

## **CABINET**

WEDNESDAY, 14TH FEBRUARY, 2018, 5.00 PM

SHIELD ROOM, CIVIC CENTRE, WEST PADDOCK, LEYLAND, PR25  
1DH

### AGENDA

**1 Apologies for Absence**

**2 Minutes of the Last Meeting**

Minutes of the last meeting held on 25 January 2018 attached to be signed as a correct record.

(Pages 3 - 12)

**3 Declarations of Interest**

Members are requested to indicate at this stage in the proceedings any items on the agenda in which they intend to declare an interest. Members are reminded that if the interest is a Disclosable Pecuniary Interest (as defined in the Members' Code of Conduct) they must leave the room for the whole of that item. If the interest is not a Disclosable Pecuniary Interest, but is such that a member of the public could reasonably regard it as being so significant that it is likely that it would prejudice their judgment of the public interest (as explained in the Code of Conduct) then they may make representations, but then must leave the meeting for the remainder of the item.

**4 Corporate Planning (Corporate Plan, Risk Management, 2018/19 Budget and Medium Term Financial Strategy (MTFS))**

**4a Corporate Plan 2018-2023 and Corporate Risk Register 2018-19**

(Pages 13 - 52)

Report of the Interim Improvement Manager attached.

**4b Capital Strategy**

(Pages 53 - 60)

Report of the Deputy Section 151 Officer attached.

**4c 2018/19 Budget and Medium Term Financial Strategy (MTFS)**

(Pages 61 - 80)

Report of the Deputy Section 151 Officer.

**5 Treasury Strategy 2018/19 to 2022/23**

(Pages 81 - 96)

Report of the Deputy Section 151 Officer attached.

Heather McManus  
CHIEF EXECUTIVE

Electronic agendas sent to Members of the Cabinet Councillors Peter Mullineaux (Chair), Colin Clark (Vice-Chair), Cliff Hughes, Jacqui Mort, Phil Smith, Susan Snape and Graham Walton

The minutes of this meeting will be available on the internet at [www.southribble.gov.uk](http://www.southribble.gov.uk)

**Forthcoming Meetings**

5.00 pm Thursday, 1 March 2018 - Shield Room, Civic Centre, West Paddock, Leyland, PR25 1DH

**MINUTES OF CABINET**

**MEETING DATE** Thursday, 25 January 2018

**MEMBERS PRESENT:** Councillors Peter Mullineaux (Chair), Cliff Hughes, Jacqui Mort, Phil Smith, Susan Snape and Graham Walton

**OFFICERS:** Heather McManus (Chief Executive), Dave Whelan (Legal Services Manager/Monitoring Officer), Andy Houlker (Senior Democratic Services Officer), Peter Haywood (Revenues Manager), Jonathan Noad (Planning Manager), Noel O'Neill (Interim Consultant) and Andrew Richardson (Parks & Neighbourhoods Manager)

**OTHER MEMBERS AND OFFICERS:** Darren Cranshaw (Scrutiny & Performance Manager), Joanne Platt (Interim Corporate Improvement Manager), Tracy Boustead (Interim HR and OD Officer), Steve Pearce (Democratic Services Officer), Mark Hodges (Partnership Development Manager), Jane Blundell (Deputy Section 151 Officer), Councillor David Bird, Councillor William Evans, Councillor Derek Forrest, Councillor Paul Foster (Leader of the Opposition), Councillor Mary Green, Councillor Michael Green, Councillor Susan Jones JP, Councillor Keith Martin, Councillor Michael Titherington (Mayor) and Councillor Matthew Tomlinson

**PUBLIC:** 0

**62 Apologies for Absence**

An apology for absence was submitted on behalf of Councillor Colin Clark.

**63 Minutes of the Last Meeting**

RESOLVED (Unanimously):

That the minutes of the meeting held on 6 December 2017 be approved and signed as a correct record.

**64 Declarations of Interest**

There were no declarations of interest.

**65 Review of South Ribble Housing Framework**

The Council's Housing Framework 2016-19 had been approved in February 2016 along with an associated action plan. The Planning Manager in presenting the report commented that there had been quite a lot of changes relating to housing since 2016 and it had been timely to review and update the Council's framework. The Council's

revised and updated Housing Framework document was appended to the report and included an additional priority to “*ensure that sustainable communities are at the heart of the growth of housing*”.

**Decision Made** (Unanimously) that:

1. Cabinet approves the reviewed and amended Housing Framework and key actions be approved;
2. the Strategic Housing Market Assessment be published on the Council’s website; and
3. the progress made on the actions from the Housing Framework 2016-19 be noted.

**Reasons for Decision:**

The report recommended a revised and updated Housing Framework that would help to focus Council resources and deliver increased housing numbers and the growth agenda. It set out some of the context to the update. It introduced an additional priority to “*ensure that sustainable communities are at the heart of the growth of housing*” to reflect the Council’s desire to enhance the quality of life of existing and future residents. It currently reflected work streams that were underway but would change over time as the details of those work streams were finalised.

It was underpinned by the Strategic Housing Market Assessment, a comprehensive research document undertaken by GL Hearn. This report was an action from the last Framework and the data underpins the ambitions of the Council in the Local Plan. Its comprehensive nature helped developers bring forward appropriate applications and assisted constructive dialogue between them and the Council. It needed to be published and the Council’s website updated.

**Alternative Options Considered and Rejected:**

An alternative option would be to leave the Housing Framework unchanged, and select the year two actions from the remaining actions. However, this would fail to take into account the new policy context and leave the Housing Framework not as responsive as it could be in dealing with housing related opportunities and challenges. In addition the analysis within the SHMA 2017 would inform developers of the types of development sought within the Local Plan and help smooth the planning process. The data was important to the process and needed to be recognised in the Council’s documentation and practices.

**66 Chorley Community Housing Application for Commuted Sum Monies**

The Planning Manager addressed the Cabinet on an application received for monies from the Council’s held Commuted Sums monies towards a development that would provide 34 units for affordable rent. The Commuted Sums covered the whole borough and applications (locations determined by the applicant) for those monies were determined in line with the Council’s Commuted Sums Policy. The Council was conscious that these monies needed to be spent within a reasonable period of time. The scheme was for housing at affordable rent. It was considered that future tenants of the units could not be prevented from subsequently exercising their Right to Buy if they satisfied the relevant statutory criteria.

**Decision made** (Unanimously) that:

1. the application for grant funding of affordable housing commuted sum monies to Chorley Community Housing be approved; and
2. capital expenditure of £499,664.40, funded from affordable housing s106 monies be approved.

**Reasons for the Decision:**

The report presented details of the Council's first policy compliant application for commuted sum monies made by Chorley Community Housing (part of Adactus Housing Group) for the delivery of affordable housing within the borough.

**Alternative Options Considered and Rejected:**Recommend for full approval

Approval of the full £510,000 would enable the scheme to go ahead but would contribute towards the high land value as reported by Keppie Massie. It was not felt, however, that the Affordable Housing Commuted Sum funding should contribute to higher land values

Refuse the application

Refusal of the application would mean refusal of a policy compliant scheme and a loss of 34 affordable units to meet the housing needs of the borough. It would also mean two sites would not be able to come forward which would otherwise provide an important contribution to housing delivery in South Ribble. Two other schemes submitted had not reached this stage as they were not compliant with the policy - this one met it and had been thoroughly tested. There were also time limits on the spend for commuted sums monies so it was essential that the Council started to use this funding effectively otherwise it could be lost.

**67 Transformation Programme (Part I)**

Further to the recent adoption of the Council's Transformation Programme to deliver its transformation of council services, the Council's Revenues Manager presented an update on progress and also sought approval to use some of the earmarked fund towards the creation of a MOT Test Centre at Moss Side Depot. The principle was that as the Council invested and transformed increased customer centred service it would make savings and in time generate a revenue income stream contribution.

The meeting was informed of an error in paragraph 16.2, in that the reference to paragraph 6.4 should be **6.3**.

Whilst acknowledging the rationale of transformation, in respect of this project as there was already provision in the private sector the Council was asked to bear in mind the wider commercial impact when developing its commercial agenda.

**Decision Made** (Unanimously) that:

1. progress on the Transformation Programme to date be noted; and
2. the transformation project funding of £78,500 for development of an MOT Test Centre at Moss Side Depot be approved.

### **Reasons for the Decision:**

The report updated members on progress to date with the Transformation Programme, gave an overview of work currently underway, and outlined next steps. It also sought approval to use £78,500 of the earmarked Transformation Fund to develop an MOT Test Centre at Moss Side Depot.

### **Alternative Options Considered and Rejected:**

Given the commitment that the Council had previously made to transform business, develop the organisation and become financially self-sufficient, maintaining the status quo was not an option.

An alternative option was to run a traditional model savings programme which could help to bridge any funding gap. The option to outsource services and reduce running costs might offer the same; however, in isolation, neither offer was sustainable in the long term.

Through a thorough, robust and ongoing Transformation Programme, the Council would be able to explore more creative methods of cost reduction / income generation, whilst at the same time reviewing and re-thinking the customer experience of each of its services.

## **68 Central Lancashire Local Plan Review**

The Planning Manager reminded Cabinet that in 2012, this Council along with Chorley and Preston councils had adopted the Central Lancashire Core Strategy. This had subsequently supported the individual local plans produced by each of the three councils in 2015.

Since then there had been a number of significant changes in planning policy and guidance and it was now timely for the Core Strategy and also the individual councils' local plans to be reviewed. An ambitious timetable and indicative staffing resource and costings were shown in paragraphs 5.1, 5.2 and 5.16 respectively in the report. As this clearly demonstrated joint working, the Council was optimistic that a bid (£200,000) to the Government's Planning Delivery Fund would be successful.

### **Decision Made** (Unanimously) that:

1. it was agreed to commit to work in collaboration as Central Lancashire (Preston, Chorley and South Ribble) to develop and submit for approval to Secretary of State, a single Central Lancashire Local Development Plan (or Local Plan);
2. the sharing of the costs for the staffing and non-staffing costs as set out in the report be agreed;
3. a South Ribble Local Plan Officer and Member Working Party to oversee the work of the Central Lancashire and South Ribble Local Plan Review be created; and
4. the Draft Local Development Scheme as at Appendix A to the report be approved.

**Reasons for the Decision:**

The report provided an outline of the resource implications for undertaking a review of the Central Lancashire Local Development Plan (currently known as the 'Core Strategy' of the Local Development Framework).

**Alternative Options Considered and Rejected:**

Do nothing. Should the Councils decide not to progress the review of the Local Development Plan, the policies would become out of date and mean that the weight to be attached to policies in the Plan would be significantly reduced. It would be more difficult to defend applications that were not in accordance with policy such as safeguarded land or greenbelt.

The Councils could elect to pursue individual Local Plans however those would cost more and might take longer if there were insufficient staff in place.

**69 Timetable of Meetings 2018/19**

The Leader referred Cabinet and those present to the published and circulated supplementary agenda that showed some amendments (in red) to the timetable following original publication of the agenda. In addition he added that the proposed meeting of Cabinet in September 2018 would now be Wednesday **12 September 2018** rather than 13 September as circulated.

The Cabinet was reminded that the dates of some meetings had changed to take account of new requirements that the Council's Statement of Accounts had to be considered initially before 31 May and then finally by 31 July 2018. Also there had been a conscious decision to try and have a two week interval between certain meetings such as Scrutiny and Cabinet.

**Decision Made (Unanimously):**

That the Timetable of Meetings 2018/19 as amended be recommended to the meeting of the Council to be held on 28 February 2018.

**Reasons for the Decision:**

The Cabinet was asked to determine the dates of the meetings of the Council, Cabinet and the various Committees for the 2018/19 Municipal Year.

**Alternative Options Considered and Rejected:**

There was not alternative, to support good decision making the Council needed to have a timetable scheduling meetings for 2018/19 Municipal Year.

**70 Worden Park Toilet Provision (Part I)**

The Parks and Neighbourhoods Manager presented a report to the Cabinet that subject to obtaining planning permission detailed the Council's intention to demolish and replace two existing toilet blocks in Worden Park. Both blocks were purpose built with a 12 month guarantee, following this period a decision would be made whether or not to enter into a maintenance agreement. There was also an option to

enter a cleaning contract, however, the Council currently cleaned the existing toilets and it was felt this would be at least as good and be more responsive.

Members welcomed the proposal and in moving the recommendations it was agreed that 'and the existing old toilet block in the play area be demolished' be added to recommendation 3.

**Decision Made** (Unanimously) that:

1. an application for planning permission and listed building consent be submitted;
2. delegated authority be granted to the Portfolio Holder for Neighbourhoods and Streetscene to accept the most economically advantageous tender for the proposed installation of the new toilet facilities, once planning permission and listed building consent have been successfully obtained;
3. the new toilet block servicing the play area is located outside the play area as detailed in the report and the existing old toilet block in the play area be demolished;
4. the crossroads toilets are demolished and the new toilet block is located in close proximity to the original site as detailed in the report;
5. a charge of 20p be introduced for users of the toilet facilities at Worden Park; and
6. authority under section 3.4 of the Financial Regulations to incur capital expenditure of up to £200,000 for the above works be granted.

**Reasons for the Decision:**

The report requested approval to replace the existing facilities with new facilities located as detailed in the body of the report. Also approval was sought to commit capital expenditure and delegate authority to the Portfolio Holder for Neighbourhoods and Streetscene to accept the most economically advantageous tender for the proposed installation of new toilet facilities on Worden Park, Leyland, once planning permission and listed building consent had been successfully obtained.

**Alternative Options Considered and Rejected:**

In the planning stages of this project the following alternative options were considered:

**Demolition of existing facilities** – consideration was given to demolition of the existing facilities without replacement. However, as the park received over 250,000 visits per year, predominately by families, the provision of toilet facilities in key areas of the park was considered important in meeting the Council's vision for the park.

**Refurbishment of existing facilities** – consideration was given to a possible refurbishment of the existing facilities. However given their design and construction it would be extremely difficult to improve the facilities to the required standard without demolishing a large proportion of the existing building. The location of the current facilities also created a number of issues and encouraged vandalism and misuse. The facilities within the playground were located in a secluded area and raised issues relating to safeguarding.

## 71 Cabinet Forward Plan

The Leader in moving the Cabinet's Forward Plan reported an error in that Item 12 for consideration tonight should have been shown as an exempt item and not be open to the public.

It was also noted that reference to Councillor Susan Smith should be Councillor **Susan Snape**.

### **Decision Made** (Unanimously):

That subject to the reported amendments, the Cabinet's Forward Plan be approved.

### **Reasons for the Decision:**

To enable the Cabinet to consider and amend as appropriate its statutory forward plan.

