalisation board has been established with a focus on realising capital receipts going forward.
- Public Sector Housing - The forecast spend to 2024/25 is **£275.626m**

Capital Programme Risk

The proposed five-year programme is ambitious and will require the Council to use a high proportion of available resources. Substantial investment of this nature will result in the Council being exposed to additional risks as follows:

- a significant increase in the authority's borrowing over the next five years;
- the impact of Brexit on construction costs;
- the ability to generate capital receipts to fund the programme;
- major schemes have a long pay-back period, which will require the use of reserves in the early years to fund short term deficits in business plans;
- the cost of feasibility studies are all undertaken at risk;
- schemes may not cover their costs or make the desired return.

In order to manage these risks the following key principles will be adopted in managing the capital programme:

- Where new projects are added to the programme that will not cover their costs, an existing project will be removed or amended;
- all projects must have a robust and viable business case, which considers and includes whole life costing and revenue implications (including rate of return);
- all schemes will be subject to robust and deliverable business plans and models which demonstrate the necessary return on investment required;
- all future schemes will need to address the consequences of cash flow shortfalls in the early years, and available funding must be identified and approved prior to the commencement of projects;
- the decision to progress schemes will be dependent on securing the stated level of external funding or grant as appropriate;
- new projects will be considered where the Council can make a return on investment;
- where new sources of external funding/grants become available, the programme will be revisited;
- all schemes will be subject to an independent internal 'Gateway Review Process'.

The Medium-Term Financial Strategy includes the following requirements for consideration of the funding of the capital programme:

- The Council will endeavour to maximise grant funding for schemes which will assist in the delivery of the corporate priorities, part/full grant funded bids will be subject to the same prioritisation process
- Prudential or Unsupported Borrowing can be used where it can be demonstrated that it is affordable and sustainable in the medium term. Borrowing must be within approved limits and in accordance with the prevailing guidance in the Treasury Management Strategy and compliant with the Prudential Code
- Capital Receipts generated from the sale of land, buildings and other assets will be a non-earmarked, council-wide resource, to be allocated according to Council priorities only after a thorough and objective options appraisal and consideration of opportunity costs, and not earmarked to a particular project, scheme, service, directorate and/or geographical area.

The City Council recognises the importance of individual and collective accountability and requires managers to formally acknowledge their responsibilities. Financial management is an integral aspect of effective leadership and good management, relevant councillors and managers are required to participate fully in all aspects of capital investment plans.

Corporate Directors will be accountable for the success and deliverability of all capital projects within their remit; including:

- Ownership of business cases and any subsequent changes to them.
- Ensuring that capital projects are delivered in line with agreed targets and resources.
- The successful outcome and benefits realisation of capital projects.

CIPFA Financial Management Code

The Chartered Institute of Public Finance and Accountancy (CIPFA) published a Financial Management Code in October 2019. This code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The Code has been introduced because the exceptional financial circumstances faced by local authorities have revealed concerns about fundamental weaknesses in financial management, particularly in relation to organisations that may be unable to maintain services in the future.

The Code applies a principle-based approach and these principles together with the CIPFA Financial Management Standards are illustrated in **Diagram 1** below

Diagram 1: CIPFA Financial Management Code Principles and Financial Management Standards



Throughout the Code there are several references that demonstrating compliance is the collective responsibility of elected members, the chief finance officer (CFO) and their professional colleagues in the leadership team.

Local authorities are required to apply the requirements of the Code with effect from 1 April 2020 and CIPFA considers that the implementation date of April 2020 should indicate the commencement of a shadow year and that by 31 March 2021, local authorities should be able to demonstrate that they are working towards full implementation of the code. The first full year of compliance will therefore be 2021/22. The council will continue to assess its compliance with the new Code at each stage in

the 2020/21 financial cycle using the diagram above as a reference point and take the necessary steps to demonstrate sustainability and resilience and ensure its readiness for full compliance in all areas from 2021/22.

4. Adequacy of Reserves and Risk Assessment

National decisions regarding public funding and expenditure have been taken by Central Government to support their stated intention to reduce the national deficit. 2019/20 was the last year of a four-year settlement which confirmed continued reduction in funding in the medium term. This has again resulted in a significant reduction in the level of funding available to the City Council. Although this has been met with a robust and detailed approach to the identification and delivery of the savings required consequently, this level of cost reduction attracts a heightened degree of risk associated with its delivery. The final settlement for 2020/21 has confirmed funding for one year only and the introduction of the Fair Funding Review has been delayed. Funding for 2021/22+ is therefore uncertain.

Whilst the current proposed budget fairly represents sufficient resourcing for current planned activity, this risk cannot be ignored, and the levels of contingency included within the budget reflect these risks.

The assessment of reserves is even more important in the context of the sustained cuts in funding. It is important to acknowledge that reserves are 'one off' funds and are therefore suitable for funding 'one off' or unexpected costs. The use of reserves to fund ongoing expenditure is not advised, except in emergencies and/or to enable transition to new ways of working.

Taken together, reserves, contingencies and the processes within the financial framework provide capacity to deal with the changes arising from external forces. This will include, for example: increased demand for services from citizens, changes in legislation and guidance from central government, economic changes, interest rate changes and employee relations. This list is indicative rather than exhaustive. The localisation of both Business Rates and Council Tax Support increases the significance of Council reserve levels as these are significant variables on both income and expenditure.

In recommending an adequate level of reserves, the CFO considers and monitors the opportunity costs of maintaining particular levels of reserves. This opportunity cost may be the lost opportunity of investing those funds in service improvement and/or spending on alternative activities. There is a balance to be struck between setting prudent levels of contingencies and reserves considered to be an adequate 'safety net' to ensure the Council can operate successfully in a very challenging environment and ensuring sufficient funds are in place for service provision and other Council activities. The levels recommended here are considered to have achieved that balance.

Table 1 shows the estimated Net Revenue Expenditure (NRE) and Unallocated Reserves for Nottingham compared with other Core Cities. The data is taken from the most recent CIPFA financial resilience index and derives from 2018/19 RO returns, demonstrating Nottingham's reserve position is lower relative to similar councils.

TABLE 1 : COMPARISON OF RESERVES WITH CORE CITIES			
Authority	Net Revenue Expenditure £m	Estimated unallocated financial reserves level at 31 March £m	Estimated Unallocated Reserves as % of NRE
Birmingham	848.785	144.050	16.97%
Bristol	347.068	23.258	6.70%
Leeds	517.471	27.991	5.41%
Manchester	453.377	22.045	4.86%
Newcastle	230.056	10.135	4.29%
Liverpool	455.292	16.311	3.58%
Nottingham	240.887	7.962 *	3.31%
Sheffield	370.752	8.130	2.19%

*£7.962m as reported within the RO returns and represents the opening general fund balance of £9.643m less the 2018/19 overspend of £1.681m

This decision is supported by a comprehensive risk assessment to ensure that the level of reserves represents an appropriately robust financial safety net for the organisation. In assessing these risks the CFO has consulted with relevant colleagues and stakeholders to ensure all risks have been identified. The importance of this work, its depth and accuracy, is further enhanced as a number of the proposals included within the budget plans involve significant changes to ways of working, systems and processes, they involve higher levels of risk than those which broadly maintain current arrangements. At the most practical level those risks begin with the possibility of slippage and disruption in the transition from old to new arrangements. The CFO has sought to ensure that issues of this type and their potential budgetary implications are appreciated by relevant colleagues and Portfolio Holders.

Given the level of savings included in this MTFP the CFO has undertaken an assessment of their deliverability and set out clearly the implications and contingency plans which apply where savings are not delivered as planned. Robust and timely monitoring of savings delivery plans with ongoing contingency planning will be critically important throughout the year.

General Fund

The MTFP requires the opening balance on the general fund to be between 2% and 4% of the total net general fund revenue budget. Following a sustained period of using one off measures to reduce the overspends and to balance the budget the range as defined within the MTFP of between 2% and 4% is deemed inadequate due to the reduced level of budget flexibility, in 2020/21 a review is required to update the MTFP with what the future range for the general fund balance.

The general fund balance has been informed by the detailed risk assessment undertaken as part of the budget process. These are shown in **Appendix A**. This requirement will be reviewed during 2020/21 and adjusted accordingly based on any

significant change to the risk profile. The proposed opening general fund balance for 2020/21 is **£11.643m**, this represents a **£1.000m** increase from 2019/20 in light of the additional risks as detailed in **Appendix A**. This is predicated a balanced outturn for 2019/20, the 2018/19 overspend funded by a review of ear-marked reserves, and an increase of **£1.000m** pa for the duration of the MTFP. The assumed **£11.643m** is **4%** of the general fund budget this together with contingency balance is deemed appropriate.

Appendix A details individual risks and the level of un-earmarked reserves is expected to be sufficient. However there are the most unusual and serious combination of possible events which if occurred would exceed the un-earmarked reserves and require further action.

The MTFP provides for a central contingency value of between 0.4% and 0.9% of the previous years net revenue budget (NRB). The proposed level is **£1.475m** (i.e. **0.6%**) and takes account of the significant savings package and challenging future financial outlook. In light of the financial operating context the central contingency value will be reviewed during the next financial year and may be reduced, in order to increase the general fund balance.

Earmarked Reserves

Earmarked Reserves are funds set aside to provide for specific future expenditure plans. The Council held balances of **£153.749m** in earmarked reserves at 31 March 2019 which includes schools budget balances of **£15.863m**. A review of these earmarked balances has been performed to establish the purpose of the reserves and the likely timescale that these reserves will be utilised.

The main categories of earmarked reserves that the Council holds:

- Sums set aside for major schemes, including Private Finance Initiatives, capital developments, or to fund transition and transformation
- Potential Liabilities
- School Balances
- Insurance and risk management
- Traded surpluses

The draft MTFP assumes a net use of earmarked reserves totalling **£5.448m** in 2020/21.

Housing Revenue Account (HRA)

The MTFP requires the City Council to establish opening HRA reserves of between 2% and 3% of the gross HRA spend (capital and revenue) the precise level within this range being informed by the risk assessment with no opening working balance ever being set below the 2% threshold in an individual year. The working balance for 2020/21 will remain at the same level as 2019/20 at **£7.727m**. The full risk assessment is detailed in **Appendix B**.

Conclusions

The environment in which the Council operates continues to see unprecedented financial challenges both in terms of funding together with increased demand and uncertainty in the funding beyond 2020/21. There is a growing pattern of Public Sector organisations experiencing financial stress and the latest CIPFA Financial Resilience Index highlights areas of risk for Nottingham. The challenge in setting a balanced budget increases each year, however through extensive consultation with Senior Colleagues, Finance Colleagues and Executive Councillors the Council is presenting a balanced budget for

2020/21. The budget for 2020/21 contains significant risks as detailed in **Appendix A**. However, with contingencies and reserves at the level set out here and in the overall budget report, the CFO considers that the proposed budget for 2020/21 is robust and that the level of reserves is adequate.

It should be noted that there remains significant budget gaps for years 2021/22 and 2022/23 and therefore a series of recommendations and actions are required during 2021/22 in order to address these include:

- Updating the State of the Nation paper in April 2020 to assist the development of a budget strategy with a stronger focus on transformation and financials sustainability as we move towards the full implementation of the requirements of the CIPFA financial Management Code. This should include creating headroom within subsequent budgets to cover potential overspending and non-delivery of savings.
- Conduct a fundamental review of reserves, balances and provisions to create a resilience reserve. The reserve is to be sufficient to cover risks highlighted within the report and to give authority to review and amend the reserve in year based on any new or emerging risks.
- Update the MTFS with respect to the General fund opening balance range which is currently defined as being within the range **2% to 4%**. The review is to take into account the Council's reduced budget flexibility as a result of the continued use of one off measures to reduce overspends and present a balanced budget
- Review and update the current MTFP practices and amend as necessary to align with CIPFA Financial Management Code
- Produce an early detailed 3-year MTFP to address the budget gaps in years 2 and 3 which will require a thorough transformation plan and strategy in order to balance the medium-term financial position

Given the significant levels of overspending we have seen over the last few years and the one-off use of resources to support the budget overspends, it is also recommended that the state of the nation paper be refreshed at the end of quarter 1 i.e. June 2020. Depending on the outcome of this activity, it may be necessary to undertake a full budget refresh which will include the need to identify further savings and realign budgets.

This statement has been prepared in good faith and having made best endeavours to consider all known prevailing relevant issues.