### **Alternative Options Considered and Rejected:**

There was no alternative as Section 22 of the Local Government Act 2000 required the Cabinet to set out its programme of work and key decisions in the coming months, as far as it was known, in a forward plan.

## 72 Exclusion of Press and Public

In connection with the amendment of designation of Item 12 in the previous minute relating to the Cabinet Forward Plan, it was reported that the Chair of the Scrutiny Committee had given consent for it to be considered as an exempt item.

### RESOLVED (Unanimously):

That the press and public be excluded from the meeting during the consideration of the following items of business as it involved the discussion of information defined as exempt from publication under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, 'Information relating to the financial or business affairs of any particular person (including the authority holding that information) ' and in which the public interest in maintaining the exemption outweighed the public interest in disclosing it.

## 73 Financial Case for Health, Leisure & Well Being Campus Programme (Part II)

Further to minute No. 56 of the meeting held on 6 December 2017, the Interim Consultant presented a report on the financial case to support the Council's proposed Health, Leisure and Wellbeing Campus Programme. It was explained that whilst the financial information could be shared with elected members it was not appropriate for such information to be in the public arena.

The investment into the programme would initially be at a net cost to the Council but the envisaged savings and increased income streams of the facilities/approach would lead to a positive net contribution within the five year period.

The programme was wider than replacing assets and facilities but linked in with the Council's proposed green links and working with partner organisations to deliver across health, leisure and wellbeing areas to provide a positive impact for residents.

Members appreciated the work to date and the programme's significance to the Council and its residents.

The Cabinet was pleased that the cross party working had provided a consensus to move forward with such a large project.

**Decision Made** (Unanimously) that:

1. all of the Members of the Cross Party Working Group for their work in bringing forward a comprehensive plan to deliver the first phase of a Health, Leisure and Well Being Campus Programme in the Borough be thanked;
2. Council be recommended to approve the investment programme summarised in Table 1 and that this is incorporated into the Council's Capital Strategy; and
3. the revenue implications of the investment programme in Table 2 be noted and that they are incorporated into the Medium Term Financial Strategy for recommendation to Council.

**Reasons for the Decision:**

The Cabinet endorsed the South Ribble Campus Programme and philosophy at its meeting on 6 December 2017. The concept received strong cross party support. However, the financial plan to deliver on such a programme needed further work. Following that meeting a business case and programme had been developed that could make significant progress over the next 5 years. The purpose of this report was to outline the financial business case and 5 year investment plan for developing the South Ribble Campus Programme.

The report was a strategic business case that examined the affordability and deliverability of the programme as well as its implications on the wider Council revenue budget. If agreed, it would set out a resource plan for the next 5 years that would enable delivery. It did NOT examine a detailed programme of spend for each element. That would be developed for each year based upon deliverability, emerging need and new demands. The whole Campus programme would not be complete within the 5 year period but large in-roads would be made. Further funding would be required for the following strategic period of 2023 -2028.

**Alternative Options Considered and Rejected:**

The previous report considered on 6 December 2017, looked at a range of options considered. Other options were considered included doing nothing with existing facilities or maintaining current facilities. Both were dismissed, either as unsuitable or unsustainable. The Working Group constituted to look at the Campus Concept and its potential in South Ribble agreed to make better use of what the Council currently had and not consider closure, but rather replacement of facilities where it was needed.

**74 Worden Park Toilet Provision (Part II)**

**Decision Made** (Unanimously):

This report was not considered as the discussion was contained to the earlier Part 1 (Open/Public Report).

**75 Transformation Programme (Part II)**

**Decision Made** (Unanimously):

This report was not considered as the discussion was contained to the earlier Part 1 (Open/Public Report).

Chair

Date

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REPORT TO	ON
<b>CABINET COUNCIL</b>	14 <sup>th</sup> February 2018 28 <sup>th</sup> February 2018



September 2017

TITLE	PORTFOLIO	REPORT OF
<b>Corporate Plan 2018-2023 and Corporate Risk Register 2018-19</b>	<b>Leader Corporate Support and Assets</b>	Interim Corporate Improvement Manager

Is this report a <b>KEY DECISION</b> (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	<b>Yes</b>
Is this report on the <b>Statutory Cabinet Forward Plan</b> ?	<b>Yes</b>
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	<b>Yes</b>
Is this report confidential?	<b>No</b>

## 1. PURPOSE OF THE REPORT

- 1.1 To seek approval of the Council's Corporate Plan for 2018-2023 and the Corporate Risk Register for 2018-2019.

## 2. PORTFOLIO RECOMMENDATIONS

2.1 It is recommended:

- (i) That Cabinet welcomes any comments on the draft Corporate Plan arising from the meeting of the Scrutiny Committee held on the 8<sup>th</sup> February 2017
- (ii) That Cabinet recommends the Corporate Plan for 2018-2023 attached at **Appendix 1** to Council for approval
- (ii) That Cabinet recommends the Corporate Risk Register for 2018-19 attached at **Appendix 2** to Council for approval.

## 3. CORPORATE PRIORITIES

The report relates to the following existing corporate priorities. However, if approved, the corporate priorities for 2018-2023 will change to those in the new Corporate Plan.

Clean, green and safe	✓	Strong and healthy communities	✓
Strong South Ribble in the heart of prosperous Lancashire	✓	Efficient, effective and exceptional council	✓

#### 4. BACKGROUND TO THE REPORT

- 4.1 The Council's existing Corporate Plan is for the period 2017-18 and contained an action to consult with residents, businesses and other stakeholders to develop priorities for the next 3-years.
- 4.2 Consultation on future priorities with residents, businesses and partners took place during 2017 and members' views on priorities were also sought at two extended Member Learning Hours which took place in July and November 2017.
- 4.3 The outcome of this consultation has been used to inform the development of a new vision for the Borough and the Council and new corporate priorities for the period 2018-2023. These have been set out in a new Corporate Plan for 2018-2023 (**Appendix 1**)
- 4.4 A new corporate risk register for 2018-19 has also been developed. This identifies the risks to achievement of our corporate objectives and the actions we will take to mitigate those risks (**Appendix 2**).

#### 5. CORPORATE PLAN 2018-2023

- 5.1 The Corporate Plan articulates a new vision for the Council - that '**South Ribble is and continues to be recognised nationally as the best place in the UK**'.

This means a place where people can afford to live, that has access to high quality schools, colleges and employment opportunities for everyone and a place where people choose to live because it is safe and has lots of high-quality clean, green space for people to enjoy in their leisure time.

We also want South Ribble to be a place where businesses choose to invest because they have access to a highly skilled and motivated population seeking high quality employment opportunities.

The key outcomes that underpin our vision are set out below:

- ❖ Healthy life expectancy rate is above the national average
- ❖ Above national average for access to affordable homes
- ❖ High employment rate
- ❖ School attainment and adult skills are above the national averages
- ❖ People feel safe in South Ribble
- ❖ Resident satisfaction is above national average

- 5.2 The Corporate Plan also sets out a vision for the sort of Council we want to be - **a Council that is recognised for being innovative, forward thinking and financially self-sufficient, whilst putting people at the heart of everything we do.**

- 5.3 These two visions are underpinned by three new Corporate Priorities for the Council for 2018-2023, which in turn are underpinned by our people - our staff and elected members working alongside our communities.
- 5.4 The three new corporate priorities for 2018-2023 are set out below:
- ❖ Excellence and financial sustainability
  - ❖ Health and wellbeing
  - ❖ Place
- 5.5 Each of these priorities is underpinned by a 5-year programme of work, and the key projects we will deliver in the first of these 5-years are set out in Section 9 of the Plan.
- 5.6 The Medium Term Financial Strategy (MTFS) and the Capital Programme for 2018-23 have been aligned to the new Corporate Plan to ensure that resources are in place to deliver the key projects.
- 5.7 When the plan has been approved, Operational Service Plans will be aligned to the 2018-19 Delivery Plan. These will provide milestones for each of the key projects to be delivered in 2018-19.
- 5.8 A suite of key performance indicators (KPIs) and targets will also be developed to enable success to be monitored and measured.
- 5.9 Progress against the project milestones and the KPI targets will be monitored by the Council's Leadership Team each quarter. Progress will be reported to elected members (via Scrutiny Committee and Cabinet) in Quarters 2, 3 and 4.

An Annual Report will be provided to Full Council at the end of Quarter 4 (i.e. in June 2019 and each year thereafter).

## **6. CORPORATE RISK REGISTER 2018-2019**

- 6.1 A new corporate risk register for 2018-2019 (**Appendix 2**) has been developed for approval alongside the Corporate Plan. The risk register identifies the key strategic risks to achievement of the corporate priorities and in each case, identifies mitigating actions that will be taken to reduce these risks.

## **7. CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION**

- 7.1 Consultation with residents on future priorities took place in February 2017.
- 7.2 The outcome of that consultation was used to inform the development of a new vision for the Borough and for the Council and members' views on these draft visions were sought at an extended Member Learning Hour in July 2017.
- 7.3 Consultation with businesses on future priorities took place in August 2017 and consultation with partners on future priorities took place in early September 2017.
- 7.4 The Cabinet used the outcome of this consultation to develop the three new corporate priorities and the new Corporate Plan for the period 2018-2023.
- 7.5 Members' views on the corporate priorities, outcomes and key work programmes associated with them were sought at an extended Member Learning Hour in November 2017.

- 7.6 The outcome of that consultation was used to finalise the Corporate Plan now submitted for approval.
- 7.7 Further consultation on the new priorities took place with residents (via the Council's website), with partners (via the South Ribble Partnership Board) and with businesses (via a business breakfast meeting) in late January and early February.

## **8. OTHER OPTIONS CONSIDERED**

- 8.1 **Option 1:** Roll forward the existing corporate priorities for a further year. As these have not been refreshed for a number of years, this option is not recommended.
- 8.2 **Option 2:** Do nothing but this will leave the Council without a current Corporate Plan for 2018 and beyond and is therefore not recommended.

## **9. FINANCIAL IMPLICATIONS**

- 9.1 The financial implications of the Corporate Plan are set out in the Medium-term Financial Strategy and Capital Programme for 2018-23 which is also submitted to this meeting for consideration.

## **10. HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS**

- 10.1 Staff resources will be aligned to delivering the new priorities contained within the Corporate Plan.

## **11. ICT/TECHNOLOGY IMPLICATIONS**

- 11.1 ICT is a key enabler and as such ICT resources and plans will be aligned to the delivery of the new Corporate Plan.

## **12. PROPERTY AND ASSET MANAGEMENT IMPLICATIONS**

- 12.1 Property and assets are key enablers and as such will be aligned to the delivery of the new Corporate Plan.

## **13. RISK MANAGEMENT**

- 13.1 Risks to the achievement of the corporate priorities are set out in the Corporate Risk Register for 2018-19, together with the controls and actions we will take to mitigate risk.

## **14. EQUALITY AND DIVERSITY IMPACT**

- 14.1 An Equality Impact Assessment on the new Corporate Plan has been undertaken (**Appendix 3**). As the Corporate Plan has been developed specifically to address the needs of the Borough, there is no adverse impact on any particular group or groups. As projects identified in the Corporate Plan are developed further, equality impact assessments will be undertaken as appropriate at that time.

## **15. RELEVANT DIRECTORS RECOMMENDATIONS**

- 15.1 It is recommended:
- (i) That Cabinet recommends the Corporate Plan for 2018-2023 attached at **Appendix 1** to Council for approval

- (ii) That Cabinet recommends the Corporate Risk Register for 2018-19 attached at **Appendix 2** to Council for approval.

## 16. COMMENTS OF THE STATUTORY FINANCE OFFICER

16.1 The Medium Term Financial Strategy (MTFS) is the financial plan for the Council for the next 5 years. This MTFS has been aligned to the Corporate Plan and therefore incorporates the financial implications of delivering the Council's ambitions and services for residents as set out in the Corporate Plan.

## 17. COMMENTS OF THE MONITORING OFFICER

17.1 The importance of the Corporate Plan (and associated Risk Register) can hardly be overstated. A vision for the council is articulated and corporate priorities identified. Clearly crucial to the development of this work is effective consultation. Paragraph 7 of the report sets out the extensive consultation that has been carried out. There are no legal concerns/issues with this report.

## 18. BACKGROUND DOCUMENTS

Residents Survey February 2017

Business Survey August 2017

**Appendix 1:** Corporate Plan 2018-2023

**Appendix 2:** Corporate Risk Register 2018-2023

**Appendix 3:** Equality Impact Assessment dated 19<sup>th</sup> January 2018

**Joanne Platt**

Interim Corporate Improvement Manager

<b>Report Author:</b>	<b>Telephone:</b>	<b>Date:</b>
Joanne Platt	01772 625454	19 <sup>th</sup> January 2018

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# Corporate Plan 2018-23



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## Section 1: Foreword

**I am delighted to present South Ribble Council's Corporate Plan for 2018-23.**

As an organisation, we have continued to respond to the needs and aspirations of our communities and in 2017 were voted as the best place to live in the UK. However, like all public services, we are facing significant budgetary challenges and unprecedented pressure to become financially self-sufficient by 2019-20, whilst continuing to meet demand for services and the aspirations of residents, businesses, partners and other stakeholders.

In 2018, we will therefore change the way we are organised and do business. This means playing a full and active role in place shaping, becoming a more agile organisation and taking an entrepreneurial approach to everything we do.

This plan sets out our Vision for the Borough and for the Council and our priorities for the next five-years.

It sets out the outcomes we want to see for local people and the things we will do to bring this about. It is underpinned by a delivery plan for the first year (2018-19) and will be refreshed each year to set out the delivery plan for the following year.

I want to thank all our staff and members for their continued hard work and commitment over recent challenging times. Our record of achievement is something to be proud of and I know that we will continue to serve the people and communities of South Ribble to the very best of our abilities.

**Cllr Peter Mullineaux**  
**Leader of the Council**

## Section 2: Where we are today

During 2017, we consulted with residents, businesses and partners on priorities for the Borough and we also undertook a desk top review of recent national data to determine what the priorities for South Ribble should be. In summary, this tells us that South Ribble has:

- ❖ A growing population with predicted growth in the number of households
- ❖ Relatively low levels of deprivation, albeit with pockets of need
- ❖ A population with relatively good health, although we do have an ageing population
- ❖ An above average skills base and relatively low unemployment
- ❖ Good schools and colleges and access to jobs
- ❖ Good transport links – but relatively high traffic congestion
- ❖ Lots of green space and villages and award winning parks
- ❖ Housing that is affordable to most – but the challenge is to sustain a balanced housing market
- ❖ Above average resident satisfaction with services and the Council – but lower than average satisfaction with sports and leisure facilities

The Council has recently been through some challenging times and we are addressing a period of instability which has impacted on staff morale and our ability to govern over the past 2-years.