Laura Pattman
Strategic Director of Finance
Chief Finance Officer
Nottingham City Council

February 2020

GENERAL FUND- RISK ASSESSMENT

APPENDIX A

DEPARTMENT/ POTENTIAL RISK	WORST CASE £m	ASSESSMENT OF RISK £m	ESTIMATED EXPOSURE £m
CORPORATE RISK			
Cost overrun on Capital Schemes The Council has an ambitious investment strategy, 5% cost overrun on Capital Programme in 2020/21	7.985	Medium	3.993
Companies Risk that companies do not meet the planned trading position and require one-off investments	2.500	High	2.250
Treasury Management Additional borrowing due to accelerated use of reserves and changes in interest rates on variable loans	3.000	Medium	1.500
TOTAL CORPORATE RISK			7.743

DEPARTMENT/ POTENTIAL RISK

WORST

ASSESSMENT

ESTIMATED

	CASE £m	OF RISK	EXPOSURE £m
CHILDREN AND ADULTS RISK			
Adults - Transforming Care Discharged citizens from specialised commissioning or hospital placements	0.524	Medium	0.262
Adults – External funding Impact of a reduction in health funding principles of care packages.	3.086	Medium	1.543
Children’s – Changes to demand Changes to the demand for Children’s services and the impact this may have on the delivery of the MTFP savings	5.476	Medium	2.738
TOTAL CHILDREN AND ADULTS RISK			4.543
COMMERCIAL AND OPERATIONS RISK			
Traded Activities A range of trading activities have trading surplus target; a consequence of under achievement of the target could be an increase to the net charge to the general fund	3.526	Low	0.882
Incinerator closedown Diversion of waste disposal if the incinerator is closed for more than 4 weeks	0.950	Medium	0.475
Contractual Increases Contractual increases at risk from market factors	0.613	Low	0.153
TOTAL COMMERCIAL AND OPERATIONS RISK			1.510

DEPARTMENT/ POTENTIAL RISK	WORST CASE	ASSESSMENT OF RISK	ESTIMATED EXPOSURE
-----------------------------------	-----------------------	-------------------------------	-------------------------------

DEVELOPMENT & GROWTH RISK			
Economic conditions on the property trading account Impact on target income	1.000	Medium	0.500
Increase in volume & cost of homelessness Risk that despite interventions in place, numbers continue to grow (national issue)	0.700	Medium	0.350
Income to department from Capital schemes Risk of reduced income to revenue budgets due to any delays / changes to the capital programme	0.850	Medium	0.425
TOTAL DEVELOPMENT AND GROWTH RISKS			1.275
TOTAL POTENTIAL RISK			15.071

HRA – RISK ASSESMENT			
POTENTIAL RISK	WORST CASE £m	ASSESSMENT OF RISK £m	ESTIMATED EXPOSURE £m
HRA Risk			
Universal Credit Increase in bad debt levels due to payment of rent direct to tenant	2.000	High	1.800
Capital programme funding Shortfall in external funding or capital receipts creating pressure for additional funding from the HRA	2.000	Medium	1.000
Capital programme costs increase Costs of new build projects exceed budgets	2.500	Medium	1.250
Impact of Grenfell Inquiry & Hackitt Review – fire safety legislation	3.000	Medium	1.500
Revenue impact of new build schemes Increased principal and interest payments to HRA resulting in early years cash flow deficits	1.500	High	1.350
More Right to Buy sales Reduced rental income to cover fixed costs of managing and maintaining the council's housing stock	1.000	Medium	0.500
TOTAL - HRA			7.400

This page is intentionally left blank

ANNEX 6

BUDGET CONSULTATION 2020

CONTENTS	
SECTION	PAGE
Summary & Background	2
The Consultation	3
Results and feedback from the consultation	4
Conclusions	8

APPENDICES	
APPENDIX NUMBER AND TITLE	
A	Your City Your Services 2019 Data Report

ANNEX 6: BUDGET CONSULTATION 2020

SUMMARY

Nottingham City Council is setting next year's budget against the backdrop of having its Government funding reduced by three-quarters over the past decade. The budget proposals were discussed at Executive Board on Tuesday 17 December 2019 the report includes a list of the proposed savings and other changes to the budget.

The council will need to make **£14.623m** of savings in 2020/21, of which **£13.411m** was included in the December Executive Board budget consultation report. This will be achieved by innovating, trying to do things differently and making further efficiencies – but that still doesn't leave enough to fund vital services. The growing demand to look after the elderly is now by far the biggest single cost to the council and as a result Council Tax will have to go up again.

In line with the Council's commitment to citizen involvement, a full programme of consultation has been undertaken to support construction of the Council's Medium Term Financial Plan (MTFP). This report details the results of that consultation and includes responses received up to and including 3 February 2020.

1. BACKGROUND

Context

There are a number of practical difficulties to be faced when undertaking budget consultation. A unitary authority such as Nottingham City Council provides an enormous number of services and this creates a complex picture with many proposals to consult on.

Impact of Consultation

Nottingham City Council has a long term commitment to incorporate the views of citizens into the processes of policy making and service improvement. This helps the Council to understand the issues and services that matter to local communities. Budget consultation ensures that citizens' priorities guide the Executive Board in developing the budget proposals.

The Council has been guided by the following principles:

- Address demographic and service pressures;
- Reflect the significant reductions in external funding (especially general and specific Government grants) by reducing expenditure on those activities;
- Support the Council's determination to be efficient, improve performance and modernise the organisation;
- Minimise the impact of service reductions and changes on vulnerable citizens by protecting frontline services;
- To pursue commercialisation opportunities to generate income for the Council.

2. THE CONSULTATION

How we consulted

Consultation on the budget was conducted in two phases:

Pre-budget

Before the budget settlement for 2020 was announced in December, pre-budget consultation was carried out during October and November 2019. This gathered views through a survey, available both on-line and through the October edition of the Council's Arrow magazine. Citizens were asked:

- Which services are important;
- Issues of concern in the current economic climate;
- How the Council could make further savings or generate additional income;

Following this process, the Executive Board approved draft budget proposals for consultation on 17 December 2019.

Consultation on budget proposals

The Council are currently consulting on the draft budget proposals agreed from 17 December 2019. A consultation form is available online and in hard copy to enable everyone to have their say, as of 6 February 2019 there have been **54** responses.

As part of the consultation, events were arranged across the City, which have been publicised locally by neighbourhood management teams. Attendees were invited to provide feedback via the consultation form and verbal feedback from these events has been recorded and collated. Feedback was invited at a Business Event attended by Councillor Webster on 10 January 2020. One Nottingham partners and the voluntary and community sector were invited to a meeting on 29 January 2020 and young people's views were sought via a discussion at Youth Cabinet on 11 January 2020.

The consultation events

The local public consultation events provided the opportunity for citizens to engage directly with members of the Council's Executive Board and ask them about the proposals. The Council's neighbourhood management teams arranged five 'drop-in' sessions, in each of the Joint Service Centres throughout January 2020. At each event a presentation was available, providing background to the budget and information about the proposals. In addition, agenda items on the budget consultation were added to some pre-existing meetings.

A business event was organised on the 10 January 2020, where feedback from the local business community were sought. There was also an event for voluntary and community groups and One Nottingham. There was formal presentation from Councillor Webster followed by a Q&A session.

The views of young people in the City were also sought via a session at a Youth Cabinet meeting. Young people asked questions and were encouraged to discuss the proposals and the budget as a whole.

3 RESULTS AND FEEDBACK FROM THE CONSULTATION

Pre-budget consultation

The Your City Your Services consultation was undertaken in October and November 2019, in total there were **1,416** responses were received, **193** online and **1,223** received through the paper questionnaire printed in the October edition of the Council's Arrow magazine.

Respondents were asked to give their top three services, from a list of **26** council services. The top three most important services rated by respondents are:

- Care services to elderly and vulnerable people – average 1.64
- Child Protection – average 1.70
- Tackling Crime and Anti-Social behaviour – average 1.95

The full results of the survey are in **Appendix A** to this report.

Responses via the budget consultation form

54 online and paper survey submissions have been received to date.

Feedback

Respondents were asked to feedback their comments relating to budget proposals, some of these comments didn't define the exact proposal the respondent was referring to and some comments did not reference a proposal at all. In total there were 36 comments on the proposals with some identified themes. An example comment has been provided to illustrate the theme.

- Council tax increase is a concern, people are worried that wages are not increasing, but council tax is and state they will struggle paying bills.

'I really think that raising by almost 4% will put a lot of strains in many families, with many of us deciding if to pay the tax or put food on our tables. The tax is currently very expensive and it is more than what I am paying for my other utility bills. I don't want not to pay it, but I might not have an option. I don't like being in debt and this is what it will create for many of our residents.'

- Parking charges were mentioned in various context, firstly not putting up prices at it will discourage people to visit, secondly specific charges were mentioned on Edwards Lane and finally a comment on the cost of parking for builders, plumber, electricians etc who need a permit and it effects their ability to work.

'Car parking in the city is already expensive and I think increasing them even more is unfair to the people that come into the City to work and shop. I understand the need to find money from somewhere but I feel that the people trying to make a living in this City are being discriminated against just because they are using their cars. It is not always possible for people to use public transport when driving in to the City for work and then having to travel between locations for work purposes.'

- Importance of PCSO's and CPO's

'The shops need more visibility and support from PCSO's and police officers in the town centre , we are so vulnerable and you don't see any PCSO's let alone police officers from one week to the next'

- Other comments were around outsourcing as a last resort, looking at the way grants are allocated, looking at bulk buying for the catering in schools and how people rely on the council too much.

Respondents were also asked if they had any general comments or suggestions about the Council's budget proposals as a whole. There were **35** comments received with a few obvious themes were identified.

- Provide events that are cheaper and more family orientated
- Protest to central government
- Fines for littering and dog fouling as well as general comments about lack of cleaning
- More funding for the young or more youth provision
- References to senior roles and wages
- More affordable housing
- Charging for garden waste
- Fines for parking outside schools

The above is based on data received up to 6 February 2020.

Discussions with One Nottingham Partners and Voluntary and Community Sector

A joint Voluntary Sector and One Nottingham Budget meeting was held on 29 January 2020 at the Angel Row.

Discussions covered a range of topics including:

- The effects of budget reductions on the voluntary sector
- Reductions in youth and play services
- The impact of a council tax rise to low income families
- Future of mental health and wellbeing services
- Future access to EU funding

Feedback from the Youth Cabinet

Youth Cabinet met on 11 January 2020. The main areas of concern/interest were:

- They understand and sympathetic are to the Council's position and recognise the pressure local authorities are under as a result of reduced contributions from central government, and the pressure of increased demand particularly for children and adult social care.
- They raised the issue of the 10% reduction in Council contribution to NGY, the dedicated youth service facility on Castle Gate. They agreed to visit NGY and explore the impact of the cut, and look at ways in which NGY could look to make up the shortfall, such as the commercialisation of services there (e.g. renting out the kitchen, doing catering, starting a café etc)
- In a discussion around homelessness the young people commented on the Council's previous marketing campaign to discourage direct donating to people begging in the street, saying that it contributed to the climate of hostility towards homeless and vulnerably housed people.
- They also opposed any measures that would reduce support for users with housing, mental health or substance misuse issues.

4. CONCLUSIONS

Throughout the consultation to date, feedback has been received from a wide-ranging group of respondents and this information has been fed into the decision-making process.

Overall, there is recognition of the difficult position the Council is in, regarding the scale of savings that have to be made.

The results from the '2019 Your City Your Services' survey undertaken of the consultation shows that Citizens' top service priorities have remained the same when compared to previous years.

The feedback we have received via the survey and at events shows that respondents are concerned that there continues to be both a financial and health strain on local people most especially with council tax. Concerns for the reduction in services for children and young people, older people and those with mental health problems.

There is a continuing and growing understanding and concern amongst citizens and organisations within the city about the more long term issues such as funding for social care and how the funding reductions are unfair on the council.

Appendix A: Your City Your Services 2019 Data Report

1.0 Methodology

- 1.1 This report highlights the final results for the 2019 Your City, Your Services consultation.
- 1.2 Households in Nottingham City received the council's Arrow magazine in October 2019; the questionnaire was included as an insert in the magazine and allowed respondents to have their say on what they feel is most important to them as a resident, and for them to express any concerns and comments.
- 1.3 The survey was also available online and was promoted through the engage hub.

2.0 Responses

- 2.1 In total **1,416** responses were received, **193** online and **1,223** received through the post. In 2019 there has been a significant decrease in responses completed online.
- 2.2 Compared to previous years there has been a significant drop in responses, in 2018 there were a total of **2,187** responses.
- 2.3 This report outlines the final results for the **1,416** responses received, please note that this is statistically significant and representative of the population. Albeit comparisons based on ward may not be.