We started a journey in 2017 with an ambitious Transformation Strategy aimed at making the Council more agile and entrepreneurial, delivering change at pace and empowering our people to be innovative in delivering services.

The vision and priorities we have developed for the Borough and for the Council for the next five-years seek to address the areas where outcomes need to improve for local people, communities and businesses.



### Section 3: Moving towards 2023: Our vision for the future

Our vision for the Borough is set out below.

***'South Ribble is and continues to be recognised nationally as the best place in the UK'.***

We also have a vision for the sort of Council we want to be - ***a Council that is recognised for being innovative, forward thinking and financially self-sufficient, whilst putting people at the heart of everything we do.***

#### What will success look like?

Our definition of the **best place to live** is a place where people can afford to live, that has access to high quality schools, colleges and employment opportunities for everyone and a place where people choose to live because it is safe and has lots of high-quality clean, green space for people to enjoy in their leisure time.

We also want South Ribble to be a place where businesses choose to invest because they have access to a highly skilled and motivated population seeking high quality employment opportunities.

The key outcomes that underpin our vision are set out below:

- ❖ Healthy life expectancy rate is above the national average
- ❖ Above national average for access to affordable homes
- ❖ High employment rate
- ❖ School attainment and adult skills are above the national averages
- ❖ People feel safe in South Ribble
- ❖ Resident satisfaction is above national average

### Section 4: Working in partnership

The Council works collaboratively with a wide range of public sector agencies and businesses and seeks to improve outcomes for local people and communities through having a strong voice for South Ribble.

The key partnerships that support delivery of the priorities in this plan are set out below.

**South Ribble Partnership** brings together people from across the public sector, businesses and voluntary and community organisations with an aim to deliver better services in South Ribble, based on what local people want.

The Council has a unique role to play in this partnership, as it has a democratic mandate to represent its communities within the Borough. We therefore take a leading role in the partnership's work and are able to use this mandate to influence the partnership's priorities.

We will provide strong leadership on this going forward to make sure we maximise the collective resources of the partnership and the partners for the benefit of South Ribble communities and residents and can therefore make an impact even on things that we don't have direct responsibility for such as health services and policing.



**South Ribble Community Leisure Trust** is responsible for the management of the Council's leisure facilities and plays a critical role in supporting the health and well-being of our residents. They do this through developing active lifestyles, enhancing facility provision, raising the profile of sport and active leisure and supporting community sport.

**Central Lancashire health and wellbeing partnership** is building strong and effective links between Preston, Chorley and South Ribble Councils, the NHS bodies, Lancashire County Council, the Voluntary Community and Faith Sector and other public bodies to improve local people's health and wellbeing.

**Lancashire Enterprise Partnership** is a creative collaboration of leaders from business, universities and local councils, who direct economic growth and drive job creation in Lancashire

**Preston, South Ribble and Lancashire City Deal** is an initiative developed by partners and supported by central government which will transform Central Lancashire, creating thousands of new jobs and homes, while increasing the size of the local economy by £1 billion.

**Lancashire County Council** is a key partner as it is responsible for many of the services that are crucial to South Ribble people and its communities such as highways, transport, schools, children and adult social care.



## Section 5: Our priorities for 2018-23

Underpinning our vision are three priorities as shown below. We will deliver these with our people – our staff and elected members working alongside our communities.



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This plan sets out the things we will do to make our vision a reality and how we will measure success.

As a district council, there are many things we cannot do ourselves, but we can help to influence the priorities of partners. The activities we have identified in this plan are therefore broken down into those we will deliver ourselves, those we will deliver in partnership and those where we will influence the work of others through strong political leadership.

The Council's elected members will play a crucial role in this. They will ensure that South Ribble's voice is heard at meetings of our key strategic partnerships so that partnership plans reflect the priorities of our Council.



## 5.1: Excellence and financial sustainability

Our focus will be on income generation, including through investment opportunities and returns from assets.

Our ambitious Transformation Strategy cuts across all services and activities, focusing on customer centric services, efficient, effective and innovative ways of working whilst driving a cultural shift throughout the whole Council.

### Outcomes:

- ❖ High resident satisfaction
- ❖ Financial self-sufficiency through investment and commercial use of Council owned assets



### What we will do:

Programme	Deliver or influence	Lead
Council investment Portfolio	Deliver	Cabinet member for Corporate Support & Assets
Transformation *	Deliver	Cabinet member for Corporate Support & Assets
New business models including shared services	Deliver	Cabinet member for Corporate Support & Assets

\* cross cutting across all activities

## 5.2: Health and wellbeing

Our focus will be on well-being for all for the future health of our growing population, dementia and supporting our ageing population with limited mobility.

Developing and maintaining active lifestyles is a key building block for health and well-being. It plays a crucial role in improving health as well as preventing poor health in the future.

Through our provision of facilities, open and active spaces and services, we can support and encourage sport and physical activity for residents of all ages and abilities. This is therefore an important priority for us.

As a district council, our role in improving health services is largely one of influencing and working collaboratively with others in the borough, the sub-region and the region, but we will do this to the best of our ability to ensure the priorities of our partners are aligned to our own.

This includes supporting the work of others to address mental health issues where we can, for instance through our work in relation to housing and homelessness and our work with businesses to reduce unemployment and improve access to high-level jobs, both of which we know have an impact on mental health.

We will also strengthen our approach to how we support volunteers, recognising and capitalising on the strengths of residents and communities to be resilient and to support themselves and each other.

We will also seek to narrow the gap between the most and the least affluent communities.

### Outcomes:

- ❖ Increased satisfaction with access to and cleanliness of open spaces
- ❖ Increased satisfaction with sports and leisure facilities in the Borough
- ❖ Increase in the percentage of people in South Ribble who engage in more than 3 hours of physical activity per week
- ❖ Increase in healthy life expectancy
- ❖ Improved access to community health services
- ❖ Reduction in the number of people who are homeless
- ❖ Recognition as a Dementia Friendly Borough
- ❖ Close the gap between the least and the most deprived areas in the Borough – fewer people will be classed as deprived
- ❖ By 2023, air quality in South Ribble will have improved



**What we will do**

Programme	Deliver or influence	Lead
Health, leisure and wellbeing campus model including community health services	Deliver in partnership	Cabinet member for Regeneration & Leisure
Homelessness and independent living support	Deliver in partnership	Cabinet member for Corporate Support & Assets
Support for communities and volunteering	Deliver in partnership	Leader and Neighbourhood Forums
Social isolation and loneliness	Influence & deliver in partnership	Cabinet member for Public Health, Safety & Wellbeing
Lancashire Mental Health Strategy	Influence	Cabinet member for Public Health, Safety & Wellbeing
Child and fuel poverty	Influence & deliver in partnership	Cabinet member for Public Health, Safety & Wellbeing
Borough-wide Air Quality Plan	Influence & deliver in partnership	Cabinet member for Public Health, Safety & Wellbeing

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### 5.3: Place

Our focus will be on neighbourhoods and town centres, economic growth (including jobs, housing, transport and infrastructure) and place promotion

Business stability is key and we will support a mixed economy where large and small businesses have equal opportunities to thrive.

#### Outcomes

- ❖ Increase in the number of large, medium, small and micro enterprises in the Borough
- ❖ Increase in employment numbers in the Borough
- ❖ Further improve skills
- ❖ Increase in the number of higher-level jobs
- ❖ More homes of the quality and mix to meet needs



### What we will do

Programme	Deliver or influence	Lead
Cuerden strategic site	Deliver in partnership	Cabinet member for Strategic Planning & Housing and Cabinet member for Regeneration & Leisure
Central Lancashire Core Strategy and South Ribble Local Plan	Influence & deliver in Partnership	Cabinet Member for Strategic Planning and Housing
City Deal and Plan for Successor Programmes	Influence & deliver in Partnership	Leader
Economic Strategy: support for existing as well as new businesses	Influence & deliver in partnership	Cabinet member for Regeneration & Leisure
Housing Framework : delivery of a balanced housing market	Deliver in partnership	Cabinet member for Strategic Planning & Housing
Place promotion	Deliver	Leader and Cabinet member for Regeneration & Leisure

Programme	Deliver or influence	Lead
My Neighbourhood Plans	Deliver in partnership	Cabinet member for Neighbourhoods & Streetscene and Cabinet member for Regeneration & Leisure
River Ribble Master planning	Influence & deliver in partnership	Cabinet member for Regeneration & Leisure and Cabinet Member for Strategic Planning and Housing
Raising community aspirations in relation to growth and improvements in the Borough	Influence & deliver in partnership	Leader
Renewable energy	Deliver	Cabinet member for Public Health, Safety & Wellbeing



## Section 6: Our People

Our biggest resource is our people. This means our workforce and our elected members working alongside local people and communities for the benefit of the Borough. Our people are therefore also a priority as they underpin everything we do.

We want all our people to be proud to be a part of South Ribble and will therefore focus on supporting existing staff and elected members to be the best they can be, raising aspirations and being an employer and a Council of choice for both prospective staff and prospective Councillors.

### Outcomes

- ❖ More apprentices of all ages in the Council and in the Borough
- ❖ Increase in levels of staff satisfaction
- ❖ Increase in the level of member satisfaction



## What we will do

Programme	Deliver or influence	Lead
Apprentices	Influence & deliver in partnership	Leader
Leadership Development	Deliver	Leader

## Section 7: Statutory services and business transformation

We have big ambitions in this plan for improving our Borough and the quality of lives of all our residents and communities.

However, our staff also work hard every day delivering a wide range of services that amount to 'business as usual'. This includes waste collection, keeping our streets and our parks and open spaces clean and well maintained, public protection and safeguarding through our environmental health, planning, building control and licensing services and providing advice on council tax benefits and homelessness prevention.

Our Gateway staff are the first point of contact with the Council for many, dealing with enquiries over the telephone or over the counter at our offices and staff also manage the Council's buildings and other assets, ensuring they are safe for both visitors and staff, as well as managing the Council's financial and legal affairs and governance arrangements.

Our business transformation programme will look at all these services on an on-going basis to ensure they continue to be as efficient and effective as possible, providing access to high-quality services on time every time.



## Section 8: Policy framework and performance management

The diagram below shows how this Plan fits with the Council's overall policy framework.

Progress in delivering this plan will be monitored through the Council's performance management framework. Reports will be considered by the Council's Cabinet and its Scrutiny Committee and an annual report will be presented to the meeting of the Full Council in July each year.



**Section 9: Delivery Plan for 2018-19**

Priority	Programme and Project (s)	Resources	Member Lead	Director Lead
1 <b>Excellence &amp; financial sustainability</b>	<p><b>Programme:</b> Council investment Portfolio</p> <p><b>Project (s):</b></p> <ul style="list-style-type: none"> <li>✚ Civic Centre and Worden Park Arts Centre commercialisation Phase 1 (develop brief and soft market test)</li> <li>✚ Surplus sites disposals programme Phase 1</li> <li>✚ Develop business case for South Ribble Home Build proposal</li> </ul>	Borough Investment Fund (capital) and alignment of existing property and strategic asset management capital and revenue funding and resources	Cabinet member for Corporate Support & Assets	Deputy Chief Executive (Resources and Transformation)

Priority	Programme and Project (s)	Resources	Member Lead	Director Lead
2	<p><b>Programme:</b> Transformation</p> <p><b>Project (s):</b></p> <ul style="list-style-type: none"> <li>✚ SOCITIM Review of ICT</li> <li>✚ Gateway Review</li> <li>✚ HR Going Digital Phase 1</li> <li>✚ Neighbourhood Teams transformation</li> <li>✚ Depot Commercialisation Phase 1</li> </ul>	Align existing transformation revenue resources – transformation funding from general financial reserve	Cabinet member for Corporate Support & Assets	Deputy Chief Executive (Resources and Transformation)
3	<p><b>Programme:</b> New business models including shared services</p> <p><b>Project (s):</b></p> <ul style="list-style-type: none"> <li>✚ Phase 1 of Shared Services with Chorley Council</li> </ul>	Align existing revenue funding and resources	Cabinet member for Corporate Support & Assets	Deputy Chief Executive (Resources and Transformation)

Priority	Programme and Project (s)	Resources	Member Lead	Director Lead
Health & wellbeing	<p><b>Programme:</b> Health, leisure and wellbeing campus model including community health services</p> <p><b>Project (s):</b></p> <ul style="list-style-type: none"> <li>+ Worden Park improvements</li> <li>+ Design and seek planning permission for the first phases of borough green links</li> <li>+ Open Space Sports &amp; Recreation Assessment &amp; Playing Pitch Strategy</li> <li>+ Commence review of leisure contract</li> <li>+ Design and seek planning permission for leisure campus plan</li> <li>+ Develop options for artificial grass pitches</li> </ul>	Re-alignment of existing capital and revenue reserves and revenue resources i.e. Regeneration, Sports & Leisure Team, Sports Development in schools, sports pitch capital and revenue funding; borrowing; partnership contributions	Cabinet member for Regeneration & Leisure	Deputy Chief Executive (Regeneration and Growth)

Priority	Programme and Project (s)	Resources	Member Lead	Director Lead
Health & wellbeing	<p><b>Programme:</b> Homelessness and independent living support</p> <p><b>Project (s):</b></p> <ul style="list-style-type: none"> <li>Development of a Homelessness project to implement the new Homelessness Reduction Act 2017.</li> <li>Implement a project to deliver additional Independent living support to people living with a disability</li> </ul>	Align Disabled Facilities Grant and Private Sector Housing Grant capital funding; align existing revenue resources, external funding	Cabinet member for Corporate Support & Assets	Deputy Chief Executive (Regeneration and Growth)

Priority	Programme and Project (s)	Resources	Member Lead	Director Lead	
6	Health & wellbeing	<p><b>Programme:</b> Support for communities and volunteering</p> <p><b>Project (s):</b></p> <ul style="list-style-type: none"> <li>Develop volunteering strategy and Compact for the voluntary, community and faith sector</li> <li>Develop a volunteering framework to support people and communities to be resilient</li> </ul>	South Ribble Partnership Manager	Leader and My Neighbourhood Forums	Deputy Chief Executive (Regeneration and Growth)
7		<p><b>Programme:</b> Social isolation and loneliness</p> <p><b>Project (s):</b></p> <ul style="list-style-type: none"> <li>Deliver the key actions of the South Ribble Dementia Action Alliance</li> </ul>	South Ribble Partnership Manager	Cabinet member for Public Health, Safety & Wellbeing	Deputy Chief Executive (Regeneration and Growth)