3.0 Importance of services

- 3.1 Respondents were asked to give their top three services, from a list of **26** council services. Figure 1 shows the order of respondents preferred services. Note this shows the scores for 1st, 2nd and 3rd stacked together.
- 3.2 Figure 2 breaks down the data further to provide a different view of the most important services, by calculating the average score from 1 to 3. The lower the score the more important it is considered by respondents.
- 3.3 The top three most important services rated by respondents are:
 - Care services to elderly and vulnerable people – average 1.64
 - Child Protection – average 1.70
 - Tackling Crime and Anti-Social behaviour – average 1.95

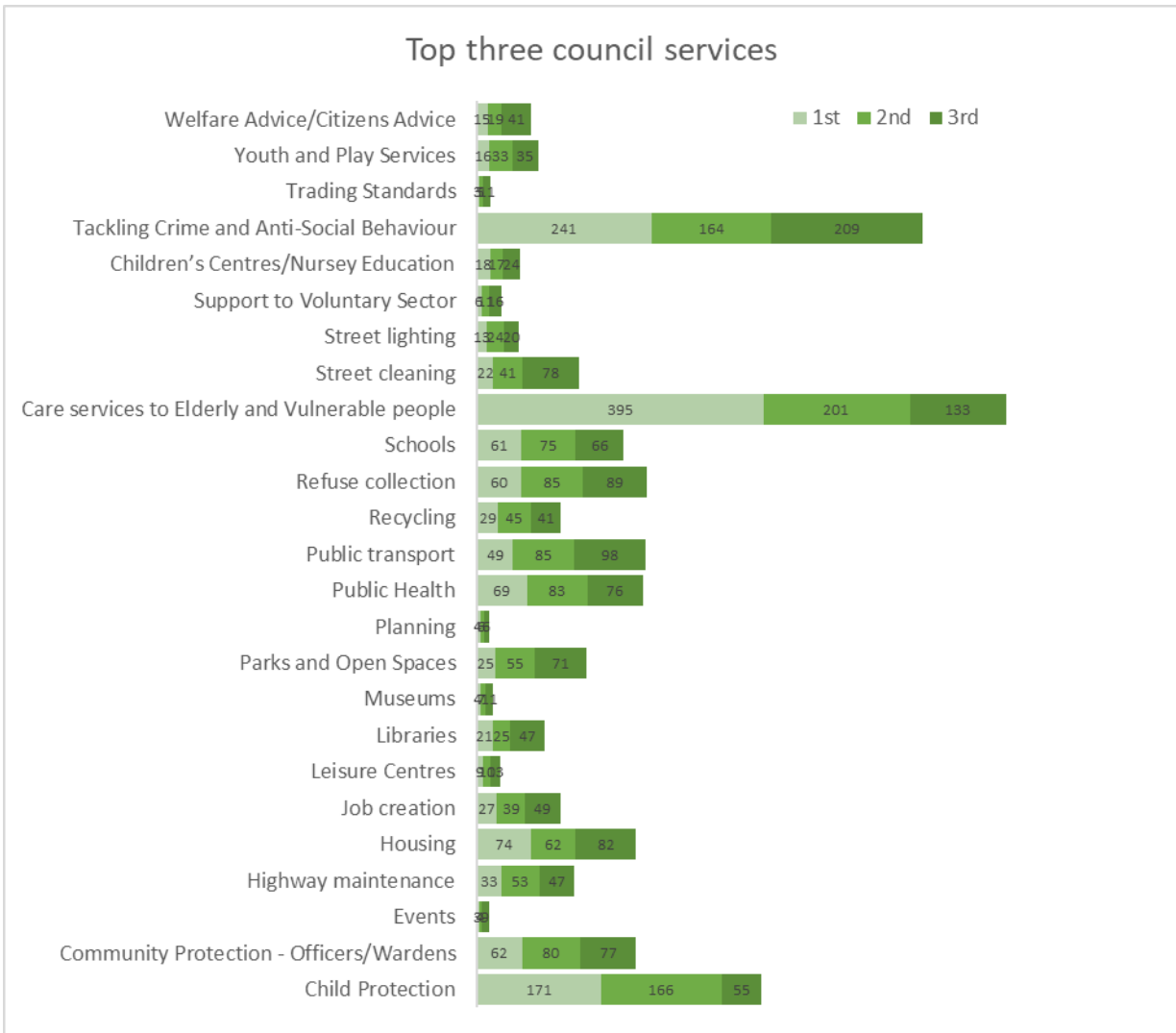


Figure 1. Respondents top three council services rated as important (1,400 valid responses)

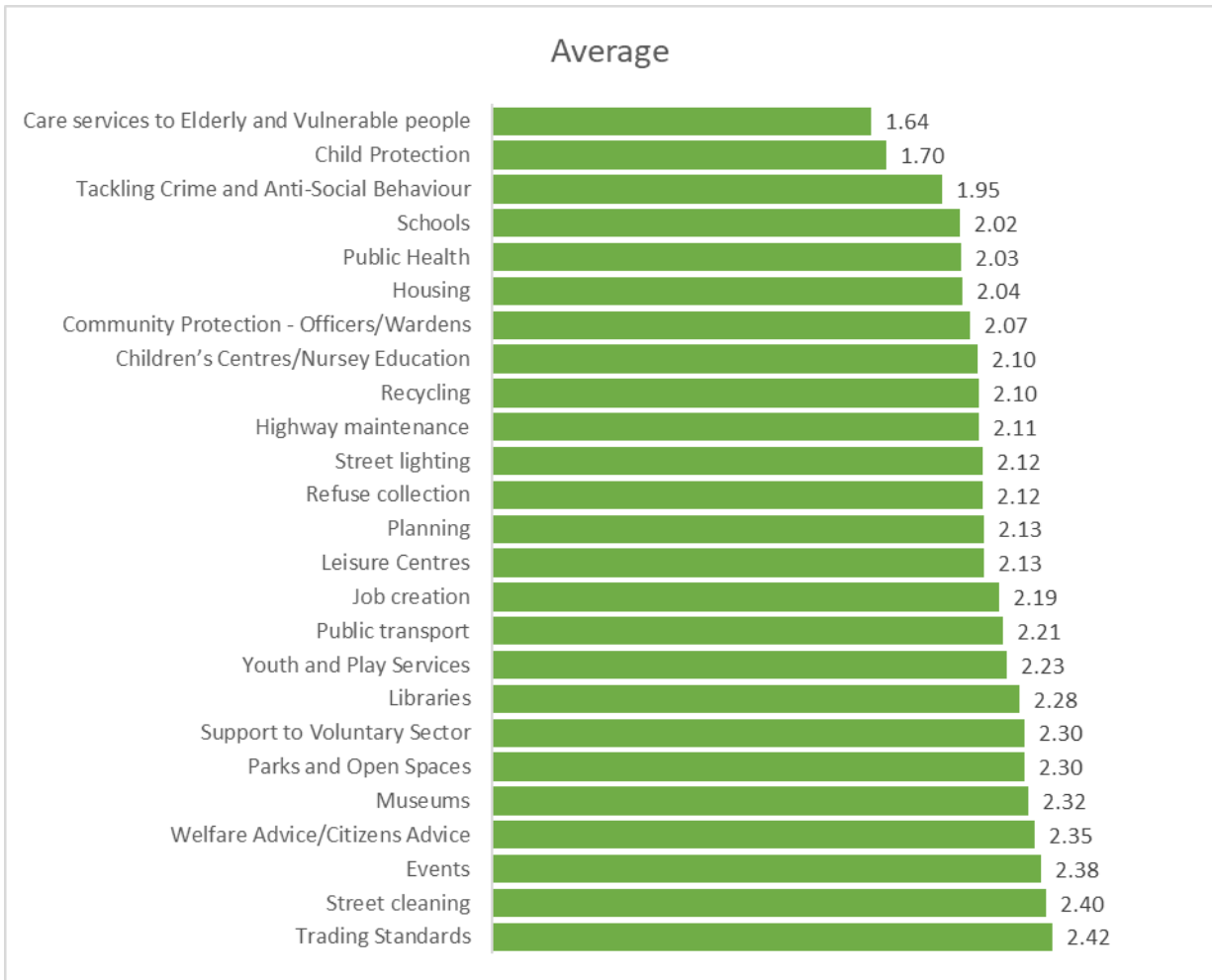


Figure 2. Respondents rating of importance of council services – average (1,400 valid responses)

4.0 Areas of Concern

4.1 Respondents were asked to select which areas they were concerned with from a list provided. The most significant concern respondents said is cuts to public services, with 78% who state they are concerned.

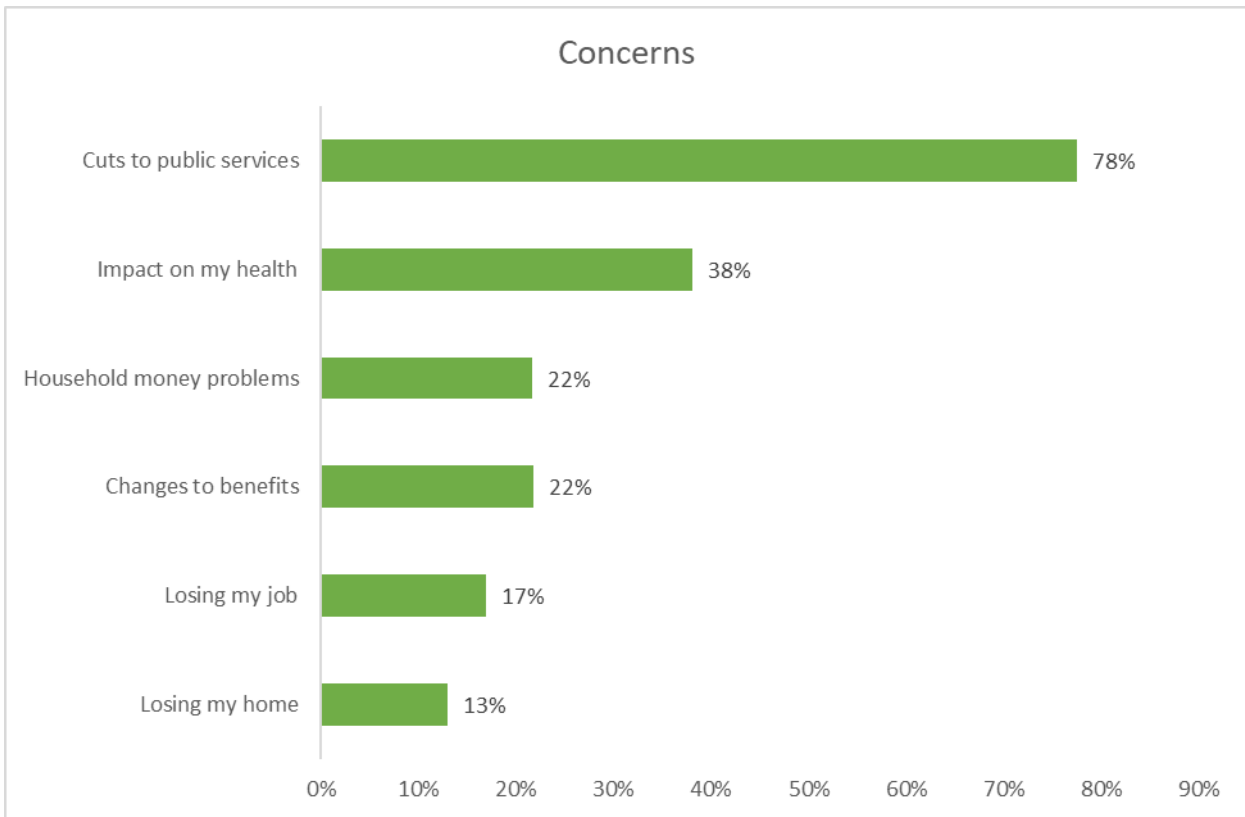


Figure 3. Respondents rating of concern % (1,416 responses)

5.0 Comments

5.1 Respondents were asked to make comments on:

- What could we do differently?
- How could we work with other organisations to better provide services?
- Where else you think we could make savings?

5.2 In total **992** comments were received. Below are some of the main themes emerging from the comments along with a few example quotes:

1. Council are doing a good job

- *On the whole Nottingham services are good and I am proud to be a Nottingham lad!*
- *Council does a good job.*
- *Doing a good job in my view.*
- *We are lucky to live in Nottingham with such good council services especially public transport (no 27/28).*
- *General Nottingham services are very good, bus services are excellent.*
- *Generally the council provides good services with the limited resources available.*
- *Good job under circumstances. We hope the promised money from the govt will come in.*
- *Good luck, I think Nottingham city council is a great council.*
- *I think all the services are very good, people need to show more respect for what is done.*
- *I think Nottingham city council are great! You do a great job against the backdrop of massive cuts.*
- *I think that the council does very good work with very limited resources, and often doesn't get the credit it deserves. However, personally i do not think it should be spending money on 'events'.*
- *I think the council do a great job, if you ever got any more money from the government it would be good to see the council take back care homes for the elderly as you once did, they were so much better run by the council*

2. Cleaning of streets more frequently – education and people taking responsibility is mentioned

- *I think street cleaning is very important, cleaning grates must save money eventually. Could these duties be handed to people on community service?*
- *No idea really, all I know is that I pay more in council tax than I do in Income tax, the area I live in is a total slum with constant fly tipping, drug dealing and street drinking. I complain and complain and nothing is ever done.*
- *In Radford, where I have lived for 30 years plus, the area has gone right down and it is now embarrassment to live here. The street is filthy, the street and surrounding areas are not cleaned on a regular basis and we will be overrun by pests if something is not done to sort this out.*
- *Incentives for shops and businesses to keep the street outside their premises clean.*

3. Roads – potholes and poor repairs

- *Just filling in potholes is not good enough, repair does not last very long, it would be better to resurface badly damaged roads.*
- *Do the roads properly instead of just filling the hole.*
- *If nothing is done about local roads (ng3 7hb – Dales ward) soon no one will be going anywhere. Cracked and sunken pavements, separated kerb stones (trip hazard) large and deep pot holes in roads. Have already had to spend £200 on pot hole due to damage to my car.*
- *Improve quality of road surfaces- ring road has gas ruts. Bernard Street has a huge number of potholes which are potentially damaging to cars and are unsightly.*

4. Combining funding and responsibilities, working more closely with other organisations to coordinate support for people and communities working together

- *Support voluntary services and work more closely with voluntary sector to see if they can help fill the short fall but need to offer support to them so both services-council/voluntary benefit.*
- *I think it's time for communities to become communities again. For people to no longer assume the council will pick up their litter, tidy their gardens, pick up their dog muck, clean and tidy public spaces. As a city we need to work together to make areas safer, nicer, cleaner and tidier like other communities can and do. Just a few people can make a big difference even if it is only picking up one piece of litter a day.*
- *It is not more savings that are needed it is more services! Life gets ever more complicated, particularly for the vulnerable, whether young or old, so easily accessed advice is vital. Are your advice centres well enough integrated with citizens advice and the numerous other voluntary agencies, in the same business.*

5. Review senior management, trips abroad and joining up services

- *Stop spending money on lavish trips abroad to learn nothing.*
- *Review management structures and joining up services with other local authorities.*
- *'Middle management' review - me and 4 colleagues have 3 bosses below head of service level, 2 on h and 1 on j grade - why do we need them all?*
- *Review management structures and joining up services with other local authorities.*

6. Green matters, waste and recycling

- *We need a recycling collection in place. We are throwing everything in the same bin including glass, paper and plastic. This is a shame Nottingham is better than this*
- *Complete policy shift towards goods reuse and recycling of waste as a priority. Reduction of carbon footprint by allowing only ULE vehicles within city centre*
- *Increase charges for bulky waste collection. Introduce charge for multiple drop off at city refuse sites.*
- *Do more clearance days when we can put our rubbish out for collection- it will stop requests for single pickups.*
- *I would love to have glass recycling facilities for homes in the city centre. It seems mad to me that to recycle my glass I have to carry it to the nearest recycling station - at a time when every effort should be made to encourage green living. It seems odd that glass recycling is so hard.*

7. Parking - outside schools and more parking needed (linked to Green)

- *Address the parking issues on double yellow line outside schools, fines for parents who park there would be a huge form of income as illegal parking happens every day and is a danger to the children.*
- *Make parking around schools illegal or no entry areas*
- *More parking spaces at the park and ride site, more parking in town to encourage people to use the town centre more frequently.*
- *At the moment, some of the work you're doing is putting the cart before the horse, e.g. a lot of the great work the council is doing to tackle climate change and air pollution are being undermined by a lack of supporting infrastructure to support this. One example is the lack of park & ride places in the car parks in the north of the city. This is detrimental, especially to those who have disabilities but who cannot get a blue badge for Nottingham city or Nottinghamshire. The disability parking is specifically for Nottingham city/Nottinghamshire residents. This means people are more likely to come into town, using more fuel and create more pollution.*

8. Crime and Safety

- *Please spend more on community protection, it saves lots of money by stopping problems early.*
- *Give CPO's more power so they are respected by the public.*
- *ASB is a massive problem in the city centre. We need more community protection officers on the streets*
- *All of my neighbours smoke marijuana, I have alerted the police on numerous occasions, no one cares one bit! And I raise two children that I don't want to subject to this. On my way to nursery I smell weed from every house and car that passes me by, disgusting! Drugs go hand in hand with knife crime - police and council do close to nothing about it. We need a change!*
- *More police protection where it is needed and not where it is not.*
- *If you had a few more wardens or CPO's you could nip a lot of problems in the bud and save the expense of sorting them out later.*

9. Council Tax/Benefits

- *Spend less, reduce council tax and let residents decide how to spend their money.*
- *We are paying our council tax and nothing being done at the moment so I cannot see where you are going to cut to make savings.*
- *I cannot believe you spend so much of my council tax on services to the elderly/vulnerable. No wonder my tax has gone up 5% in the last two years but unfortunately my pension has not. You need to spend far less in this area and leave it to central govt. My council tax could be halved if you were not so profligate.*
- *I think a review of adults in supported living services (especially those with own flats and tenancies) need review of benefits, amount of rent what is paid by benefits is excessive and what landlords charge. A tenant who I support has over £1,200 a month and pays no rent and council tax!*
- *Senior citizens deserve relief such as to pay very small amounts of council tax. They have paid enough taxes all their working lives. Council tax is one of the most unfair taxes. It should be based on individuals not properties. Save money control benefits, people on benefits enjoy life and go on holiday more than working class. It is not fair!*

10. Reduce the Events or charge more

- *'It's time to ask what is "really essential". Events are nice to have i.e. Nottingham by the Sea - whilst these are nice, they are not essential and the money could be used elsewhere.'*
- *Reduce large events or charge more, they are good but not everybody uses them, money saved could go on essential services e.g. Splendour entry is relatively cheap-could charge more.*
- *All services named are essential to the city. Should the number of council funded social events be reduced?*
- *Why events? Why can't people entertain themselves without events being created for them?*
- *Given how much you've been cut, I think you seem to spend a lot on "shiny" things - splendour, events in market square, arts and music stuff and especially the high quality of the print materials you send out. I'd rather see these cut and vulnerable people prioritised as well as retaining our practical services such as garden waste collection.*
- *I would be happy to pay to enter more events to help generate more revenue. Please don't underestimate the value that the leisure/sports/cultural events play in community cohesion, which reduces anti-social behaviour.*
- *I think that money is generally well spent in Nottingham and it is great that there are so many free events for people that live here. However, maybe these could be cut down or charge people a small amount to access them, so that money can be spent on basic things such as street cleaning and clearing leaves out of drains which doesn't always happen in my area.*

11. Online services, website, arrow and other glossy materials

- *Promote more to continue online surveys, the arrow etc., by the public to reduce cost of postage/publication cost.*
- *Are sent an arrow to know what is going on, otherwise we would not know. Appreciate this is the icing on the cake rather than a fundamental service such as care/schools etc. Could this go online with an email to let people know?*
- *Stop posting Nottingham arrow, put in libraries/online.*
- *Not printing loads of promotional leaflets for things. I work in a community centre and a lot of them get put in the bin- a complete waste of money. Your website does not have a telephone number easily available on the first page. Sometimes it is easier to phone with a specific query than report online.*
- *Put a lot of content online, but not just online people need to see in reality too.*
- *You do not need to send the arrow magazine, do it online. Put copies in libraries.*
- *Cease the publication and distribution of Nottingham arrow.*
- *Savings- stop posting Nottingham arrow, put in libraries/online.*
- *Make the arrow magazine an 'opt in' service. Where people can register to continue to receive by post, receive by email and nil return equates to no longer receive.*
- *I think that making it easier for elderly or people with a learning disability to use the website and more sign posting to organisations that can offer them support if they struggle with using a computer.*
- *Council website should be more user friendly.*

12. Community Services

- *Differently- use more volunteers. Do not use a lot of interpreters but spend more on teachers. Other organisations-voluntary agencies. Use unpaid work/community service for savings via probation service for street cleaning. Savings*
- *Be a voice for the community charities. Get retired people active by using them when they are capable. Use prisoners to do street cleaning.*
- *All the services currently listed above are important. Children are our future, we residents could be encourage to care for their surroundings i.e. Picking up litter, plant flowers/care for them, be more involved in the local community.*
- *Long term unemployed people who are able to work should be required to do work in the community for free if they wish to carry on receiving any benefits*
- *Making savings by using people on community service to do more jobs.*

5.3 Figure 4 shows an illustration using a word cloud, which carries out a count of the main words respondents used. There were comments made on ideas for saving money and a number of comments gave ideas on where income could be generated.



Figure 4. Comments – word cloud

6.0 Who responded?

6.1 This section highlights the demographics of respondents to the Your City Your Services survey. There were respondents who declined to give this information.

6.2 Table 1 shows the gender of respondents, 58% female and 38% male. Comparing to the city population female respondents are over represented.

	Survey responses		City Profile*	
	count	%	count	%
Male	521	38%	153,777	50.3%
Female	789	58%	151,903	49.7%
Prefer not say	54	4%		
Total	1364	100%	305,680	100.0%

Table 1. Gender of respondents comparison city profile* ONS Census key statistics 2011

6.3 Table 2 shows the representation of respondents by age. Over half of respondents are aged 60 and over (54%) with just 2% from those under the age of 24. Looking at responses compared to the city profile, older respondents are over represented whilst those under 24 are highly unrepresented.

	Survey responses		City Profile*	
	count	%	count	%
16 - 24	25	2%	66,497	21.8%
25 - 44	313	23%	87,751	28.7%
45 - 59	304	22%	47,678	15.6%
60 - 64	161	12%	12,626	4.1%
65+	573	42%	35,552	11.6%
Total	1376	100%	305,680	100.0%

Table 2. Age of respondents comparison city profile* ONS Census key statistics 2011

6.4 Table 3 shows the respondents who consider they have a long-standing illness or disability, 36% feel this applies to them. Comparing to the city profile, those with a disability are over represented in the responses.

	Survey responses		City Profile*	
	count	%	count	%
Yes	466	36%	55382	17.6%
No	841	64%	250298	82.4%
Total	1307	100%	305680	100.0%

Table 3. Respondents with a long standing illness or disability comparison city profile* ONS Census key statistics 2011

- 6.5 The majority of respondents (87%) are from a white background. Table 4 shows the ethnicity breakdown of respondents. Looking at the city profile White respondents are over represented.

	Survey responses		City Profile*	
	count	%	count	%
White	1092	87%	218698	71.5%
Black	78	6%	22185	7.3%
Asian	40	3%	34051	11.1%
Mixed	30	2%	20265	6.6%
Chinese	11	1%	5988	2.0%
Any other ethnic group			4493	1.5%
Prefer not to say	74	6%		
Total	1325	100%	305680	100.0%

Table 4. Ethnicity of respondents comparison city profile* ONS Census key statistics 2011

- 6.6 Respondents were asked to provide a postcode to identify the area they live in. 29 of the responses were from outside Nottingham and are not included in the ward analysis in table 5 below. The largest response from those living in Nottingham is from people who live in Sherwood (8.8%) and Wollaton West (8.6%). Responses are not representative of the city profile by wards.