Priority	Programme and Project (s)	Resources	Member Lead	Director Lead
8	<p><b>Programme:</b> Lancashire Mental Health Strategy</p> <p><b>Project (s):</b></p> <ul style="list-style-type: none"> <li>Completion of MH2K project</li> <li>Workplace Based Health Checks Programme</li> </ul>	South Ribble Partnership Manager	Cabinet member for Public Health, Safety & Wellbeing	Deputy Chief Executive (Regeneration and Growth)
9	<p><b>Programme:</b> Child and fuel poverty</p> <p><b>Project (s):</b></p> <ul style="list-style-type: none"> <li>Adopt a revised Council Tax Support Scheme for 2019-20</li> <li>Implement Living Wage reforms for Council staff</li> </ul>	Align existing revenues and benefits and human resources funding	Cabinet member for Public Health, Safety & Wellbeing	Deputy Chief Executive (Resources and Transformation)

Priority	Programme and Project (s)	Resources	Member Lead	Director Lead
10	<p><b>Health &amp; wellbeing</b></p> <p><b>Programme:</b> Deliver the Borough's Air Quality Plan</p> <p><b>Project (s):</b></p> <ul style="list-style-type: none"> <li>Completion of Air Quality Action Plan to raise awareness of air quality and solutions to improve air quality</li> </ul>	Align existing capital and revenue budgets and resources	Cabinet member for Public Health, Safety & Wellbeing	Deputy Chief Executive (Regeneration and Growth)

Priority	Programme and Project (s)	Resources	Member Lead	Director Lead
11	<p><b>Programme:</b> Cuerden strategic site</p> <p><b>Project (s):</b></p> <ul style="list-style-type: none"> <li>Implement Employment and Skills Plan</li> <li>Progress Delivery of Phase 1 and Plan for Future Phases</li> </ul>	City Deal; align existing revenue funding and resources	Cabinet member for Strategic Planning & Housing and Cabinet member for Regeneration & Leisure	Deputy Chief Executive (Regeneration and Growth)
12	<p><b>Place</b></p> <p><b>Programme:</b> Central Lancashire Core Strategy and South Ribble Local Plan</p> <p><b>Project (s):</b></p> <ul style="list-style-type: none"> <li>Commence review of Central Lancashire Local Plan</li> <li>Commence review of South Ribble Local Plan</li> </ul>	<p>Establish Joint Programme Team to Coordinate and Deliver Central Lancashire Work. Share costs with Central Lancashire partners</p> <p>Focus existing internal resources on South Ribble Local Plan review</p>	Cabinet member for Strategic Planning & Housing	Deputy Chief Executive (Regeneration and Growth)

Priority	Programme and Project (s)	Resources	Member Lead	Director Lead
13	<p><b>Place</b></p> <p><b>Programme:</b> City Deal and Plan for Successor Programmes</p> <p><b>Project (s)</b></p> <ul style="list-style-type: none"> <li>Work with partners and developers to increase the rate of delivery of new homes and commercial floor space by unlocking City Deal sites</li> <li>Deliver projects listed in the City Deal Business and Delivery Plan 2017-20</li> <li>Masterplans for Penwortham, Lostock Hall and Leyland town centres</li> </ul>	City Deal, HCA Capacity Fund	Leader	Deputy Chief Executive (Regeneration and Growth)
14	<p><b>Programme:</b> Economic Strategy: support for existing as well as new businesses</p> <p><b>Project (s):</b></p> <ul style="list-style-type: none"> <li>Commence preparation of a Central Lancashire Economic Strategy</li> </ul>	City Deal; align Economic Development revenue funding and resources	Cabinet member for Regeneration & Leisure	Deputy Chief Executive (Regeneration and Growth)

Priority	Programme and Project (s)	Resources	Member Lead	Director Lead
15	<p><b>Programme:</b> Housing Framework: delivery of a balanced housing market</p> <p><b>Project (s):</b></p> <ul style="list-style-type: none"> <li>Private sector Stock Condition Survey</li> </ul>	Align existing capital and revenue budgets and resources	Cabinet member for Strategic Planning & Housing	Deputy Chief Executive (Regeneration and Growth)
16	<p><b>Place</b></p> <p><b>Programme:</b> Place promotion</p> <p><b>Project (s):</b></p> <ul style="list-style-type: none"> <li>Invest Central Lancashire and South Ribble Inward Investment Marketing Plan/Activity</li> <li>Develop South Ribble Programme for festivals and events</li> <li>South Ribble Ambassador programme</li> </ul>	Align existing Communications and relevant Economic Development, Regeneration and Neighbourhoods revenue budgets and resources	Leader and Cabinet member for Regeneration & Leisure	Deputy Chief Executive (Regeneration and Growth)

Priority	Programme and Project (s)	Resources	Member Lead	Director Lead
17	<p><b>Programme:</b> My Neighbourhood Plans</p> <p><b>Project (s):</b></p> <ul style="list-style-type: none"> <li>Community projects including WW1 Centenary with the McNamara VC memorial, Walton le Dale car park and New Longton Improvements</li> </ul>	Align existing My Neighbourhoods capital and revenue budgets and resources; City Deal	Cabinet member for Neighbourhoods & Streetscene and Cabinet member for Regeneration & Leisure	Deputy Chief Executive (Regeneration and Growth)
18	<p><b>Place</b></p> <p><b>Programme:</b> River Ribble Master planning</p> <p><b>Project (s):</b></p> <ul style="list-style-type: none"> <li>Masterplan for River Ribble Green links joining river frontage to local amenities &amp; wider network</li> <li>Accessibility work including completion of Cross Borough Link Road</li> <li>Progress development of a project for new Ribble Crossing (subject to HIF Funding being awarded)</li> <li>Progress Delivery of Central Parks Masterplan</li> </ul>	Align existing Regeneration and Neighbourhoods capital and revenue budgets and resources; view potential third party funding including City Deal, LEF and Lottery, Community Infrastructure Levy, Housing Infrastructure Fund, planning obligations fund	Cabinet member for Regeneration & Leisure and Cabinet Member for Strategic Planning and Housing	Deputy Chief Executive (Regeneration and Growth)

Priority	Programme and Project (s)	Resources	Member Lead	Director Lead	
19	Place	<p><b>Programme:</b> Raising community aspirations in relation to growth and improvements in the Borough</p> <p><b>Project (s):</b></p> <ul style="list-style-type: none"> <li>Lead the development of the Borough Community Strategy</li> </ul>	South Ribble Partnership Manager	Leader	Deputy Chief Executive (Regeneration and Growth)
20		<p><b>Programme:</b> Renewable energy</p> <p><b>Project (s):</b></p> <ul style="list-style-type: none"> <li>Development of a renewable energy feasibility study</li> </ul>	Align existing capital and revenue budgets and resources	Cabinet member for Public Health, Safety & Wellbeing	Deputy Chief Executive (Regeneration and Growth)

Priority	Programme and Project (s)	Resources	Member Lead	Director Lead
21	<p><b>Programme:</b> Apprentices</p> <p><b>Project (s):</b></p> <ul style="list-style-type: none"> <li>Phase 1 of Apprenticeship Factory concept</li> </ul>	Align existing revenue budgets and resources	Leader	Deputy Chief Executive (Resources and Transformation)
22	<p><b>Our People</b></p> <p><b>Programme:</b> Leadership Development</p> <p><b>Project (s):</b></p> <ul style="list-style-type: none"> <li>Phase 1 Senior Leadership Development Programme</li> <li>Phase 1 Member Development Programme</li> <li>Organisational Culture review</li> <li>Values and behaviours development</li> </ul>	<p>Align existing revenue budgets and resources</p> <p>£100,000 Organisational development budget</p>	Leader	Deputy Chief Executive (Resources and Transformation)

<b>Likelihood</b>	<b>4:</b> Almost certain the event will occur
	<b>3:</b> There is a strong possibility the event will occur
	<b>2:</b> Unlikely the event will occur
	<b>1:</b> Rarely
<b>Impact</b>	<b>4:</b> Major impact
	<b>3:</b> Serious impact
	<b>2:</b> Minor impact
	<b>1:</b> Insignificant impact

The Risk Matrix				
<b>Impact</b>	<b>4</b>	<b>8</b>	<b>12</b>	<b>16</b>
	<b>3</b>	<b>6</b>	<b>9</b>	<b>12</b>
	<b>2</b>	<b>4</b>	<b>6</b>	<b>8</b>
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
	<b>Likelihood</b>			

Risk Description	Risk Owner	Likelihood	Impact	Inherent Risk Score	Existing Control Measure	Residual Risk Score	Target Risk Level	Additional controls to be implemented to achieve target risk level	Date for implementation of additional controls
Failure of corporate governance leading to external intervention	SRBC Extended Leadership Team	3	4	12	Council Constitution and Codes of Conduct	4 Likelihood: 2 Impact: 2	1 Likelihood: 1 Impact: 1	Develop a more inclusive approach to the development of the Annual Governance Statement	30/06/2018
					Risk Registers reviewed regularly				
					Cross party Improvement Reference Group with external membership in place				30/03/2019
					Transformation Strategy				30/09/2018
					AGS Action Plan				30/09/2018
Reduction in Government Grant threatens the financial sustainability of the Council	SRBC Leadership Team	4	3	12	Budget Forecasting within MTFS with regard to Annual LG Finance Settlement	4 Likelihood: 2 Impact: 2	1 Likelihood: 1 Impact: 1	Implement Strategic Asset Review actions	30/09/2018
					5-year MTFS aligned to the 5-year Corporate Plan to ensure resources are allocated to deliver the corporate priorities			Transformation projects: implement savings . income generation proposals	31/12/2018
					Robust monitoring and reporting of progress in delivering the Corporate Plan and MTFS			Clear targets in the Corporate plan and MTFS with robust performance monitoring and reporting	30/06/2018
					Financial Training for relevant staff and members				
					Maintain high Council Tax and Business Rates collection rates			Develop models for and implement further shared services	30/09/2018

Risk Description	Risk Owner	Likelihood	Impact	Inherent Risk Score	Existing Control Measure	Residual Risk Score	Target Risk Level	Additional controls to be implemented to achieve target risk level	Date for implementation of additional controls
Fraud & Corruption	SRBC Extended Leadership Team	2	4	8	Fighting Fraud and Corruption Locally	6 Likelihood: 2 Impact: 3	3 Likelihood: 1 Impact: 3	Update anti-fraud Strategy	30/06/2018
					Probity Policies - Anti Fraud & Corruption / Fraud Response Plan / Whistleblowing etc.			Review Corporate Fraud Risk Register in GRACE	30/06/2018
					Periodic training / awareness sessions carried out with officers			Comprehensive policy review and revised scheme of delegation to reflect the Council's new organisational structure	30/06/2018
Impact of Brexit on Council Services	SRBC Extended Leadership Team	2	2	4	Weekly policy review	1 Likelihood: 1 Impact: 1	1 Likelihood: 1 Impact: 1		
					Brexit negotiations and legislation under regular review for developments that may have an impact on services				
Failure of Information systems and data security	SRBC Extended Leadership Team	2	4	8	Maintaining high level of ICT security, achievement of PSN accreditation.	6 Likelihood: 2 Impact: 3	2 Likelihood: 1 Impact: 2	Implement recommendations of SOCITIM Review as appropriate	30/06/2018
					Development of annual ICT work programme				
Lack of capital funding to undertake large scale improvements to parks, open spaces and leisure facilities	SRBC Leadership Team	3	3	9	Capital programme reflects the priorities in the Corporate Plan	4 Likelihood: 2 Impact: 2	1 Likelihood: 1 Impact: 1	Develop resource plan for Campus Programme	30/09/2018
					Regular monitoring of Capital Programme				

Risk Description	Risk Owner	Likelihood	Impact	Inherent Risk Score	Existing Control Measure	Residual Risk Score	Target Risk Level	Additional controls to be implemented to achieve target risk level	Date for implementation of additional controls
Lack of staff resources, systems and / or the skills needed to deliver services and corporate plan and improvement activities	SRBC Extended Leadership Team	3	4	12	Transformation Strategy	8 Likelihood: 2 Impact: 4	4 Likelihood: 2 Impact: 2	Early implementation of the new organisational structure	30/06/2018
					Policies including Pay Policy / Recruitment policy			Organisational culture review	30/06/2018
					Employee Benefits - keep under review and in line with best practice			liP Gold renewal	30/06/2018
					Implement the Transformation Strategy action plans - focus on organisational development			Investment in organisational development, staff and member development	30/09/2018
					Project Management System			Investment in programme and project management capacity and skills	30/09/2018
Political decisions not taken by members in a timely way	Leader / CEO	2	3	6	Cross party working	4 Likelihood: 2 Impact: 2	1 Likelihood: 1 Impact: 1	More use of pre-scrutiny on key decisions	30/09/2018
					Cross party Improvement Reference Group with external membership in place			Early consultation with residents / businesses and member engagement on key strategic issues	30/09/2018
					Publication deadlines for Committee reports in place			Training and support on the use of the ModGov system to ensure that all members have immediate access to published reports within the statutory publication deadline	30/06/2018



## Equality Impact Assessment

### Introduction

An Equality Impact Assessment (EIA) is required to ensure that equality is placed at the centre of policy development and review, as well as service delivery. The purpose of this EIA is to systematically analyse the likely impact of a service, policy or proposals on different community groups, and how the needs of such groups have been taken into account in developing those proposals.

The EIA can anticipate and recommend ways to avoid any discriminatory or negative consequences for a particular group, on the grounds of any protected characteristic. It provides the opportunity to demonstrate the potential benefits for equality target groups arising from a proposed policy or project.

The need for an EIA stems from the general duty placed on public authorities to eliminate unlawful discrimination in carrying out functions, and promote equality of opportunity. This is outlined in the Equality Act 2010, with specific public sector duties in place from April 2011.

1. Name of Policy or Service (existing or proposed)	
Corporate Plan 2018 - 2023	
2. Responsible Manager	
Joanne Platt – Interim Corporate Improvement Manager	
3. Date EIA completed	Review date
19/01/18	January 2019
4. Description and aims of policy / service (including relevance to equalities)	
To bring together the Council's vision, priorities, objectives, key actions and measures for the Council, which drives the budget and performance management framework.	
5. Who are the stakeholders?	
<ul style="list-style-type: none"> <li>▶ Cabinet</li> <li>▶ Scrutiny</li> <li>▶ Councillors</li> <li>▶ Leadership Team</li> <li>▶ Employees</li> <li>▶ External partners</li> <li>▶ Residents</li> <li>▶ Businesses</li> <li>▶ External Audit</li> </ul>	

## 6. What outcomes do we want to achieve?

That the Council agrees its vision and priorities for the Council based on the needs of the Borough to drive resources and concentrate on the key issues for delivery.