	Survey responses		City Profile*	
	count	%	count	%
Aspley	41	3.2%	13,321	4.4%
Basford	71	5.6%	17,622	5.8%
Berridge	70	5.5%	16,207	5.3%
Bestwood	66	5.2%	18,651	6.1%
Bilborough	63	5.0%	16,753	5.5%
Bulwell	57	4.5%	16,792	5.5%
Bulwell Forest	69	5.4%	14,669	4.8%
Castle	64	5.0%	16,157	5.3%
Clifton East	58	4.6%	13,614	4.5%
Clifton West	54	4.2%	12,888	4.2%
Dales	61	4.8%	13,947	4.6%
Hyson Green & Arboretum	32	2.5%	16,754	5.5%
Leen Valley	46	3.6%	10,920	3.6%
Lenton & Wollaton East	54	4.2%	10,702	3.5%
Mapperley	105	8.3%	15,846	5.2%
Meadows	49	3.9%	21,414	7.0%
Radford	25	2.0%	15,414	5.0%
Sherwood	102	8.0%	19,316	6.3%
St Ann's	78	6.1%	9,952	3.3%
Wollaton West	107	8.4%	14,741	4.8%
Grand Total	1272	100.0%	305680.0	100.0%

Table 5. Ward Area of respondents comparison city profile* ONS Census key statistics 2011

Report authors and contact details:
Shelley Harrod, Research, Engagement & Consultation Manager
0115 87 65723
shelley.harrod@nottinghamcity.gov.uk

**LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE
DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION**

Your City Your Services Arrow and Online Survey October to December 2019

Comments on budget proposals: 17 December 2019 - 6 February 2020

Notes of consultation meetings: January 2020

**PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS ANNEX
REPORT**

None

Subject:	Treasury Management Strategy 2020/21 And Capital & Investment Strategy 2020/21
Corporate Director(s)/Director(s):	Laura Pattman, Strategic Director for Finance
Portfolio Holder(s):	Sam Webster, Portfolio Holder for Finance, Growth and the City Centre
Report author and contact details:	Theresa Channell, Head of Strategic Finance and Deputy S151 Officer Tel: 0115 8764157 Email : theresa.channell@nottinghamcity.gov.uk
Subject to call-in:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Key Decision:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Criteria for Key Decision:	
(a)	<input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
and/or	
(b)	Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input type="checkbox"/> No
Type of expenditure:	<input type="checkbox"/> Revenue <input type="checkbox"/> Capital
Total value of the decision:	Nil
Wards affected:	All
Date of consultation with Portfolio Holder(s):	Throughout the budget process
Relevant Council Plan Key Theme:	
Nottingham People	<input checked="" type="checkbox"/>
Living in Nottingham	<input checked="" type="checkbox"/>
Growing Nottingham	<input checked="" type="checkbox"/>
Respect for Nottingham	<input checked="" type="checkbox"/>
Serving Nottingham Better	<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
<p>This report covers the Treasury Management Strategy Statement 2020/21 and the Capital Strategy for 2020/21.</p> <p>The Treasury Management Strategy Statement (TMSS) sets out the Treasury Management, Treasury Investment and Debt Repayment strategies for 2020/21 and includes the associated Prudential Indicators and Policy Statement.</p> <p>The Capital and Investment Strategy sets out the framework for the council's capital investment and financing decisions aligned to the City Council's corporate priorities over the medium term.</p>	
Exempt information:	
<p>An appendix to this report is exempt from publication under paragraph number 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p> <p>It is not in the public interest to disclose this information because it relates to the terms of financing of 3rd party organisations which could be useful to competitors and harm future negotiations</p>	
Recommendation(s):	
<p>1 To endorse and recommend for approval by the City Council at its meeting on 9 March 2020 the overall Treasury Management Strategy for 2020/21 (Appendix 1), and, in particular:</p>	

- a. the strategy for debt repayment (Minimum Revenue Provision) in 2020/21 (section 5.2);
- b. the Investment Strategy for 2020/21 (section 4);
- c. the Prudential Indicators and Limits for 2020/21 to 2022/23 (section 5.1);
- d. adopt the current Treasury Management Policy Statement (section 5.3).

2 To endorse and recommend for approval by the City Council at its meeting on 9 March 2020 the Capital & Investment Strategy 2020/21 (Appendix 2).

1 Reasons For Recommendations

- 1.1 Approval of a Treasury Management Strategy is a legal requirement, to comply with:
- * Financial Regulations and the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management by submitting a policy and strategy statement for the ensuing financial year;
 - * guidance issued by the Secretary of State under section 15(1) (a) of the Local Government Act 2003 in approving, at Council, an Annual Investment Strategy before 1 April;
 - * guidance issued by the Secretary of State under section 21 (1A) of the Local Government Act 2003 which requires the preparation of an annual statement of the Council's policy on making a Minimum Revenue Provision (MRP) for the repayment of debt.

- 1.2 The Capital Strategy is a new requirement for Nottingham City Council, the strategy has to comply with:
- * The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and the Code of Practice on Treasury Management;
 - * regulations requiring the Council to have regard to the Code are issued under section 1 of the Local Government Act 2003.
 - * guidance issued by the Secretary of State under section 15(1) (a) of the Local Government Act 2003 in approving, at Council, an Annual Investment Strategy before 1 April;

2 Background (Including Outcomes Of Consultation)

- 2.1 Treasury management is a term used to describe the management of an organisation's borrowing, investments and other financial instruments, their associated risks and the pursuit of optimum performance or return consistent with those risks.
- 2.2 The Treasury Management Strategy Statement (TMSS) sets the strategic context, within the Council's planning cycle, for how treasury management activity will take place. The various aspects of the strategy require approval by Full Council these include the Treasury Management and Treasury Investment strategies for 2020/21, the Debt Repayment Strategy, the Prudential Indicators and the associated treasury policies.
- 2.3 The Capital Strategy provides the council with a framework in which capital investment and financing decisions can be aligned with the Council's corporate priorities over the medium term. This strategy requires approval by Full Council.
- 2.4 The treasury management and capital functions are governed by provisions set out under Part 1 of the Local Government Act 2003, whereby the Council must have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code

of Practice. The Council formally adopts the current requirements of these codes as part of its Treasury Management Policy Statement and its Capital Strategy.

- 2.5 The Treasury Management Strategy and the Capital Strategy will be considered by Audit Committee on 28 February 2020, as part of the scrutiny process required by the CIPFA Code of Practice.

3 Other Options Considered In Making Recommendations

- 3.1 The approval of a Treasury Management Strategy and Capital Strategy is a requirement of the CIPFA code. The Ministry of Housing, Communities & Local Government (MHCLG) Guidance and the CIPFA Code do not prescribe any particular strategies for local authorities to adopt. The Chief Financial Officer, having consulted the portfolio holder, believes that the proposed strategies represent an appropriate balance between risk management and cost effectiveness.

4 Finance Colleague Comments (Including Implications And Value For Money/VAT)

- 4.1 Net treasury management expenditure comprises interest charges, interest receipts and a revenue provision for debt repayment. A proportion of the Council's debt relates to capital expenditure on council housing and from 1 April 2012 separate arrangements have been established for the HRA. The remaining costs are included within the treasury management section of the General Fund budget, although there remain a number of recharges between the General Fund and the HRA.
- 4.2 The Treasury Management forecast outturn for 2019/20 is reflected within the Corporate Budget report elsewhere on this agenda. The budget for 2020/21 is based on the financial implications of the various proposed strategies, as detailed in Appendix 1. The budget estimate of £56.921m is included within the Medium Term Financial Plan (MTFP).
- 4.3 The financial implications of the two strategies are intrinsically linked, as the Capital & Investment Strategy defines the capital expenditure plans of the council including the element that is to be financed by borrowing. The Treasury Management Strategy defines how the associated cash flows from this borrowing requirement are to be managed.
Comments provided by Glyn Daykin, Senior Accountant Treasury Management, dated 27 January 2020.

5 Legal And Procurement Colleague Comments (Including Risk Management Issues, And Legal, Crime And Disorder Act And Procurement Implications)

- 5.1 None.

6 Strategic Assets & Property Colleague Comments (For Decisions Relating To All Property Assets And Associated Infrastructure)

- 6.1 None.

7 Social Value Considerations

- 7.1 N/A

8 Regard To The NHS Constitution

8.1 N/A

9 Equality Impact Assessment (EIA)

9.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required as the report does not contain proposals for new or changing policies, services, or functions.

10 List Of Background Papers Relied Upon In Writing This Report (Not Including Published Documents Or Confidential Or Exempt Information)

10.1 N/A

11 Published Documents Referred To In This Report

11.1 Money Market and PWLB loan rates

11.2 Treasury Management in the Public Services Code of Practice 2017–CIPFA

11.3 Prudential Code 2017-CIPFA

11.4 Treasury Management in the Public Services Guidance Notes 2018 - CIPFA

11.5 Statutory guidance on local government investments 3rd Edition 2018

11.6 Statutory guidance on Minimum Revenue Provision (MRP) 2018

11.7 Treasury Green Book

11.8 Corporate Asset Management Plan

11.9 The Council Plan 2019-2023



Nottingham City Council

Treasury Management Strategy 2020/21

INDEX

1.1	Background.....	3
1.2	Reporting requirements.....	3
1.3	Treasury Management Strategy for 2020/21	5
1.4	Training	5
1.5	Treasury management advisors	5
2	THE CAPITAL PRUDENTIAL INDICATORS 2019/20 – 2024/25	6
2.1	Capital expenditure.....	6
2.2	The Council's borrowing need (the Capital Financing Requirement).....	7
3	BORROWING	8
3.1	Current portfolio position.....	8
3.2	Treasury Indicators: limits to borrowing activity	9
3.3	Prospects for interest rates.....	12
3.4	Borrowing strategy.....	13
3.5	Policy on borrowing in advance of need.....	14
3.6	Debt rescheduling.....	14
3.7	New financial institutions as a source of borrowing and / or types of borrowing.....	14
4	ANNUAL INVESTMENT STRATEGY.....	15
4.1	Investment policy – management of risk	15
4.2	Investment strategy	16
4.3	Investment returns expectations	17
4.4	Approved Counterparties	18
4.5	Investment Limits.....	20
4.6	Investment treasury indicator and limit	20
4.7	Investment risk benchmarking	21
4.8	Other Items	21
5	APPENDICIES	
5.1	The Capital Prudential and Treasury Indicators.....	23
5.1.1	Capital expenditure & the Capital Financing Requirement	23
5.1.2	The Authorised limit for external debt and the operational boundary	23
5.1.3	Affordability prudential indicators	23
a.	Ratio of financing costs to net revenue stream	23
b.	HRA ratios.....	23
5.2	Annual Minimum Revenue Provision Statement 2020/21	25
5.3	Treasury Management Policy Statement	27
5.4	Economic Background and Interest Rates Forecast Commentary	29
5.5	The Treasury Management Role of the 151 Officer.....	38

1.INTRODUCTION

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

CIPFA defines treasury management as:

“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

1.2 Reporting requirements

1.2.1 Capital Strategy

The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this capital strategy is to ensure that all elected councillors on the Full Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

The capital strategy (referred to as the Capital & Investment Strategy) is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The Capital & Investment Strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the Capital & Investment Strategy.

To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.

1.2.2 Treasury Management reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- a. Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
 - the capital plans, (including prudential indicators);
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
 - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an investment strategy, (the parameters on how investments are to be managed).
- b. A mid-year treasury management report** – This is primarily a progress report and will update councillors on the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- c. An annual treasury report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit Committee.

1.3 Treasury Management Strategy for 2020/21

The strategy for 2020/21 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- investment policy including creditworthiness; and
- the policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the Ministry of Housing, Communities and Local Government, [MHCLG] MRP Guidance, the CIPFA Treasury Management Code and the MHCLG Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that councillors with responsibility for treasury management receive adequate training in treasury management. This especially applies to councillors responsible for scrutiny. The Audit Committee received a Treasury Management training session delivered by Link Asset Services on 27 September 2019. Further training will be arranged as required. The training needs of treasury management officers are periodically reviewed.

1.5 Treasury management advisors

The Council uses Link Asset Services, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2 THE CAPITAL PRUDENTIAL INDICATORS 2019/20 – 2024/25

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist councillors' overview and confirm capital expenditure plans.

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

Capital Expenditure £m	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
General Fund	62.582	129.083	108.042	22.806	14.220	13.240	9.794
Commercial Activities / Non-financial investments *	43.297	52.330	50.826	26.036	2.274	1.500	-
General Fund Total	105.879	181.413	158.868	48.842	16.494	14.740	9.794
HRA	42.116	54.199	59.645	58.648	41.724	33.469	27.926
TOTAL	147.995	235.612	218.513	107.490	58.218	48.209	37.720

* Commercial activities / non-financial investments relate to areas such as capital expenditure on investment properties, loans to third parties etc.

The above capital expenditure figures exclude potential schemes in the planning stage, these schemes are awaiting completion of feasibility assessments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of Capital Expenditure £m	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Capital Receipts	23.376	18.297	20.107	12.352	7.087	4.468	3.077
Capital Grants & Contributions	31.306	71.896	43.833	10.009	8.394	8.114	2.206
Capital Reserves	25.822	31.861	36.736	33.270	25.210	25.678	25.039
Revenue	0.978	1.386	1.166	0.211	-	-	-
Capital expenditure to be financed by borrowing	66.513	112.172	116.671	51.648	17.527	9.949	7.398
TOTAL	147.995	235.612	218.513	107.490	58.218	48.209	37.720

The net financing need for commercial activities / non-financial investments included in the above table against expenditure is shown below:

Commercial activities / capital investments £m	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Capital Expenditure	43.297	52.330	50.826	26.036	2.274	1.500	-
Commercial activity financed by borrowing	41.982	48.704	50.083	25.856	2.200	1.500	-
Overall Capital expenditure to be financed by borrowing	66.513	112.172	116.671	51.648	17.527	9.949	7.398
Percentage of total net financing need %	63%	43%	43%	50%	13%	15%	0%

The table above shows in 2020/21 that 43% of the overall capital expenditure financed by borrowing is forecast to be for commercial/non-financial investments.

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI, PPP lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £191.4m of such schemes within the CFR.

The CFR projections are shown below:

	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Capital Financing Requirement (£m)							
CFR – General Fund	1,088.356	1,155.707	1,209.192	1,197.272	1,154.375	1,104.572	1,054.636
CFR – HRA	294.811	296.981	312.755	325.394	332.406	333.308	330.638
Total CFR	1,383.167	1,452.688	1,521.947	1,522.666	1,486.781	1,437.880	1,385.274
Movement in CFR		69.521	69.260	0.718	(35.885)	(48.901)	(52.606)
Movement in CFR represented by (£m)							
Net financing need for the year (above)	66.513	112.172	116.671	51.648	17.527	9.949	7.398
Less MRP/VRP and other financing movements		42.651	47.411	50.930	53.412	58.850	60.004
Movement in CFR		69.521	69.260	0.718	(35.885)	(48.901)	(52.606)

Note: the MRP / VRP will include PFI / finance lease annual principal payments.

A key aspect of the regulatory and professional guidance is that elected councillors are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The capital expenditure figures shown in 2.1 and the details above demonstrate the scope of this activity and the scale proportionate to the Authority's remaining activity.

3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's Capital & Investment Strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The Treasury Management Strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The overall treasury management portfolio as at 31 March 2019 and for the position as at 31 December 2019 are shown below for both borrowing and investments.

TREASURY PORTFOLIO				
	actual	actual	current	current
	31.3.19	31.3.19	31.12.19	31.12.19
Treasury investments	£m	%	£m	%
banks	0	0%	40.000	40%
local authorities	57.500	63%	35.000	35%
DMADF (H.M.Treasury)	0	0%	0	0%
money market funds	33.100	37%	23.800	24%
Total treasury investments	90.600	100%	98.800	100%
Treasury external borrowing				
local authorities	22.000	2%	75.500	7%
PWLB	882.005	93%	891.732	88%
market loans inc LOBOs	49.000	5%	49.000	5%
other	0.235	0%	0.235	0%
Total external borrowing	953.240	100%	1,016.467	100%
Net treasury investments / (borrowing)	(862.640)		(917.667)	

The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

It should be noted that the forecast under borrowing position is supported by the council balance sheet i.e. reserves and working capital balances, should these balances reduce further borrowing will be required and additional costs of financing will be incurred. This should be seen in context of the council's overall budget position and current level of budget flexibility.

£m	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
External Debt at 1 April	788.9	953.2	1,049.0	1,112.8	1,125.9	1,105.9	1,074.5
Expected change in Debt	164.3	95.8	63.8	13.2	(20.0)	(31.4)	(27.4)
Other long-term liabilities inc PFI	226.0	201.0	191.4	181.8	170.7	158.7	146.7
Expected change in OLTL *	(25.0)	(9.6)	(9.6)	(11.1)	(12.0)	(12.0)	(12.8)
Gross debt at 31 March	1,154.3	1,240.4	1,294.6	1,296.6	1,264.6	1,221.2	1,180.9
Capital Financing Requirement (CFR)	1,383.2	1,452.7	1,521.9	1,522.7	1,486.8	1,437.9	1,385.3
Under / (over) borrowing	228.9	212.3	227.4	226.0	222.2	216.7	204.4

* (OLTL) – Other Long Term Liabilities

Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Council complied with this prudential indicator in the current year and does not envisage difficulties for the future estimates below. This view takes into account current commitments, existing plans, and the proposals in this report.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

£m	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Operational boundary	1,452.7	1,521.9	1,522.7	1,486.8	1,437.9	1,385.3

The authorised limit for external debt. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

£m	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Authorised limit	1,482.7	1,551.9	1,552.7	1,516.8	1,467.9	1,415.3

Abolition of HRA debt cap. Separately, the Council was also limited to a maximum HRA CFR through the HRA self-financing regime. (*) In October 2018 Prime Minister Theresa May announced a policy change of abolition of the HRA debt cap.

Any new HRA borrowing should be compliant with the Prudential Code i.e. prudent, affordable, sustainable and in proportion with the available resources. The Capital & Investment Strategy (section Housing Revenue Account (HRA) – Financial Appraisal details the affordability criteria and minimum financial parameters used when considering new schemes.

The planned HRA borrowing is shown below against the now abolished debt cap:

HRA Debt Limit £m	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
HRA debt cap *	319.8	319.8	319.8	319.8	319.8	319.8	319.8
HRA CFR	294.8	297.0	312.8	325.4	332.4	333.3	330.6
HRA headroom	25.0	22.8	7.0	-5.6	-12.6	-13.5	-10.8

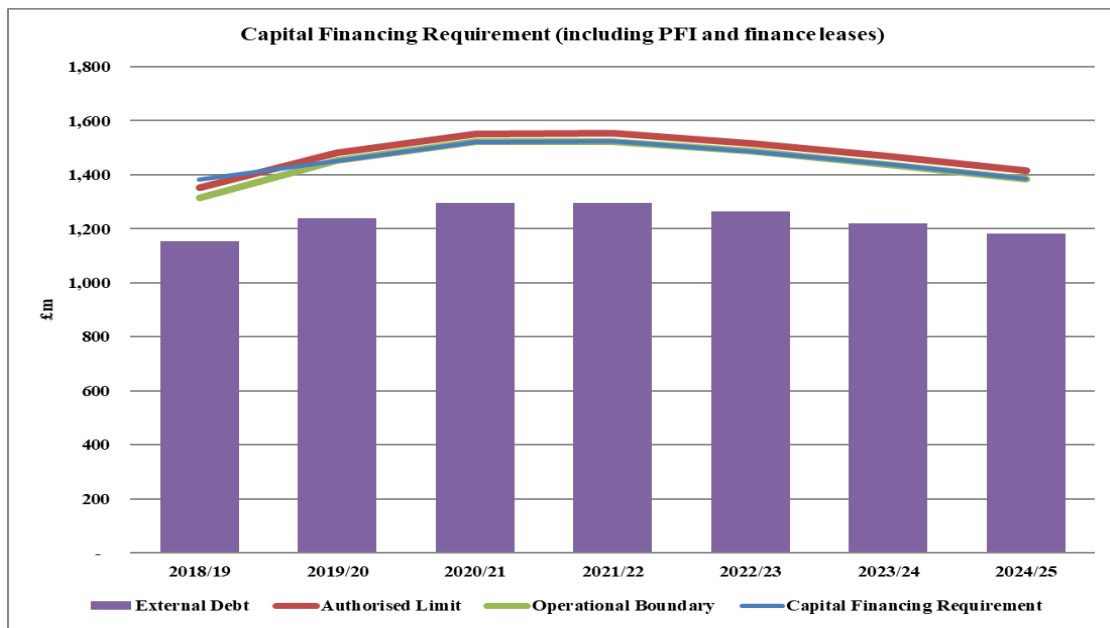
The upper limit on variable interest rate exposure. – This is a local indicator to control the Council's exposure to interest rate risk including LOBO loans with a call option in the next 12 months. The upper limits on variable rate interest rate exposures, expressed as the amount of principal borrowed for the next three financial years. A high level of variable rate debt presents a risk from increases in interest rates. This figure represents the maximum permitted exposure to such debt.

£m	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Variable rate debt	300.0	350.0	350.0	300.0	300.0	300.0

The level of variable rate debt as at 31 December 2019 was £130.4m.

Debt limits against the CFR: - The following table and graph discloses how the indicators on the limits to borrowing compare to actual external debt and the forecast capital financing requirement (CFR). The difference between the CFR and the forecast external debt represents the level of under borrowing expected over the forecast period.

CAPITAL FINANCING REQUIREMENT (including PFI and finance leases)							
	Actual	Est	Est	Est	Est	Est	Est
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m	£m	£m
HRA CFR	294.8	297.0	312.8	325.4	332.4	333.3	330.6
General Fund CFR	1,088.4	1,155.7	1,209.2	1,197.3	1,154.4	1,104.6	1,054.6
Total CFR	1,383.2	1,452.7	1,521.9	1,522.7	1,486.8	1,437.9	1,385.3
External Borrowing	953.2	1,049.0	1,112.8	1,125.9	1,105.9	1,074.5	1,047.0
Other long term liabilities	201.0	191.4	181.8	170.7	158.7	146.7	133.9
Total Debt	1,154.3	1,240.4	1,294.6	1,296.6	1,264.6	1,221.2	1,180.9
Authorised Limit	1,353.8	1,482.7	1,551.9	1,552.7	1,516.8	1,467.9	1,415.3
Operational Boundary	1,313.8	1,452.7	1,521.9	1,522.7	1,486.8	1,437.9	1,385.3



3.3 Prospects for interest rates

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view. The Interest rate forecast below should be considered alongside the detailed economic background and forecast commentary provided in sections 5.4.

Link Asset Services Interest Rate View													
	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.80	0.80	0.90	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.90	1.00	1.00	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	0.90	0.90	1.00	1.10	1.20	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.30	2.40	2.40	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.00	3.10
10yr PWLB Rate	2.50	2.50	2.60	2.60	2.70	2.80	2.90	3.00	3.10	3.10	3.20	3.20	3.30
25yr PWLB Rate	3.00	3.00	3.10	3.20	3.30	3.40	3.50	3.60	3.70	3.80	3.80	3.90	3.90
50yr PWLB Rate	2.90	2.90	3.00	3.10	3.20	3.30	3.40	3.50	3.60	3.70	3.70	3.80	3.80

The PWLB rate forecasts shown above have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012.

The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time. The result of the general election has removed much uncertainty around this major assumption. However, it does not remove uncertainty around whether agreement can be reached with the EU on a trade deal within the short time to December 2020, as the prime minister has pledged.

Investment and borrowing rates

- Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.
- Borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps/1% on 9 October 2019. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management. Now that the gap between longer term borrowing rates and investment rates has materially widened, and in the long term Bank Rate is not expected to rise above 2.5%, it is unlikely that this authority will do any further longer term borrowing for the next three years, or until such time as the extra 100 bps margin is removed.
- The cost of carry (the difference between higher borrowing costs and lower investment returns) will need to be considered on any new long or medium-term borrowing decision that cause a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

In addition, PWLB rates are subject to ad hoc decisions by **H.M. Treasury** to change the margin over gilt yields charged in PWLB rates: such changes could be up or down. It is not clear that if gilt yields were to rise back up again by over 100bps within the next year or so, whether H M Treasury would remove the extra 100 bps margin implemented on 9 October 2019.

3.4 Borrowing strategy

Objectives: 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.

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2020/21 treasury operations. Interest rates are closely monitored in financial markets and a pragmatic approach to changing circumstances will be taken:

- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

Based on the current central case forecast the Council will look to maintain the under-borrowed position and continue to utilise short term loans at low interest rates whilst retaining some flexibility to take advantage of longer term funding opportunities to reduce the overall interest rate exposure if appropriate.

The benefits of short-term borrowing and/or maintaining an under-borrowed position will be monitored regularly against the potential for incurring additional costs should interest rates increase in future years when long-term borrowing rates are forecast to rise modestly. Our treasury advisors will assist the Council with this 'cost of carry' and breakeven analysis.

The Council may where advantageous arrange forward starting loans during 2020/21, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period and reduce the overall level of interest rate exposure.

This may include to pre-fund future years' requirements, to reduce the level of internal borrowing or for additional capital schemes that are not yet in the approved capital program providing this does not exceed the authorised limit for borrowing.

Any borrowing will be subject to the Council's borrowing limits and maturity limits shown in the Prudential Indicators section 5.1.3 and the limits on the exposure to variable interest rates shown in section 3.2 and will be reported to the appropriate decision making body at the next available opportunity following its action.

Sources: The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and its successor 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 Nottinghamshire County Council Pension Fund)
- Insurance and Assurance companies
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback

3.5 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

3.6 Debt rescheduling

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.

If a debt rescheduling is transacted, it will be reported to the appropriate decision making body at the next available opportunity following its action.

3.7 New financial institutions as a source of borrowing and / or types of borrowing

Following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local authorities (primarily shorter dated maturities)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
- Municipal Bonds Agency

The degree which any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing but this will be monitored closely.

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy – management of risk

The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital & Investment Strategy, (a separate report).

The Council’s investment policy has regard to the following: -

- MHCLG’s Guidance on Local Government Investments (“the Guidance”)
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”)
- CIPFA Treasury Management Guidance Notes 2018

The Council’s investment priorities will be security first, portfolio liquidity second and then yield, (return).

The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the long-term ratings.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings.
3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two categories ‘specified’ and ‘non-specified’ investments.
 - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
 - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by councillors and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18 month deposit would still be non-specified even if it has only 11 months left until maturity.