## 7. How will performance be measured?

- ▶ By the Council's Leadership Team and Extended Leadership Team every quarter
- ▶ Performance monitoring reports to Scrutiny Committee and Cabinet in Quarters 2,3 and 4 and an annual report to Full Council at the end of Quarter 4

## 8. Brief summary of research and background data

- ▶ Existing research on the demographics of the Borough
- ▶ Stakeholder feedback – residents, partners, businesses
- ▶ Input from the all members at extended Member Learning Hours
- ▶ Input from Scrutiny Committee
- ▶ Input from Cabinet

## 9. Methods and outcome of consultation

- ▶ Consultation to inform the priorities - with residents via Residents' Survey undertaken in February 2017; with businesses via a business survey undertaken in August 2017 and with partners in September 2017.
- ▶ Further consultation on the proposed priorities - with residents (via the Council's website), the South Ribble Partnership (at Board Meeting) and with businesses (via a business breakfast meeting held on 26th January 2018).

## 10. Results of initial screening

The following questions have been considered in order to evaluate the various equality groups:-

**Age** – Is there any concern that these proposals could cause differential impact on the grounds of age? All age groups.

**Disability** – Is there any concern that these proposals could cause differential impact on the grounds of disability? Disability is recognised under the Equality Act as 'a physical or mental impairment which has a substantial and long term effect on a person's ability to carry out normal day to day activities.'

**Gender Reassignment** – Is there any concern that these proposals could cause differential impact on the grounds of gender reassignment? The Equality Act recognises this where a person is proposing to undergo, is undergoing, or has undergone a process (or part of a process) for changing sex.

**Marriage / Civil Partnership** – Is there any concern that these proposals could cause differential impact on the grounds of marriage or civil partnership? Under the Equality Act, no such protection exists for single or unmarried people.

**Pregnancy / Maternity** – Is there any concern that these proposals could cause differential impact on the grounds of pregnancy or maternity?

**Race** – Is there any concern that these proposals could cause differential impact on the grounds of race? Race is recognised under the Equality Act as a person’s skin colour, nationality or ethnic origin.

**Gender** – Is there any concern that these proposals could cause differential impact on the grounds of gender? Including men, women and transgender people.

**Sexual Orientation** – Is there any concern that these proposals could cause differential impact on the grounds of sexuality? Including heterosexual, gay, lesbian and bisexual people.

**Religion or belief** – Is there any concern that these proposals could cause differential impact on the grounds of religion or faith? All faiths recognised in the European Convention of Human Rights are included.

A commentary has been provided for each policy where appropriate – see Appendix A

### **11. Decisions and / or recommendations (including supporting rationale)**

The Corporate Plan has been developed specifically to address the needs of the Borough and there is no adverse impact on any particular group or groups. As projects identified in the Corporate Plan are developed further, equality impact assessments will be undertaken at that time.

### **12. Is an Equality Action Plan required?**

No.

**Appendix A – Results of initial screening**

Policy / service	Protected Characteristics									Commentary
	Age	Disability	Gender reassignment	Marriage / civil p'ship	Pregnancy / maternity	Race	Religion or belief	Sex	Sexual Orientation	
Corporate Plan	+	+	+	+	+	+	+	+	+	The Corporate Plan has been developed specifically to address the needs of the Borough and there is no adverse impact on any particular group or groups. As projects identified in the Corporate Plan are developed further, equality impact assessments will be undertaken at that time.

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<b>Symbol</b>	<b>Impact</b>
+	<i>Positive</i>
0	<i>Neutral / Negligible</i>
-	<i>Negative</i>
P	<i>Potential issue</i>

REPORT TO	ON
<b>CABINET</b>	14 <sup>th</sup> February 2018



September 2017

TITLE	PORTFOLIO	REPORT OF
<b>Capital Strategy 2018/19 to 2022/23</b>	<b>Finance</b>	<b>Deputy S151 Officer</b>

Is this report a <b>KEY DECISION</b> (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	<b>Yes</b>
Is this report on the <b>Statutory Cabinet Forward Plan</b> ?	<b>Yes</b>
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	<b>Yes</b>
Is this report confidential?	<b>No</b>

## 1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to set out the proposed Capital Strategy for the next 5 years and how it will be funded. This is a key element of the Council's Corporate Planning process setting out the major capital expenditure to deliver its ambitions and services for residents. It seeks Cabinet approval for confirmation by full Council on 28<sup>th</sup> February 2018.

## 2. PORTFOLIO RECOMMENDATIONS

- 2.1 Cabinet approve the Capital Strategy detailed in Appendix 1 and recommend its approval to Council;
- 2.2 Cabinet approve the funding arrangements for the Capital Strategy and recommend its approval to Council;
- 2.3 Cabinet note the implications of using debt to fund the Strategy and the implications of future revenue budgets;
- 2.4 Cabinet agree to the implications of the Capital Strategy being incorporated into the Corporate Risk Register.

## 3. CORPORATE PRIORITIES

The report relates to the following corporate priorities

Clean, green and safe	X	Strong and healthy communities	X
Strong South Ribble in the heart of prosperous Lancashire	X	Efficient, effective and exceptional council	X

However, when approved by Council, the corporate priorities for 2018/19 to 2022/23 will change to those in the Corporate Plan. This Strategy aligns to those priorities.

#### **4. BACKGROUND TO THE REPORT**

- 4.1 A 5 year Capital Strategy has been developed as part of the Council's Corporate Planning process this year. It sets out a programme of spending to deliver on the priorities set in the Corporate Plan and is attached at Appendix A. The Strategy is structured against the corporate priorities which have been developed in conjunction with Members over the past few months.
- 4.2 This is an ambitious strategy that is deliverable. It seeks to set out an affordable financial strategy over the next 5 years, programmed to deliver real change. A significant shift in this plan is for the Council to undertake external borrowing over the period to fund the expenditure. The implications of this change is incorporated into the Council's Treasury Management Strategy which will need Council approval on 28<sup>th</sup> February 2018. Use of external borrowing will incur both interest and repayment costs. These costs, and savings that have been identified from that investment, have been incorporated into the Medium Term Financial Strategy (MTFS) which is considered later on the agenda.
- 4.3 It is important to note that this is a 5 year plan and funds are allocated to priorities and clear intentions are set out. It is based upon what is affordable and deliverable. The detailed programmes for each year will still need to be developed and ratified by Members throughout the 5 years.
- 4.4 There is a little more detail associated with 2018/19 element of the Strategy. Some plans have already been identified for next year but further plans will come before Members if the Strategy is approved. In addition it includes a few carry forward schemes from the current financial year that have commenced but still need to be completed. These are set out below.

#### **5. PROPOSALS**

##### **5.1 Health, Leisure and Well Being**

This programme has evolved with the development of the Campus programme for South Ribble. A Cross Party Member Working Group worked with Officers to develop the Campus Concept for the Borough. This high level concept was agreed at Cabinet on 6<sup>th</sup> December 2017. For the full benefit to be derived, many key partners need to come together to bring about step change. However, Members have examined options to use Council investment to start the programme. The programme proposed makes investments in green infrastructure, existing assets and delivers a new leisure facility as the first part of a Leyland Campus. The 5 year programme proposed will make a significant improvement for residents. The final element is to look to construct a playing pitch hub with artificial grass pitches to improve the offer and the reliability of that offer. This programme has previously been discussed and agreed at the Working Group and Cabinet.

##### **5.2 Place**

South Ribble has embraced the Growth agenda in its Local Plan and as a partner in City Deal. Funding has been allocated to enhance existing towns to meet future challenges of that growth.

A large part of that Growth agenda will be delivery of new housing. Most of this will be family housing delivered by the private sector. However, Members have identified shortfall in affordable housing. Programme to deliver more in appropriate locations within the Borough has been identified.

Keeping residents safe and within their homes as life changes is a key service of the Council. It will continue to support those people through Disabled Facility Grant. In addition the Strategy has earmarked a further £1m to help address other issues that may be identified from the Stock Condition Survey that will be commissioned in April.

**5.3 Excellence & Financial Stability**

Capital funding is required for the Council to deliver services and improve what it does. An ICT programme, vehicle replacement programme and investments in core buildings will help drive more efficiency in its organisation and ultimately better services to the public.

In addition the Council decided last year to use some of its reserves to invest in income generating assets to provide income to deliver services in the future. The processes to deliver this investment are now in place and assets will be acquired over the next two years

**5.4 Schemes carried forward from 2017/18 programme**

The Capital Strategy is a funding programme for capital expenditure for the next 5 years to deliver the Council's ambitions and all future spend will be against those priorities. However, there are a few schemes that have been approved and commenced in the current financial year that will not be completed until 2018/19. These carry forward schemes are:

**Table 1 - Carry Forward Schemes from 2017/18 Programme**

Open Spaces Infrastructure Schemes	35,000
Hurst Grange Park Drainage works	20,000
St Mary's, Penwortham - Churchyard wall repairs	105,000
Withy Grove Park	40,000
Worden Park - Replacement conservatory / greenhouse	142,505
Worden Park - Toilet facilities improvements	200,000
McNamara Memorial	5,500
Priory Park	11,000
Lostock Hall Football Facility (s106)	145,000
Walton-le-dale Community Centre car park refurbishment	54,505
	758,510
Vehicle Replacement Programme	718,444
Carry Forward from 2017/18	1,476,954

**6. FUNDING**

6.1 The proposed programme is £42.625m over 5 years, including schemes carried forward from 2017/18. This is a substantial programme for a Borough Council. Additional resources for programme management have been identified to help deliver this. However, affordability is an important factor and this section looks at how the funding will occur.

6.2 Table 1 below show the funding. The funding cocktail utilises capital receipts and reserves that the Council already has and draws down new receipts from future sales, some grant and debt of £18m.

**Table 2 – Funding of Capital Strategy 2018/19 to 2022/23**

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Capital Receipts Reserve	450	500	500	450	100	2,000
New Capital Receipts		1,500	500	500	1,500	4,000
Capital Reserve	800	800	800	800	200	3,400
Borough Investment Reserve	2,500	1,324				3,824
Grants (DFG)	574	550	550	550	550	2,774
Grants (Other)		1,200	960			2,160
S106	500	500	500	500	500	2,500
City Deal	100	500	750	750	400	2,500
Loans	1,750	1,800	13,490	950		17,990
Carry Forward Funding from 2017/18 Programme	1,477					1,477
<b>Funding</b>	<b>8,151</b>	<b>8,674</b>	<b>18,050</b>	<b>4,500</b>	<b>3,250</b>	<b>42,625</b>

6.3 The debt proposed will have a revenue cost to the Council of ultimately £900,000 per annum. This has been built into the medium term financial strategy and is offset by future savings and reduced maintenance liabilities. The programme also looks at utilising £9.2m of reserves. It is estimated that the Council will have £26m of reserves at 31<sup>st</sup> March 2018 so utilising this element to invest in future benefits is a reasonable approach and does not jeopardise the Council in the future. A separate section of the Medium Term Financial Strategy looks at reserves, their use and future contributions.

6.4 The carry forward schemes were funded in 2017/18 programme and this funding will be carry forward into 2018/19.

## **7. CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION**

7.1 Consultation with partners and key stakeholders has been undertaken in the formulation of the Council priorities for the next 5 years and the construction of the Corporate Plan. The Capital Strategy is one element of the financial strategy to deliver those Corporate Plan ambitions. The latest residents' survey results has also influenced how this Strategy has been developed.

## **8. FINANCIAL IMPLICATIONS**

8.1 This report is part of the overall financial strategy for the Council for the next 5 years that will enable delivery of the Corporate Plan ambitions. It sets out a clear affordable programme and the revenue implications are part of the Medium Term Financial Strategy to be recommended to Council.

## **9. HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS**

9.1 There are no direct implications on HR and organisational development in this report at this stage. However, some of the investments in buildings and ICT may well impact on how the Council works and therefore have an impact. Any of those impacts will be detailed at that stage.

## **10. ICT/TECHNOLOGY IMPLICATIONS**

- 10.1 The programme identifies funding for ICT over the 5 year period that should meet existing priorities. A detailed plan is target to be drawn up early in 2018-19 that will set out how this will be spent.

## **11. PROPERTY AND ASSET MANAGEMENT IMPLICATIONS**

- 11.1 Many of the elements of the Strategy have property and asset management implications. Investing in new and improved green infrastructure will have implications on future maintenance programmes. Care will be taken in the detailed implementation to ensure materials used help minimise these. Equally investment in facilities will have positive impact on future maintenance liabilities. However, care also needs to be taken that future planned maintenance is incorporated into the plan. Some consideration has been included in the papers before Cabinet but detailed implications will be included in each scheme as they are progressed and approved by Members.

## **12. RISK MANAGEMENT**

- 12.1 All of the programmes within this Capital Strategy have risks associated with them ranging cost variation to delivery timescales. Changes in each will have further impacts on the wider programmes. The Council has adopted a strong programme management approach in its structure and way forward. Each of these schemes will have a definitive project plan, timescale and responsible officer for delivery. This will be shared with Members as those plans are developed.

## **13. EQUALITY AND DIVERSITY IMPACT**

- 13.1 The investments proposed will have a positive impact for all residents across the whole Borough. The proposed investment in Health, Leisure and Well Being will have direct impact on all. Access to better open spaces and green links will be significantly improved to open up those wonderful opportunities to more of the population. Investment in facilities will address some shortfall in provision to meet existing need but will also open up opportunities for wider cultural and non-sporting uses.
- 13.2 The resources identified for Place will deliver the wide ambitions to improve the physical infrastructure of towns and villages in the Borough which will open up those places to more residents. In addition resources are focussed on helping housing.

## **14. COMMENTS OF THE STATUTORY FINANCE OFFICER**

- 14.1 The report sets out an ambitious Capital Strategy that has been developed to address the priorities of the Corporate Plan. At £42.6m it is significantly larger than previously undertaken by the Council because of the major investment in assets. Allocating funding for programme management within the Strategy will help recruit the necessary resources to ensure delivery.
- 14.2 The programme is dependent upon debt funding. These costs are reflected in the proposed Medium Term Financial Strategy. However, significant savings will be achieved from this investment as outlined previously. Therefore this change in approach is reasonable.

## **15. COMMENTS OF THE MONITORING OFFICER**

- 15.1 Our proposed Capital Strategy is ambitious in scale. Potentially it could have a positive impact on all of our residents. The Capital Strategy is a key element in the delivery of our Corporate Plan and the decisions of Cabinet will be subject to confirmation by full Council at its meeting on the 28<sup>th</sup> of February.

15.2 There is general enabling legislation that empowers councils to adopt and carry out such strategies – most particularly relevant provisions of the Local Government Act 1972 and the Localism Act 2011.

16. **BACKGROUND DOCUMENTS/APPENDICES**

**Appendix A                      Capital Strategy 2018/19 to 2022/23**

**Jane Blundell**  
**Deputy Section 151 Officer**

## CAPITAL STRATEGY 2018/19 TO 2022/23

	2018/19	2019/20	2020/21	2021/22	2022/23		Total
<b>Corporate Priority</b>	£000's	£000's	£000's	£000's	£000's		£000's
<b>Health, Leisure &amp; Well Being</b>							
Project Management	50	100	100	50	50		350
Green Infrastructure	400	600	500	500	500		2,500
Existing Built Assets	400	400	400	400	400		2,000
New Leisure Facility	100	1,000	13,000	900			15,000
Sports Pitch Hub	1,000	2,000	1,600				4,600
<b>Place</b>							
Masterplanning & Regeneration of key areas	100	500	750	750	400		2,500
Affordable Housing	500	500	500	500	500		2,500
Disabled Facilities Grant	550	550	550	550	550		2,750
Private Sector Housing	200	200	200	200	200		1,000
South Ribble Partnership	24						24
<b>Excellence &amp; Financial Stability</b>							
Information Technology Programme	150	150	150	150	150		750
Vehicle Replacement Programme	300	1,200	150	400	400		2,450
Corporate Buildings	50	150	150	100	100		550
- Banqueting Suite	80						80
- Civic Centre	200						200
- Depot	70						70
Investment Property	2,500	1,324					3,824
<b>Carry Forward Schemes not yet completed</b>	1,477						1,477
<b>CAPITAL STRATEGY</b>	<b>8,151</b>	<b>8,674</b>	<b>18,050</b>	<b>4,500</b>	<b>3,250</b>		<b>42,625</b>

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REPORT TO	ON
<b>CABINET</b>	14 <sup>th</sup> February 2018



September 2017

TITLE	PORTFOLIO	REPORT OF
<b>2018/19 Budget and Medium-Term Financial Strategy 2018/19 to 2022/23</b>	<b>Finance</b>	<b>Deputy S151 Officer</b>

Is this report a <b>KEY DECISION</b> (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	<b>Yes</b>
Is this report on the <b>Statutory Cabinet Forward Plan</b> ?	<b>Yes</b>
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	<b>Yes</b>
Is this report confidential?	<b>No</b>

## 1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to set out the proposed 2018/19 Revenue Budget for the Council and the Medium Term Financial Strategy for the next 5 years. This is the financial plan for the Council for the next 5 years. It is aligned to the Corporate Plan and how the Council will deliver its ambitions and services for residents. Cabinet approval is sought and recommendation to Council on 28<sup>th</sup> February 2018.

## 2. PORTFOLIO RECOMMENDATIONS

- 2.1 Cabinet approve the revenue budget for 2018/19 as set out in Appendix A.
- 2.2 Cabinet approve the 5 year Medium Term Financial Strategy (MTFS) 2018/19 through to 2022/23, summarised at Appendix B.
- 2.3 Cabinet recommend to Council a Council Tax increase of 2.99%.

## 3. CORPORATE PRIORITIES

The report relates to the following corporate priorities

Clean, green and safe	X	Strong and healthy communities	X
Strong South Ribble in the heart of prosperous Lancashire	X	Efficient, effective and exceptional council	X

However, when approved by Council, the corporate priorities for 2018/19 to 2022/23 will change to those in the Corporate Plan. This Strategy aligns to those priorities.

#### **4. CONTEXT FOR 2018/19 BUDGET AND MTF5 TO 2022/23**

##### **4.1 2017/18 Budget and Medium Term Financial Strategy**

The budget for 2017/18 and Medium Term Financial Strategy (MTFS) agreed at Council on 1<sup>st</sup> March set out some challenges to deliver a balanced, sustainable budget in the medium term. Assumptions were made about future levels of income from business rates, targets were set to generate savings from efficiencies and from proposals to deliver new sources of income to deliver a balanced position over three years. These totalled £3.3m over three years. Implementation has been progressed during the year. Therefore savings reflecting those changes are included in the budget proposal before Members.

##### **4.2 Projected Outturn 2017/18**

Budget monitoring is reviewed by Governance Committee throughout the year. This enables some base budget review during the year to reflect changes to service delivery and take up. These changes are reviewed during the budget process and reflected in the base budget.

##### **4.3 Peer Review**

A Peer Review of the Council was undertaken in 2016/17. An Improvement Plan was developed and agreed as part of the recommendations from that review and an Improvement Reference Group consisting of Group Leaders, external Political peers and the Local Government Association to oversee delivery of that plan. A key element of that work has been to oversee the implementation of the MTF5 proposals and some key actions have been implemented.

##### **4.4 Funding of Local Government**

4.4.1 Major changes to local government finance started in 2013/14. These changes saw the withdrawal of central government grant to support local spending and the introduction of retaining business rates collected locally. 2017/18 was the final year that South Ribble received Revenue Support Grant (RSG) from Central Government. This was fully explained in the previous MTF5.

4.4.2 Business Rate Retention (BRR) and the Lancashire Pooling arrangements have been established since 2013/14. In essence this scheme allows increases in business rates to be retained locally. The Local Government Finance Settlement 2018/19 identifies the Secretary of State's intention to increase business rate retention as a means of funding over the next few years. Some new pilots have been announced to look at different arrangements for retention and pooling. The Lancashire Pool is a successful example and will feed into any future review of the arrangements. The pooling and local retention of growth arrangements continue to demonstrate benefit to South Ribble and contribute positively to the Council's financial position. A key factor is that the Council will benefit significantly from the growth in business rates collected in the area. Future growth will further enhance our retention in the future. There is an increase in BRR in the 2018/19 budget which exceeds the expectations of the current MTF5.

4.4.3 The Local Government Settlement for 2018/19 specifically states the Secretary of State's intention to reset the business rates retention system in 2020/21. This will see NNDR Baselines adjusted to reflect how much local authorities are actually collecting in business rates. The implications of this are impossible to assess at this stage. However, any changes will have transitional arrangements and South Ribble is protected by the future growth elements that are still to come forward. This is also a reason to continue to maintain a Business Rate Retention Equalisation Reserve.

4.4.4 New Homes Bonus scheme was established to pass the “benefits” of generating net increases in housing supply to local authorities. Changes were announced last year to change the benefit from 6 years to 4 years. Moreover locally South Ribble Borough Council has committed to pay its receipts into City Deal. The impact is that this funding stream will cease to fund South Ribble services directly in 2020/21.

4.4.5 Council tax remains the major source of funding for local services. Councils can determine the levels of taxation for their local areas but there are limitations imposed by Government regulation. The Secretary of State sets out thresholds annually for each tier of local government above which council tax increases would be deemed excessive. The Local Government Finance Settlement 2018/19 announced the levels for South Ribble as 3% or £5 whichever is the higher. This is a movement from 2% and £5 last year. A proposal for increase is included in this paper as a specific recommendation

#### 4.5 **Growth**

4.5.1 South Ribble is embracing the growth agenda fully. Its Local Plan identifies commercial and employment growth as well as the associated housing numbers. The Council is a major partner in Central Lancashire City Deal. As such the Council has committed investment of future funding into the programme but will see increases to its business rate and council tax receipts as the growth is delivered. In 2017/18, planning consent for Cuerden Business Park was secured.

4.5.2 Growth and a population expansion will also bring with it some additional costs and demands upon our services. Our Corporate Plan does and will continue to identify projects to meet these demands. This MTFS and the Capital Strategy identify the financial resources for the next 5 years to deliver on those ambitions.

#### 4.6 **Corporate Plan**

The Council has developed a 5 year Corporate Plan that sets out its priorities for the next 5 years and outcomes that it intends to achieve. This reflects the resident survey, consultation with stakeholders and Member input and it will be recommended to Council on 28<sup>th</sup> February 2018. The emerging priorities are:

- Financial Excellence and Stability
- Health, Leisure & Well Being
- Place

This budget and MTFS have been aligned to these priorities. Future decisions and spending proposals are linked directly to these priorities.

#### 4.7 **Capital Strategy 2018/19 to 2022/23**

A 5 year Capital Strategy has also been developed and linked to the Corporate Plan. Mindful of the future growth of the population, the health of the existing population and the ageing council leisure asset stock, the Council has developed a Campus Programme for South Ribble. That proposal requires significant investment to deliver the desired outcomes. The 5 year Capital Strategy identifies funding to make a significant impact to that agenda. If agreed then this requires the council to borrow to deliver. This investment will also deliver long term financial benefits.

#### 4.8 **Medium Term Financial Strategy**

The proposed MTFS brings together the budget proposals for 2018/19 identified below that reflect Council decisions and future recommendations into a 5 year financial plan. Assumptions on future growth and spending are incorporated into that plan as well as potential future changes to service delivery. This is specifically covered in section 7 below.

## 5. 2018/19 BUDGET

- 5.1 The table in Appendix A sets out the proposed budget for 2018/19. For comparison it shows the current year budget. It is based upon a fully costed structure that is in place, existing service delivery arrangements and standards, future committed contractual arrangements and income generated from services. The impact of decisions made and implemented in 2017/18 have been included to show the base budget requirement. The underlying assumptions utilised are shown in Appendix C.
- 5.2 This section focuses on 2018/19 budget specifically. It sets out to identify the specific decisions required of Cabinet and Council. It will also explain the major elements and changes from the current MTFS.
- 5.3 Table 1 is a summary of the 2018/19 budget proposal. The starting point is the Borough Council budget requirement for 2018/19 identified in the current MTFS less any contribution to or from reserves.

**Table 1 Summary of 2018/19 Budget Proposals**

	<b>£000's</b>
<b>2018/19 Requirement per current MTFS</b>	13,028
2016/17 Decisions implementation	(329)
Updates & Base Budget Review	97
Revision of salaries incl pay award impact	63
Elections contributions	30
<b>Revised Budget Requirement</b>	<b>12,889</b>
<b><u>MTFS Issues decided but to be implemented</u></b>	
Restructure	(210)
Fees and charges	0
Property Investment	(100)
<b><u>Funding</u></b>	
New Homes Bonus net of City Deal	(407)
Council Tax on existing base	(7,467)
Business Rates Retained per Government Settlement	(4,293)
<b>Initial Budget Gap</b>	<b>412</b>
<b><u>2018/19 Budget Proposals</u></b>	
Investment in Corporate Plan (net)	173
Net Borrowing Costs from Capital Strategy	45
Transformation Savings	(270)
Release from Transformation Fund	(79)
Fees and Charges	(60)
Council Tax Increase of 2.99%	(221)
<b>Forecast 2018/19 Budget Deficit/(Surplus)</b>	<b>0</b>
<b>Use of General Fund Balance</b>	<b>0</b>
	<b>0</b>

- 5.4 **Revised Base Budget Requirement**  
Decisions were made during the 2016/17 budget making process that have an impact upon 2018/19 budget. The additional income from garden waste and the reduction in PCSO spending and creation of a corporate capacity fund are the major factors in this contribution

of £329,000. Throughout 2017/18 there have been increases in contracts and costs as well as some increases in income levels. The net budget review impact is an addition cost of £95,000. Public sector pay awards are determined nationally and this has been settled at an average level of 2%. This is above the original assumption so additional costs need to be added to the budget. The additional costs and income have an on-going impact on future years. The impact has been incorporated into the Medium Term Financial Strategy which is shown in Appendix B and discussed later in section 7.

#### 5.5 **MTFS Decisions to be Implemented**

The senior management restructure was agreed at Council in November 2017. Recruitment processes have commenced and there will be savings delivered in 2018/19. As the report stated, larger savings will ensue as the capacity fund is withdrawn at the end of 2018/19. Council rejected the fees and charges increases proposed at its meeting on 17<sup>th</sup> January 2018. Some inflationary allowances have been provided for in 2018/19 (assuming part-year implementation) and the remaining years of the MTFS. However, no allowance has been made for car parking. Seeking income from property investment is an aim of the Council. A process have now been agreed and a procurement for advisers underway. The budget assumes some investment in 2018/19 and income generated.

#### 5.6 **Funding**

5.6.1 The New Homes Bonus figure in the table above is the element of NHB that the Council retains after making its contribution to City Deal. These figures were confirmed by Government in early January. It is increased slightly by £17,000 from the assumption in the current MTFS.

5.6.2 Retained Business Rates is based upon the NNDR 1. Here there is a significant shift from the current MTFS assumptions. That predicted a base level of £3.643m and potential growth within the wider savings package of £0.25m. The retained business rates in the proposal is £4.293m. This is additional income of £400,000 on an on-going basis. In determining the level for 2018/19, a provision has also been set aside in the Business Rates Retention Reserve for City Deal. This reflects the Council's commitment to pay over its retained business rate commitments within the City Deal arrangements.

5.6.3 The Council Tax figure represents the current rate. It includes £61,000 for the surplus on Council Tax Collection Fund.

#### 5.7 **2018/19 Budget Proposals – Investment in Corporate Priorities**

5.7.1 Specific investments of £373,000, aligned with the Corporate Plan, have been identified in the budget proposal to give the Council the capacity to deliver on these priorities. They are summarised below in Table 2. The detail of each is shown on the Corporate Plan but, to aid the decision making process, are described briefly below the table.

**Table 2 Investments in the Corporate Priorities proposed**

	<b>£000's</b>
<b><u>Excellence</u></b>	
Organisational Development	100
<b><u>Health &amp; Well Being</u></b>	
Health & Well Being, Voluntary Sector - Partnership Post	48
<b><u>Place</u></b>	
Cuerden - 1 planner	50
Economic Strategy - Economic Development Officer	50
Economic Strategy - Place Promotion	100
Housing Delivery	25
Release from City Deal Reserve to fund growth	(200)
<b>Net Investment in Corporate Plan</b>	<b>173</b>

5.7.2 The Council has adopted a Transformation Strategy that will bring about significant change to the way it works and the culture of the organisation. The LGA Corporate Peer Challenge recognised that the Council would refresh its organisational values in 2017, working with staff, members and partners to reshape our organisational culture to one that is more empowering and agile and rooted in ambition, pace, innovation, transformation and delivery. As part of the Strategy, a new management structure has been agreed and is being recruited to. Major transformation projects have commenced looking to embed this culture and leadership model as well as drive efficiencies. The impact of the Growth agenda will also impact on the role of the Council.

It is important that the Council is positioned in the right place to deliver on all of these agendas. The Transformation Strategy identified an organisational development challenges and opportunities for both Members and officers over the next few years. Investment is necessary in the organisational development to ensure that “our people” are equipped to meet the challenges ahead and deliver the ambitious agenda for our residents. Therefore resources have been identified to support this objective.

5.7.3 The South Ribble Partnership brings together people from across the public sector, businesses and voluntary and community organisations with an aim to deliver better services in South Ribble, based on what local people want. The Council takes a leading role in the partnership’s work and will continue to provide strong leadership on this going forward to make sure we maximise the collective resources of the partnership and the partners for the benefit of South Ribble communities and residents. Funding for the Partnership Manager position ceases on 31<sup>st</sup> March 2018. This post is essential to smooth running of partnership working so funding is identified to keep this post within the structure.

5.7.4 South Ribble will see major growth over the next 5 to 10 years. It is important that the Council is in a position to ensure that the opportunities are seized and that major new businesses and employers are attracted to the area. Three investments have been identified to help deliver on these ambitions. First an additional planner has been identified for 2 years to ensure that the Cuerden is delivered well. Secondly an additional economic development position has been identified for 2 years to help promote the area and work with the commercial and industrial sectors to ensure that the South Ribble product is attractive to new investment. This is essential to secure the positive outcomes of City Deal. Finally a place promotion budget of £100,000 has been identified. The Council no longer has a base budget for this activity. It is seen as another essential element to delivering the right offer to attract potential

employers and investors to the area. This funding will be used for a range of activities to promote the area as a place to invest and live and develop a national profile. They will include creating marketing collateral, developing a programme of events to promote the area and having a presence at national developer events. It will involve working with Central Lancashire City Deal partners and Lancashire Enterprise Partnership.

5.7.5 The growth element of this investment is directly linked to City Deal. Therefore it is proposed that this will be funded by £200,000 from the City Deal reserve.

5.7.6 Delivery of housing numbers from using Council assets is an ambition of Members. External funding has been secured to develop a business plan and model to deliver in South Ribble. This funding of £25,000 is the match funding required from the Council to complete the outline business case. The implications of that business case have NOT been included in the financial strategy at this time because the implications are not known until that work is complete. An effective business plan will identify funding options to deliver a programme and bring financial benefits to the Council.

### 5.8 **Capital Strategy**

The detailed Capital Strategy is a separate report on this agenda. It sets out the 5 year investment plan and there are consequences of borrowing to meet some of the investment. The net impact on revenue for 2018/19 investment is £45,000.

### 5.9 **Transformation Savings**

£270,000 savings from the Transformation Programme has been included in the 2018/19 budget. This is the forecast 2018/19 saving from the 1<sup>st</sup> phase of transformation. It is focussed in the following areas:

- Depot Commercialisation Phase 1
- ICT Review
- Gateway Review
- Corporate review of neighbourhood working

Work has commenced and the level of savings for 2018/19 are achievable. Some initial investment for the commercialisation project is required and was approved at Cabinet on 25<sup>th</sup> January 2018. This has been included in the base budget but is to be funded from the Transformation Reserve established earlier in the year.

### 5.10 **Council tax increase**

The Council has the ability to increase council tax levels to fund on-going expenditure. Options to increase Band D council tax have been considered. These options and the level of additional income generated are shown in Table 3 below.

**Table 3 Potential Income from Council Tax Increases**

Potential Tax Increase	Amount per Band D Property £	Budget amount Generated £
1.99% increase	4.15	150,000
£5 per property (2.4%)	5.00	180,000
2.99% increase	6.23	225,000

The proposal before Members includes an increase of 2.99% generating c£225,000 of additional revenue. Cabinet is asked to recommend this increase to Council on 28<sup>th</sup> February 2018.

## **6. MEDIUM TERM FINANCIAL STRATEGY (MTFS)**

6.1 The Medium Term Financial Strategy (MTFS) is shown in Appendix B. This reflects the impact of investing in the Corporate Plan over the next 5 years. It takes on the full year impact of 2018/19 budget decisions but further assumptions have been made. This section outlines what those assumptions are and how they impact on the overall financial strategy.

### **6.2 Pension Fund Triennial Review**

The pension fund is revalued every three years and contributions adjusted based upon the actuary's opinion of value and liabilities. The next revaluation takes place in 2019/20. Invariably this results in an increase in local authority contribution. An estimate of a 2% increase has been included in the MTFS from 2020/21 to reflect potential changes.

### 6.3 **Fees and Charges**

Increases in general fees and charges have been assumed based upon an assumption on general inflation. Car parking has been excluded. A strategic review of car parking charges will be undertaken in the next financial year. It is prudent to await the outcome of that review before building in any changes to the future financial plan.

### 6.4 **Property Investment**

The increase to £300,000 per annum from 2019/20 onwards reflects the Council's current ambition. This may change when the professional advisers are appointed and research the opportunities fully. Again it is prudent to await that outcome before changing future assumptions. Members should note that discussions on implementing restrictions on how Council's invest in property have been on-going. The Council's Treasury management Strategy fully reflects current best practice and will underpin each business decision that is brought forward.

### 6.5 **Transformation and Shared Services Savings**

6.5.1 The increase in 2019/20 and following years reflects the full year impact of the transformation planned for 2018/19, phase 2 of the transformation programme and shared services review. Seeking excellence is a priority for the Council and transforming services is integral to that ambition. Delivering an additional £300,000 per annum from 2019/20 is a reasonable target. Work will commence in 2018/19 to ensure delivery of those future savings.

6.5.2 The transformation programme has commenced and will be well established in the next financial year. It is worthy of note that by the end of 2019/20 the Council will have achieved c£1m in transformational savings. That is £410,000 from the senior management restructure that will be fully embedded by then and a further £580,000 from phase 1 and phase 2 (which includes shared services) of the transformation programme.

### 6.6 **Capital Strategy**

The Capital Strategy sets out a 5 year investment programme of £42.6m to deliver significant improvements to services for residents of the Borough. To deliver this ambitious programme it is anticipated borrowing of £18m will be undertaken. However, the investment in the Health, Leisure and Well Being programme will deliver savings and significant additional income which were highlighted to Members in a previous report. This line shows the net position over 5 years.

### 6.7 **Business Rates**

6.7.1 Business Rate retention brings with it many advantages including keeping a share of the benefits of growth locally. However, there are also some potential risks because negative changes to business rate levels such as business closures or empty rates needs to be met locally. Therefore the Council has established a Business rate Retention Reserve over the past 4 years.

6.7.2 Part of this reserve has now been identified for City Deal specific payments. As part of City Deal the Council is committed to certain levels of payments based upon business rate growth over the next few years. Also the Council will need to incur additional expenditure to deliver that growth. This reserve will help meet some of those commitments.

6.7.3 The retained business rate level within the MTFs is retained at the base level established in 2018/19. No assumptions are made for inflation or growth in this number. The risk is that the baseline will be adjusted. The tariff included is based upon the provisional 2018/19 Local Government Settlement.

6.7.4 Part of the benefits of retaining business rates is that the increases in rates level generated from growth are kept locally. The MTFS shows some of these benefits coming into the Council's financial strategy in 2020/21 and increasing the following year. This reflects the implications of decisions made on Cuerden and the timing of new developments coming on stream. The numbers reflect a prudent assessment of the net South Ribble element based upon the current funding and pooling arrangements.

**6.8 Capital Funding Reserve**

The Capital Funding Reserve is a revenue reserve that funds future capital spending. Investing in the Capital Strategy over the next 5 years utilises all of the Council's Capital Funding Reserve of £3.4m. However, there is a positive impact of retained business rates in 2021 and thereafter from the development of Cuerden and decisions that have been taken. The MTFS has identified replenishing the Capital Reserve by c£1.2m in the later years of the plan to make provision to fund the next Capital Strategy. This is reflected in the assessment of reserves below.

**6.9 Council Tax**

The MTFS assumes a continuation of Council tax rises at 1.99% for the following 4 years. This decision will be reviewed each year as Council must determine the level of Council Tax each year as a formal, statutory decision as a billing authority. This gives the mandate for billing each household.

**6.10 Use of General Fund Balances**

The proposed MTFS recommends using general fund balances of £400,000 in 2019/20 and 2020/21 to meet the forecast shortfall in budget. This enables a transition to a balanced position in 2021/22 with contributions to the Capital Funding Reserve. Other options including increasing fees and charges, further rises in Council Tax or higher transformation savings have been considered.

**7. RESERVES**

7.1 The Council had £28m of reserves on its balance sheet as at 31<sup>st</sup> March 2017. These are made up of general fund balance, earmarked reserves which are funds set aside for specific purposes historically, carry forward reserves from surplus income and under spending in previous years, business rate reserve, capital receipts and funds for specific purposes such as section 106 for affordable housing. A strategic review of the categorisation of these reserves has been undertaken during the budget process prompted by the focus of the financial strategy of the Council to the new Corporate Plan.

7.2 The overall strategy will see the Council utilising its reserves over the next 5 years to deliver the major investments required. The impact of this investment is shown on the overall reserve levels in table 4 below.

**Table 4 Projected Reserves over the life of the MTFS**

	31/3/17	31/3/18	31/3/19	31/3/20	31/3/21	31/3/22	31/3/23
	£000's						
<b>General Fund Balance</b>	<b>4,597</b>	<b>4,981</b>	<b>4,981</b>	<b>4,885</b>	<b>4,581</b>	<b>4,581</b>	<b>4,581</b>
Capital Funding Reserve (CFR)	4,197	3,447	2,600	1,800	1,000	200	0
Contribution from MTFS to CFR						635	538
Borough Investment Fund	3,824	3,824	1,324	0			
Transformation Fund		500	350	100	0		
Repairs and Maintenance Fund		500	350	250	250	250	250
Equalisation Reserve - BRR	3,249	2,087	2,200	2,200	2,200	2,200	2,200
Equalisation Reserve - City Deal		1,671	2,000	2,200	1,800	1,500	1,200
Specific Reserves	994	383	220	250	60	90	0
Apprenticeship		335	280	140	140	140	140
Carry Forward Reserves	1,733	0					
Commuted Sums	221	0					
<b>Other Revenue Reserves</b>	<b>14,218</b>	<b>12,747</b>	<b>9,324</b>	<b>6,940</b>	<b>5,450</b>	<b>5,015</b>	<b>4,328</b>
<u>Capital Reserves</u>							
Capital Receipts	2,106	1,856	1,500	1,000	500	100	0
Section 106							
affordable housing	3,736	4,121	3,500	3,000	2,100	2,100	2,100
other	1,887	2,117	1,700	1,500	1,500	1,500	1,200
community	452	708	700	600	500	400	500
Receipts in advance	794	250	250	250	250	250	250
Miscellaneous	376	209	200	200	200	200	200
<b>Total Capital Reserves</b>	<b>9,351</b>	<b>9,261</b>	<b>7,850</b>	<b>6,550</b>	<b>5,050</b>	<b>4,550</b>	<b>4,250</b>
<b>Total Reserves</b>	<b>28,166</b>	<b>26,990</b>	<b>22,155</b>	<b>18,375</b>	<b>15,081</b>	<b>14,146</b>	<b>13,159</b>

- 7.3 There is a statutory requirement within the Local Government Act 2003 for billing authorities such as South Ribble to have regard for the level of balances required for future needs when calculating its budget requirement. A prudent level for General Fund Reserve is between £4m and £5m for an authority with a net budget requirement of £13m. This should cover any unforeseen emergency funding challenges.
- 7.4 The Council is increasingly reliant on retained business rates as a source of income. The system has now been in place for 5 years and some confidence can be attached to the future receipts. This is particularly the case in South Ribble because of the Central Lancashire City Deal and decisions taken this year on the key site of Cuerden. Real growth in business rates will be delivered by 2021. There is still the need to maintain a Business Retention Reserve to protect the Council from future fluctuations but it is probably at the right level now. Part of the fund has been allocated specifically for City Deal liabilities. This will help meet the Council's future commitments and protect the revenue budget from any unforeseen fluctuations.
- 7.5 Reducing the level of reserves will reduce the level of investment interest that the Council will receive year on year. However, returns are extremely modest at around 0.5% so the overall impact has been absorbed into the MTFS.
- 7.6 The overall level of reserves at the end of the MTFS period remains substantial. General Fund balance is predicted to be £4.4m and other revenue reserves exceed £5m.

## 8. CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

- 8.1 Consultation with partners and key stakeholders has been undertaken in the formulation of the Council priorities for the next 5 years and the construction of the Corporate Plan. The

revenue budget is the major element of the financial strategy to deliver those Corporate Plan ambitions.

- 8.2 The emerging priorities and budget approach has been consulted on with residents via the Council's consultation page on its website. This information was also shared with South Ribble Partnership and the wider business community.

## **9. FINANCIAL IMPLICATIONS**

- 9.1 This report is the overall financial strategy for the Council for the next 5 years that will enable delivery of the Corporate Plan ambitions. It sets out a clear affordable programme of investment, organisational development and growth. All of these factors are summarised in the 5 year MTFS to be recommended to Council. This MTFS allows for spending to be made to deliver changes and improvements and for funding to be generated to pay for future capital spending and liabilities.

## **10. HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS**

- 10.1 The budget and MTFS has implications across the whole organisation as it sets out the financial plan for the next 5 years. Investment is recommended in organisational development and staffing resources to meet new demands of the growth agenda. Structural changes already agreed are included and potential savings target determined which may include HR implications. However, no detailed proposals are made within this report.

## **11. ICT/TECHNOLOGY IMPLICATIONS**

- 11.1 The programme identifies funding for ICT over the 5 year period that should meet existing priorities and funding for the staffing resource to support the management and maintenance of service delivery. A detailed plan is target to be drawn up early in 2018-19 that will set out how this will be spent.

## **12. PROPERTY AND ASSET MANAGEMENT IMPLICATIONS**

- 12.1 Many of the elements of the budget and MTFS have property and asset management implications. Investing in new and improved green infrastructure will have implications on future maintenance programmes. Care will be taken in the detailed implementation to ensure materials used help minimise these. Equally investment in facilities will have positive impact on future maintenance liabilities. Specific provision has been made for repairs and maintenance. The budget includes resources to staff the property function and ensure that the Council facilities are maintained.

## **13. RISK MANAGEMENT**

- 13.1 All of the programmes undertaken by the Council have risks associated with them. The Council has adopted a strong programme management approach in its structure and way forward. Each of these schemes will have a definitive project plan, timescale and responsible officer for delivery. The proposed MTFS funds this programme and will enable the Council to support a positive approach to risk management.
- 13.2 A review of reserves and balances has been undertaken in developing the recommended budget and MTFS. Some resources have been targeted at specific risk. However, the level of reserves held ensure that the Council can adequately deal with unexpected major events.

## **14. EQUALITY AND DIVERSITY IMPACT**

- 14.1 The investments proposed will have a positive impact for all residents across the whole Borough. The proposed investment in Health, Leisure and Well Being will have direct impact on all. Access to better open spaces and green links will be significantly improved to

open up those wonderful opportunities to more of the population. Investment in facilities will address some shortfall in provision to meet existing need but will also open up opportunities for wider cultural and non-sporting uses.

- 14.2 The resources identified for Place will deliver the wide ambitions to improve the physical infrastructure of towns and villages in the Borough which will open up those places to more residents. In addition resources are focussed on helping housing.
- 14.3 Investment in Council business is targeted at improving service deliver efficiency and accessibility of those services. Resources have been allocated to ensure that this will be at the heart of all service delivery and improvements.

## **15. COMMENTS OF THE ACTING STATUTORY FINANCE OFFICER**

- 15.1 This report sets out the budget proposals for 2018/19 and the Council's Medium Term Financial Strategy for 2018/19 to 2022/23. These financial plans underpin the delivery of the new Corporate Plan for 2018/19 to 2022/23. This report should be considered together with the 5 year Capital Strategy report, a separate item on this agenda. The forecast financial implications of the capital investment proposed in the Capital Strategy for 2018/19 to 2022/23 are incorporated into the reserves forecasts at 7.2 and the revenue budget forecasts which are set out in Appendices A and B to this report.
- 15.2 As set out in the report, full consideration has been given to:
- the potential impact of the growth agenda on both Council resources and future income;
  - central government funding proposals (as advised in the provisional 2018/19 Local Government Finance settlement);
  - the Council's Transformation programme;
  - forecast capital and revenue implications of delivering the Corporate Plan;
  - the assessment and management of risk
- 15.3 In addition, key actions arising out of the external peer review process have also been implemented, including undertaking a strategic review of the Council's revenue and capital reserves. This has resulted in a re-categorisation of the reserves and a plan to utilise the available capital reserves to fund the capital investment proposals.
- 15.4 During 2017/18 the Council has performed well in growing its business rate base and continues to proactively pursue the recovery of all business rates liabilities. There has therefore been an uplift in the business rates income forecast and this has contributed to meeting the budget gap and has also enabled the Council to set aside monies in reserves to fund future liabilities, including its commitments in relation to City Deal. Progress has also been made during the year in relation to major development sites such as Cuerden. Based on the expected timescales for development, this will result in a more significant increase in business rates income for the Council in the later years and the MTFS therefore shows some of this being used to replenish the Capital Reserves to ensure future capital investment can be funded.
- 15.5 As well as business rates growth, the Medium Term Financial Strategy includes prudent assumptions for increased Council Tax income based on forecast housing growth through the City Deal programme.
- 15.6 The resulting 2018/19 budget and MTFS forecasts, as set out in Appendices A and B, show total contributions of c£400k from General Balances for years 2019/20 to 2020/21, with a balanced position forecast for 2021/22 and 2022/23. These forecasts are based on the assumptions set out in this report, which include decisions to be made on future Council Tax increases, investment in the Corporate Plan and the planned use of reserves and also assume that the Transformation Savings will be delivered.

15.7 This report sets out the budget proposals and assumptions for the delivery of a Balanced Budget and Medium Term Financial Strategy. As required under Section 25 of the Local Government Act 2003, I confirm that in my opinion the estimate forecasts are robust and there is an adequate level of balances to support the risks associated with a borough council of this size.

## **16. COMMENTS OF THE MONITORING OFFICER**

16.1 The budget has been set with reference to all relevant legal requirements set out in the Local Government Finance Act 1992 and all other related legislation, statutory instruments and regulations.

16.2 Cabinet is under a legal duty to prepare and agree budget proposals which then must be referred to full Council for their consideration.

16.3 Members will fully appreciate that there is a legal duty to set a lawful budget in time. For all practical purposes Council needs to set this budget at its meeting on the 28<sup>th</sup> of February.

16.4 Members jointly and severally (individually and collectively) have a fiduciary duty to Council Tax payers. This means they have a duty to facilitate the setting of a lawful budget.

16.5 Failure to set a lawful budget may result in legal challenge by way of judicial review proceedings. More generally any such failure could result in loss of income, significant additional administrative costs as well as reputational damage. There is a further risk that a failure to set a lawful budget in a timely fashion could result in intervention from the Secretary of State.

## **17. BACKGROUND DOCUMENTS and APPENDICES**

2017/18 Budget and Medium-Term Financial Strategy – Cabinet 20<sup>th</sup> Feb 2017

Appendix A 2018-19 Revenue Summary  
Appendix B Medium Term Financial Strategy  
Appendix C Budget Assumptions Summary  
Appendix D Equality Impact Assessment

**Jane Blundell**  
**Deputy Section 151 Officer**

Report Author:	Telephone:	Date:
Noel O'Neill /Jane Blundell	01772 625245	24/01/2018

**2018-19 REVENUE BUDGET**

	<b>ORIGINAL</b>	<b>FORECAST</b>
<b>PORTFOLIO</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000's</b>	<b>£000's</b>
Leader	1,821	1,910
Finance	862	874
Corporate Support and Assets	5,266	5,287
Neighbourhoods & Streetscene	4,749	5,354
Public Health Safety & Wellbeing	549	422
Regeneration and Leisure	1,485	1,434
Strategic Planning & Housing	221	141
Restructure savings	0	(210)
Staff Turnover Savings Target	(100)	(100)
<b>TOTAL SERVICE BUDGETS</b>	<b>14,853</b>	<b>15,112</b>
Financing and Investment	(2,478)	(2,563)
Transfers to/(from) earmarked reserves	809	30
<b>BOROUGH COUNCIL BUDGET REQUIREMENT</b>	<b>13,184</b>	<b>12,579</b>
<b>FUNDED BY:</b>		
Revenue Support Grant/Tariff adjustment	(346)	0
Transition Grant	(92)	0
New Homes Bonus (net of City Deal payments)	(681)	(407)
Retained Business Rates (net of City Deal payments)	(4,267)	(4,293)
Council Tax	(7,498)	(7,467)
<b>TOTAL FUNDING</b>	<b>(12,884)</b>	<b>(12,167)</b>
<b>FORECAST BUDGET GAP</b>	<b>300</b>	<b>412</b>
<b>18/19 BUDGET PROPOSALS:</b>		
Investment in Corporate Plan (net)	-	173
Net borrowing costs from Capital Strategy	-	45
Transformation and Shared Services savings	-	(270)
Release from Transformation Fund	-	(79)
Fees and Charges		(60)
Council Tax increase at 2.99%	-	(221)
	300	(0)
Use of General Fund Balance	(300)	0
<b>FORECAST BUDGET (SURPLUS)/DEFICIT</b>	<b>0</b>	<b>(0)</b>

## Appendix B

<b>MEDIUM-TERM FINANCIAL STRATEGY 2018/19 TO 2022/23</b>					
	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST
PORTFOLIO	2018/19	2019/20	2020/21	2021/22	2022/23
	£000's	£000's	£000's	£000's	£000's
Leader	1,910	1,966	1,932	1,955	1,994
Finance	874	895	895	895	895
Corporate Support and Assets	5,287	5,230	5,356	5,462	5,571
Neighbourhoods & Streetscene	5,354	5,345	5,378	5,498	5,608
Public Health Safety & Wellbeing	422	437	452	465	475
Regeneration and Leisure	1,434	1,465	1,461	1,486	1,515
Strategic Planning & Housing	141	96	16	16	16
Pensions Triennial Review	0	0	200	200	200
Restructure savings	(210)	(410)	(410)	(410)	(410)
Staff Turnover Savings Target	(100)	(100)	(100)	(100)	(100)
<b>TOTAL SERVICE BUDGETS</b>	<b>15,112</b>	<b>14,924</b>	<b>15,180</b>	<b>15,466</b>	<b>15,764</b>
Financing and Investment	(2,563)	(2,479)	(2,438)	(2,438)	(2,438)
Transfers to/(from) earmarked reserves	30	(90)	30	30	30
<b>BOROUGH COUNCIL BUDGET REQUIREMENT</b>	<b>12,579</b>	<b>12,355</b>	<b>12,772</b>	<b>13,058</b>	<b>13,356</b>
<b>FUNDED BY:</b>					
Revenue Support Grant/Tariff adjustment	0	494	494	494	494
Transition Grant	0	0	0	0	0
New Homes Bonus (net of City Deal payments)	(407)	(135)	(59)	0	0
Retained Business Rates (net of City Deal payments)	(4,293)	(4,293)	(4,293)	(4,293)	(4,293)
Council Tax	(7,467)	(7,516)	(7,616)	(7,766)	(7,826)
<b>TOTAL FUNDING</b>	<b>(12,167)</b>	<b>(11,450)</b>	<b>(11,474)</b>	<b>(11,565)</b>	<b>(11,625)</b>
<b>FORECAST BUDGET GAP</b>	<b>412</b>	<b>905</b>	<b>1,298</b>	<b>1,493</b>	<b>1,731</b>
<b>18/19 BUDGET PROPOSALS:</b>					
Investment in Corporate Plan (net)	173	125	100	100	100
Net borrowing costs from Capital Strategy	45	140	520	880	900
Indicative Savings and income from Capital Strategy	0	0	(100)	(1,186)	(1,186)
Transformation and Shared Services savings	(270)	(580)	(615)	(615)	(615)
Release from Transformation Fund	(79)	0	0	0	0
Fees and Charges	(60)	(121)	(121)	(121)	(121)
Council Tax increases	(221)	(373)	(528)	(686)	(847)
<b>MTFS ASSUMPTIONS:</b>					
Contribution to Capital Asset reserve	0	0	0	635	538
Forecast net Business Rates Growth	0	0	(250)	(500)	(500)
	(0)	96	304	0	(0)
Use of General Fund Balance	0	(96)	(304)	0	0
<b>FORECAST BUDGET (SURPLUS)/DEFICIT</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>

### Budget Assumptions Summary

Budget Item	Assumption
Pay increases	2% per annum.
Pensions Revaluation	2% increase in employer's rate from 2020/21.
Non-pay Inflation	Other than pay increases, inflation has only been applied to expenditure budgets where contracts are in place. Other expenditure budgets are generally cash limited.
Fees and charges	No increase in 2018/19, inflationary increases from 2019/20.
Council Tax Increases	2.99% increase in 2018/19; 1.99% increase per annum 2019/20 - 2022/23.
Retained Business Rates: Baseline Funding Level	2018/19: £2.257m 2019/20: £2.307m
Business Rates Tariff	Increase in tariff £494k per annum from 2019/20.
Revenue Support Grant	This was removed in the Local Government Finance Settlement with effect from 2018/19.
Average Treasury Investment returns	18/19: 0.6%                      21/22: 1.5% 19/20: 0.9%                      22/23: 1.75% 20/21: 1.25%

## Equality Impact Assessment



### Introduction

An Equality Impact Assessment (EIA) is required to ensure that equality is placed at the centre of policy development and review, as well as service delivery. The purpose of this EIA is to systematically analyse the likely impact of a service, policy or proposals on different community groups, and how the needs of such groups have been taken into account in developing those proposals.

The EIA can anticipate and recommend ways to avoid any discriminatory or negative consequences for a particular group, on the grounds of any protected characteristic. It provides the opportunity to demonstrate the potential benefits for equality target groups arising from a proposed policy or project.

The need for an EIA stems from the general duty placed on public authorities to eliminate unlawful discrimination in carrying out functions, and promote equality of opportunity. This is outlined in the Equality Act 2010, with specific public sector duties in place from April 2011.

1. Name of Policy or Service (existing or proposed)	
Budget and Medium-Term Financial Strategy 2018 - 2023	
2. Responsible Manager	
Jane Blundell – Deputy S151 Officer	
3. Date EIA completed	Review date
20/01/18	January 2019
4. Description and aims of policy / service (including relevance to equalities)	
To bring together the Council's vision, priorities, objectives, key actions and measures for the Council, which drives the budget and performance management framework.	
5. Who are the stakeholders?	
<ul style="list-style-type: none"> <li>▶ Cabinet</li> <li>▶ Scrutiny</li> <li>▶ Councillors</li> <li>▶ Leadership Team</li> <li>▶ Employees</li> <li>▶ External partners</li> <li>▶ Residents</li> <li>▶ Businesses</li> <li>▶ External Audit</li> </ul>	

## 6. What outcomes do we want to achieve?

That the Council agrees its 2018/19 Budget and Medium Term Financial Strategy for the next 5 years. This is the financial plan for the Council which is aligned to the Corporate Plan and the resources required to deliver its ambitions and services to the residents.

## 7. How will performance be measured?

- ▶ By the Council's Leadership Team and Extended Leadership Team every quarter
- ▶ Budget monitoring reports to Governance/Cabinet in Quarters 2, 3 and 4.

## 8. Brief summary of research and background data

- ▶ Existing research on the demographics of the Borough
- ▶ Stakeholder feedback – residents, partners, businesses
- ▶ Input from the all members at extended Member Learning Hours
- ▶ Input from Scrutiny Committee
- ▶ Input from Cabinet

## 9. Methods and outcome of consultation

- ▶ Consultation with residents via Residents' Survey undertaken in February 2017, with businesses via a business survey undertaken in August 2017 and with partners in September 2017.
- ▶ Business event January 2018.

## 10. Results of initial screening

The following questions have been considered in order to evaluate the various equality groups:-

**Age** – Is there any concern that these proposals could cause differential impact on the grounds of age? All age groups.

**Disability** – Is there any concern that these proposals could cause differential impact on the grounds of disability? Disability is recognised under the Equality Act as 'a physical or mental impairment which has a substantial and long term effect on a person's ability to carry out normal day to day activities.'

**Gender Reassignment** – Is there any concern that these proposals could cause differential impact on the grounds of gender reassignment? The Equality Act recognises this where a person is proposing to undergo, is undergoing, or has undergone a process (or part of a process) for changing sex.

**Marriage / Civil Partnership** – Is there any concern that these proposals could cause differential impact on the grounds of marriage or civil partnership? Under the Equality Act, no such protection exists for single or unmarried people.

**Pregnancy / Maternity** – Is there any concern that these proposals could cause differential impact on the grounds of pregnancy or maternity?

**Race** – Is there any concern that these proposals could cause differential impact on the grounds of race? Race is recognised under the Equality Act as a person's skin colour, nationality or ethnic origin.

**Gender** – Is there any concern that these proposals could cause differential impact on the

grounds of gender? Including men, women and transgender people.

**Sexual Orientation** – Is there any concern that these proposals could cause differential impact on the grounds of sexuality? Including heterosexual, gay, lesbian and bisexual people.

**Religion or belief** – Is there any concern that these proposals could cause differential impact on the grounds of religion or faith? All faiths recognised in the European Convention of Human Rights are included.

A commentary has been provided for each policy where appropriate – see Appendix A

#### **11. Decisions and / or recommendations (including supporting rationale)**

The Corporate Plan, Budget and Medium Term Financial Strategy have been developed specifically to address the needs of the Borough and there is no