5. **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments (see table 2 in section 4.4).
6. **Approved Counterparties and limits**, (amounts and maturity), for each type of counterparty will be set through applying the matrix table 1 in section 4.4.
7. **Investment limits** are set for each type of investment in table 3 in section 4.5.
8. This authority will set a limit for the amount of its investments which are invested for **longer than 365 days**, shown in table 4 in section 4.6.
9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see section 4.4 – specified investments).
10. This authority has engaged **external consultants**, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
11. All investments will be denominated in **sterling**.
12. As a result of the change in accounting standards for 2019/20 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18.)

This authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.7). Regular monitoring of investment performance will be carried out during the year.

Changes in risk management policy from last year.

The above criteria are unchanged from last year.

4.2 Investment strategy

Context: The Council holds invested funds representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's investment balance has ranged between £55m and £104m. For liquidity purposes investment balances are expected to be maintained above £30m in the forthcoming year.

Objectives: Both the CIPFA Code and the MHCLG Guidance require the Council to invest its 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.

Strategy: Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

4.3 Investment returns expectations

On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase only slowly over the next few years to reach 1.25% by quarter 1 2023. Bank Rate forecasts for financial year ends (March) are:

- Q1 2021 0.75%
- Q1 2022 1.00%
- Q1 2023 1.25%
- The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.

In the event that a Brexit deal is agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

4.4 Approved Counterparties

The Council may invest its surplus funds with any of the counterparty types in table 1 below, subject to the cash limits (per counterparty) and the time limits shown.

Credit Rating	Banks Unsecured	Banks Secured	Government
UK Govt	n/a	n/a	£ Unlimited 50 years
AAA	£10m 5 years	£10m 20 years	£10m 50 years
AA+	£10m 2 years	£10m 10 years	£10m 25 years
AA	£10m 2 years	£10m 5 years	£10m 15 years
AA-	£10m 2 years	£10m 4 years	£10m 10 years
A+	£10m 2 years	£10m 3 years	£10m 5 years
A	£10m 13 months	£10m 2 years	£10m 5 years
A-	£10m 6 months	£10m 13 months	£10m 5 years
None	n/a	n/a	£10m 5 years
Pooled funds	£10m per fund		

This table must be read in conjunction with the notes below:-

Lloyds Bank: The Council's own bank, will be subject to the limits in table 1 for investment balances, but also accommodate necessary short-term cash management balances within its bank accounts for periods of up to 4 days with no maximum sum.

Credit Rating: Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. 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.

Banks 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.

Banks Secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. 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.

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 an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Pooled Funds: Shares in diversified investment vehicles consisting of the any of the above investment types, plus corporate bonds, commercial paper, equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee.

Short-term Money Market Funds that offer same-day liquidity and very low or no volatility (CNAV/LVNAV funds) will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices (VNAV funds) and/or have a notice period will be used for longer investment periods.

Risk Assessment and Credit Ratings:

Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. 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, and full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day 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.

Specified Investments: The MHCLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of "high credit quality".

The Council defines "high credit quality" organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of AAA from at least one of the main credit rating agencies.

Non-specified Investments: Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any financial investments (treasury management investments) denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified treasury investments will therefore be limited to long-

term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement. The limits for non-specified investments is shown in **table 2** below.

Table 2: Non-Specified Investment Limit	
	Cash limit
Unsecured Bank Investments > 365 days *	£10m
Secured Bank Investments > 365 days *	£40m
Government Investments > 365 days (inc Local Authorities) *	£100m
Total non-specified investments	£100m

* The table above shows the non-specified investment limits by the investment type. The investment limits in Table 1 & 3 also apply.

4.5 Investment Limits

The Council's revenue reserves available to cover investment losses are forecast to be c.£91 million on 31st March 2020. In order to limit the amount of available reserves put at risk in the case of a single default, the maximum that will be lent unsecured to any one organisation (other than the UK Government) will be £10 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. 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 single organisation, except the UK Central Government	£10m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£10m per group
Any group of pooled funds under the same management	£20m per manager
Negotiable instruments held in a broker's nominee account	£50m per broker
Foreign countries	£20m per country
Money Market Funds (CNAV/LVNAV)	£75m in total
Other Pooled Funds (VNAV)	£20m in total

4.6 Investment treasury indicator and limit

Total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end including the flexibility to accelerate borrowing to manage interest rate risk as detailed in section 3.4.

£m	2020/21	2021/22	2022/23
Principal sums invested for longer than 365 days	£100m	£100m	£100m
Current investments as at 31.12.19 in excess of 1 year maturing in each year	£0m	£10m	£0m

4.7 Investment risk benchmarking

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Benchmarks will be reported against, in the mid-year or Annual Report.

Liquidity – in respect of this area the Council seeks to maintain:

- Bank overdraft - £0m
- Liquid short term deposits of at least £30m available with a week's notice.

Yield - local measures of yield benchmarks are:

- Investments – returns above the 7 day LIBID rate

4.8 Other Items

There are a number of additional items that the Council is obliged by CIPFA or MHCLG to include in its Treasury Management Strategy.

4.8.1 Liquidity Management:

The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments.

4.8.2 Policy on Use of Financial Derivatives:

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).

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.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

4.8.3 Policy on Apportioning Interest to the HRA:

On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured and interest transferred between the General Fund and HRA at the average 3 month UK Government Treasury Bill interest rate to reflect a credit risk free return.

4.8.4 Policy on Council Subsidiary Deposit Facility:

The Council has a number of subsidiary companies within the group organisation, as such the it may provide a safe haven deposit facility for surplus cash balances held by these companies. These funds are available on request subject to minimum notice period and balances would attract interest at a rate agreed at the time of the request.

4.8.5 Management of treasury risk:

Risk management plays a fundamental role in treasury activities, due to the value and nature of transactions involved. Details of the specific risks identified in respect of treasury management within the Council are adopted to form a Risk Management Action Plan. This Plan is reviewed at regular intervals at meetings of the Treasury Management Panel and an overview is reported to Audit Committee as part of the Treasury Management reporting.

5 APPENDICES

5.1 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist councillors' overview and confirm capital expenditure plans.

5.1.1 Capital expenditure & the Capital Financing Requirement

See paragraphs 2.1 & 2.2

5.1.2 The Authorised limit for external debt and the operational boundary

See section 3.2

5.1.3 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

a. Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

%	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
General Fund	17.31%	17.72%	17.97%	18.15%	17.93%
HRA	12.41%	13.66%	14.43%	15.35%	15.83%

The estimates of financing costs include current commitments and the proposals in this report. The net revenue stream is shown as the total sum to be raised from government grants, business rates, council and other taxes (General Fund) and rent income (HRA). From 1 April 2012, the General fund income figure includes ring-fenced NET (tram) government grant and revenue raised from the Workplace Parking Levy.

b. HRA ratios

The first of two local HRA indicators below shows the ratio debt to revenue showing the sustainability of the debt load over the forecast period.

	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
HRA debt £m	294.811	296.981	312.755	325.394	332.406
HRA debt cap £m	319.784	319.784	319.784	319.784	319.784
HRA revenues £m	106.821	104.533	107.693	108.660	109.867
Ratio of debt to revenues %	2.8	2.8	2.9	3.0	3.0

The second indicator shows the HRA debt per dwelling based on the forecast debt level.

	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
HRA debt £m	294.811	296.981	312.755	325.394	332.406
Number of HRA dwellings	25,808	25,535	25,365	25,195	25,008
Debt per dwelling £'s	11,423	11,630	12,330	12,915	13,292

5.1.4 Maturity structure of borrowing

Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

Maturity structure of fixed interest rate borrowing 2020/21		
	Lower	Upper
Under 12 months	0%	25%
12 months to 2 years	0%	25%
2 years to 5 years	0%	25%
5 years to 10 years	0%	25%
10 years to 25 years	0%	50%
25 years to 40 years	0%	50%
40 years and above	0%	50%

Please note that the maturity date is deemed to be the next call date.

5.1.5 Control of interest rate exposure

Please see paragraphs 3.2.

5.2 Annual Minimum Revenue Provision Statement 2020/21

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

MHCLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year.

The following statement only incorporates options recommended in the Guidance as well as locally determined prudent methods.

- For capital expenditure incurred before 2007/08, and for supported capital expenditure incurred on or after that date, the MRP policy will be to charge an amount per Schedule A below. This charge is based on the principle of repaying the outstanding balance as 31 March 2016 over a 50 year period (2066/67) as per profile approved in 2017/18.
- For unsupported capital expenditure incurred after 2007/08, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets in equal instalments *or* as the principal repayment on an annuity, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years. (*Option 3 in the guidance*)
- For assets acquired by finance leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- Where loans are made to other bodies for their capital expenditure, MRP will be charged to reduce the outstanding debt in line with the principal repayment profile in the 3rd party agreement.
- No MRP will be charged in respect of assets held within the Housing Revenue Account.
- Voluntary MRP may be made at the discretion of the Director of Finance.
- Capital receipts maybe voluntarily set-aside to clear debt and replaced with future prudential borrowing to temporarily reduce the MRP charge. This use of capital receipts will be at the discretion of the Director of Finance.
- MRP Overpayments - A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2020 the total VRP overpayments are expected to be £1.952m.

Capital expenditure incurred during 2020/21 will not be subject to a MRP charge until 2021/22.

Schedule A - MRP profile for outstanding Supported Borrowing

Supported Borrowing is capital expenditure incurred before 2007/08, and for supported capital expenditure incurred on or after that date.

	Year	MRP Payment	Supported Borrowing Balance
4	2020/21	76,894	204,733,455
5	2021/22	76,894	204,656,561
6	2022/23	76,894	204,579,667
7	2023/24	76,893	204,502,774
8	2024/25	4,755,878	199,746,895
9	2025/26	4,755,878	194,991,017
10	2026/27	4,755,878	190,235,138
11	2027/28	4,755,878	185,479,260
12	2028/29	4,755,878	180,723,381
13	2029/30	4,755,878	175,967,503
14	2030/31	4,755,878	171,211,624
15	2031/32	4,755,878	166,455,746
16	2032/33	4,755,878	161,699,867
17	2033/34	4,755,878	156,943,989
18	2034/35	4,755,878	152,188,111
19	2035/36	4,755,878	147,432,232
20	2036/37	4,755,878	142,676,354
21	2037/38	4,755,878	137,920,475
22	2038/39	4,755,878	133,164,597
23	2039/40	4,755,878	128,408,718
24	2040/41	4,755,878	123,652,840
25	2041/42	4,755,878	118,896,961
26	2042/43	4,755,878	114,141,083
27	2043/44	4,755,878	109,385,204
28	2044/45	4,755,878	104,629,326
29	2045/46	4,755,878	99,873,448
30	2046/47	4,755,878	95,117,569
31	2047/48	4,755,878	90,361,691
32	2048/49	4,755,878	85,605,812
33	2049/50	4,755,878	80,849,934
34	2050/51	4,755,878	76,094,055
35	2051/52	4,755,878	71,338,177
36	2052/53	4,755,878	66,582,298
37	2053/54	4,755,878	61,826,420
38	2054/55	4,755,878	57,070,541
39	2055/56	4,755,878	52,314,663
40	2056/57	4,755,878	47,558,785
41	2057/58	4,755,878	42,802,906
42	2058/59	4,755,878	38,047,028
43	2059/60	4,755,878	33,291,149
44	2060/61	4,755,878	28,535,271
45	2061/62	4,755,878	23,779,392
46	2062/63	4,755,878	19,023,514
47	2063/64	4,755,878	14,267,635
48	2064/65	4,755,878	9,511,757
49	2065/66	4,755,878	4,755,878
50	2066/67	4,755,878	-

5.3 NOTTINGHAM CITY COUNCIL TREASURY MANAGEMENT POLICY STATEMENT

The following treasury management policy statement is required to be adopted annually by Full Council as part Treasury Management Strategy.

1 INTRODUCTION AND BACKGROUND

1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code.

1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:-

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
- Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

1.3 The Council (i.e. full Council) will receive reports on its treasury management policies, practices, activities and the annual treasury management strategy in advance of the year in the form prescribed in its TMPs.

1.4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Executive Board. Executive Board will receive reports as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs. The Council delegates responsibility for the execution and administration of treasury management decisions to the Chief Financial Officer, who will act in accordance with the organisation's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

1.5 The Council nominates Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2 POLICIES AND OBJECTIVES OF TREASURY MANAGEMENT ACTIVITIES

2.1 The Council defines its treasury management activities as:

"The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control

of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

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

2.4 The Council’s borrowing will be affordable, sustainable, prudent and proportionate with its financial resources and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.

2.5 The Council’s primary objective in relation to financial investments remains the security of capital. The liquidity or accessibility of the Council’s financial investments followed by the yield earned on these investments remain important but are secondary considerations.

5.4 ECONOMIC BACKGROUND AND FORECAST COMMENTARY

UK. Brexit. 2019 was a year of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU agreed an extension to 31 January 2020. In late October, MPs approved an outline of a Brexit deal to enable the UK to leave the EU on 31 January.

The Conservative Government gained a large overall majority in the **general election** on 12 December; this ensured that the UK left the EU on 31 January. However, there will still be much uncertainty as the detail of a comprehensive trade deal will need to be negotiated by the current end of the transition period in December 2020, which the Prime Minister has pledged he will not extend. This could prove to be an unrealistically short timetable for such major negotiations that leaves open three possibilities; a partial agreement on many areas of agreement and then continuing negotiations to deal with the residual areas, the need for the target date to be put back, probably two years, or, a no deal Brexit in December 2020.

GDP growth took a big hit from both political and Brexit uncertainty during 2019; quarter three 2019 surprised on the upside by coming in at +0.4% q/q, +1.1% y/y. However, the peak of Brexit uncertainty during the final quarter appears to have suppressed quarterly growth to probably around zero. The forward-looking surveys in January have indicated that there could be a significant recovery of growth now that much uncertainty has gone. Nevertheless, economic growth may only come in at about 1% in 2020, pending the outcome of negotiations on a trade deal. Provided there is a satisfactory resolution of those negotiations, which are in both the EU's and UK's interest, then growth should strengthen further in 2021.

At its 30 January meeting, the Monetary Policy Committee held Bank Rate unchanged at 0.75%. The vote was again split 7-2, with two votes for a cut to 0.50%. The financial markets had been predicting a 50:50 chance of a rate cut at the time of the meeting. Admittedly, there had been plenty of downbeat UK economic news in December and January which showed that all the political uncertainty leading up to the general election, together with uncertainty over where Brexit would be going after the election, had depressed economic growth in quarter 4. In addition, three members of the MPC had made speeches in January which were distinctly on the dovish side, flagging up their concerns over weak growth and low inflation; as there were two other members of the MPC who voted for a rate cut in November, five would be a majority at the January MPC meeting if those three followed through on their concerns.

However, that downbeat news was backward looking; more recent economic statistics and forward-looking business surveys, have all pointed in the direction of a robust bounce in economic activity and a recovery of confidence after the decisive result of the general election removed political and immediate Brexit uncertainty. In addition, the September spending round increases in expenditure will start kicking in from April 2020, while the Budget in March is widely expected to include a substantial fiscal boost by further increases in expenditure, especially on infrastructure.

The Bank of England cut its forecasts for growth from 1.2% to 0.8% for 2020, and from 1.8% to 1.4% for 2021. However, these forecasts could not include any allowance for the predicted fiscal boost in the March Budget. Overall, the MPC clearly decided to focus on the more recent forward-looking news than the earlier downbeat news.

The quarterly Monetary Policy Report did, though, flag up that there was still a risk of a Bank Rate cut; "Policy may need to reinforce the expected recovery in UK GDP growth should the more positive signals from recent indicators of global and domestic activity not be sustained or should indicators of domestic prices remain relatively weak." Obviously, if trade negotiations with the EU failed to make satisfactory progress, this could dampen confidence and growth. On the other hand, there was also a warning in the other direction, that if growth were to pick up strongly, as suggested by recent business surveys, then "some modest tightening" of policy might be needed further ahead.

It was therefore notable that the Bank had dropped its phrase that tightening would be "limited and gradual", a long-standing piece of forward guidance; this gives the MPC more room to raise Bank Rate more quickly if growth was to surge and, in turn, lead to a surge in inflation above the 2% target rate.

As for **inflation** itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell again in both October and November to a three-year low of 1.5% and then even further to 1.3% in December. It is likely to remain close to or under 2% over the next two years and so, it does not pose any immediate concern to the MPC at the current time. However, if there was a hard or no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

With regard to the **labour market**, growth in numbers employed has been quite resilient through 2019 until the three months to September, where it fell by 58,000. However, there was an encouraging pick up again in the three months to October to growth of 24,000 and then a stunning increase of 208,000 in the three months to November. The unemployment rate held steady at a 44-year low of 3.8% on the Independent Labour Organisation measure.

Wage inflation has been steadily falling from a high point of 3.9% in July to 3.4% in November (3-month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.1%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

Coronavirus. The recent Coronavirus outbreak could cause disruption to the economies of affected nations. The Chinese economy is now very much bigger than it was at the time of the SARS outbreak in 2003 and far more integrated into world supply chains. However, a temporary dip in Chinese growth could lead to a catch up of lost production in following quarters with minimal net overall effect over a period of a year. However, no one knows quite how big an impact this virus will have around the world; hopefully, the efforts of the WHO and the Chinese authorities will ensure that the current level of infection does not multiply greatly.

USA. After growth of 2.9% y/y in 2018 fuelled by President Trump's massive easing of fiscal policy, growth has weakened in 2019. After a strong start in quarter 1 at 3.1%, (annualised rate), it fell to 2.0% in quarter 2 and then 2.1% in quarters 3 and 4. This left the rate for 2019 as a whole at 2.3%, a slowdown from 2018 but not the precursor of a recession which financial markets had been fearing earlier in the year. Forward indicators are currently indicating that growth is likely to strengthen somewhat moving forward into 2020.

The Fed finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a ‘midterm adjustment’. It also ended its programme of quantitative tightening in August 2019, (reducing its holdings of treasuries etc.). It then cut rates by 0.25% again in September and by another 0.25% in its October meeting to 1.50 – 1.75%. It left rates unchanged at its December meeting. Rates were again left unchanged at its end of January meeting although it had been thought that as the yield curve on Treasuries had been close to inverting again, (with 10 year yields nearly falling below 2 year yields - this is often viewed as being a potential indicator of impending recession), that the Fed could have cut rates, especially in view of the threat posed by the coronavirus. However, it acknowledged that coronavirus was a threat of economic disruption but was not serious at the current time for the USA.

In addition, the phase 1 trade deal with China is supportive of growth. The Fed though, does have an issue that despite reasonably strong growth rates, its inflation rate has stubbornly refused to rise to its preferred core inflation target of 2%; it came in at 1.6% in December. It is therefore unlikely to be raising rates in the near term. It is also committed to reviewing its approach to monetary policy by midyear 2020; this may include a move to inflation targeting becoming an average figure of 2% so as to allow more flexibility for inflation to under and over shoot.

“**The NEW NORMAL.**” The Fed chairman has given an overview of the current big picture of the economy by summing it up as **A NEW NORMAL OF LOW INTEREST RATES, LOW INFLATION AND PROBABLY LOWER GROWTH.** This is indeed an affliction that has mired Japan for the last two decades despite strenuous efforts to stimulate growth and inflation by copious amounts of fiscal stimulus and cutting rates to zero.

China and the EU are currently facing the same difficulty to trying to get inflation and growth up. Our own MPC may well have growing concerns and one MPC member specifically warned on the potential for a low inflation trap in January. It is also worth noting that no less than a quarter of total world sovereign debt is now yielding negative returns.

EUROZONE. Growth has been slowing from +1.8 % during 2018 to nearly half of that in 2019. Growth was +0.4% q/q in quarter 1, +0.2% q/q in quarters 2 and 3; it then fell to +0.1% in quarter 4 for a total overall growth rate of only 1.0% in 2019. Recovery from quarter 4 is expected to be slow and gradual. German GDP growth has been struggling to stay in positive territory in 2019 and grew by only 0.6% in 2019, with quarter 4 potentially being a negative number. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars.

The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which then meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by quantitative easing purchases of debt.

However, the downturn in EZ growth in the second half of 2018 and in 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. At its March 2019 meeting, it said that it expected to leave interest rates at their present levels “at least through to the end of 2019”, but that was of little help to boosting growth in the near term.

Consequently, it announced a **third round of TLTROs**; this provides banks with cheap borrowing every three months from September 2019 until March 2021 that means that, although they would have only a two-year maturity, the Bank was making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank's eligible loans. However, since then, the downturn in EZ and world growth has gathered momentum; at its meeting on 12 September, it cut its deposit rate further into negative territory, from -0.4% to -0.5%, and announced a **resumption of quantitative easing purchases of debt for an unlimited period**. At its October meeting it said these purchases would start in November at €20bn per month - a relatively small amount compared to the previous buying programme. It also increased the maturity of the third round of TLTROs from two to three years. However, it is doubtful whether this loosening of monetary policy will have much impact on growth and, unsurprisingly, the ECB stated that governments would need to help stimulate growth by 'growth friendly' fiscal policy. There have been no changes in rates or monetary policy since October. In January, the ECB warned that the economic outlook was 'tilted to the downside' and repeated previous requests for governments to do more to stimulate growth by increasing national spending.

The new President of the ECB, Christine Lagarde who took over in December, also stated that a year long review of monetary policy, including the price stability target, would be conducted by the ECB

On the political front, Austria, Spain and Italy have been in the throes of **forming coalition governments** with some unlikely combinations of parties i.e. this raises questions around their likely endurance. The most recent results of German state elections has put further pressure on the frail German CDU/SDP coalition government and on the current leadership of the CDU.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and shadow banking systems. In addition, there still needs to be a greater switch from investment in industrial capacity, property construction and infrastructure to consumer goods production.

WORLD GROWTH. Until recent years, world growth has been boosted by increasing **globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy.

The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business.

It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a **reversal of world globalisation and a decoupling of western countries** from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation.

Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates.

The trade war between the US and China is a major concern to **financial markets** due to the synchronised general weakening of growth in the major economies of the world, compounded by fears that there could even be a recession looming up in the US, though this is probably overblown.

These concerns resulted in **government bond yields** in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US). There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries.

INTEREST RATE FORECASTS

The interest rate forecasts provided by Link Asset Services in paragraph 3.3 are **predicated on an assumption of an agreement being reached on Brexit between the UK and the EU.**

Link Asset Services Interest Rate View													
	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.80	0.80	0.90	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.90	1.00	1.00	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	0.90	0.90	1.00	1.10	1.20	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.30	2.40	2.40	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.00	3.10
10yr PWLB Rate	2.50	2.50	2.60	2.60	2.70	2.80	2.90	3.00	3.10	3.10	3.20	3.20	3.30
25yr PWLB Rate	3.00	3.00	3.10	3.20	3.30	3.40	3.50	3.60	3.70	3.80	3.80	3.90	3.90
50yr PWLB Rate	2.90	2.90	3.00	3.10	3.20	3.30	3.40	3.50	3.60	3.70	3.70	3.80	3.80

On this basis, while GDP growth is likely to be subdued in 2019 and 2020 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement on the detailed terms of a trade deal is likely to lead to a boost to the rate of growth in subsequent years. This could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit in December 2020**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.
- If there were a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably relatively even due to the weight of all the uncertainties over post-Brexit trade arrangements and the impact of an expansionary government spending policy (as expected in the Budget on 11th March).
- The balance of risks to increases or decreases in Bank Rate and shorter term PWLB rates are also broadly even.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **Post Brexit trade negotiations** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**. In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-austerity and anti-EU noise. However, in September 2019 there was a major change in the coalition governing Italy which has brought to power a much more EU friendly government; this has eased the pressure on Italian bonds. Only time will tell whether this new coalition based on an unlikely alliance of two very different parties will endure.
- Weak capitalisation of some **European banks**, particularly Italian banks.
- **German minority government**. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in recent state elections but the SPD has done particularly badly and this has raised a major question mark over continuing to support the CDU. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until 2021.
- **Other minority EU governments**. Austria, Finland, Sweden, Spain, Portugal, Netherlands and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.
- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged up that there was **potential for a rerun of the 2008 financial crisis**, but this time centred on the huge debt binge accumulated by corporations during the decade of low interest rates. This now means that there are corporates who would be unable to cover basic interest costs on **some \$19trn of corporate debt in major western economies**, if world growth was to dip further than just a minor cooling. This debt is mainly held by the shadow banking sector i.e. pension funds, insurers, hedge funds, asset managers etc., who, when there is \$15trn of corporate and government debt now yielding negative interest rates, have been searching for higher returns in riskier assets. Much of this debt is only marginally above investment grade so any rating downgrade could force some holders into a fire sale, which would then depress prices further and so set off a spiral down. The IMF's answer is to suggest imposing higher capital charges on lending to corporates and for central banks to regulate the investment operations of the shadow banking sector. In October 2019, the deputy Governor of the Bank of England also flagged up the dangers of banks and the shadow banking sector lending to corporates, especially highly leveraged corporates, which had risen back up to near pre-2008 levels.
- **Geopolitical risks**, for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **Brexit** – if a comprehensive agreement on a trade deal was reached that removed all threats of economic and political disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.

UK inflation, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

5.5 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to councillors of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that councillors are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following : -
 - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*
 - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*
 - *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and*

arrangements to ensure that appropriate professional due diligence is carried out to support decision making;

- *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*
- *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank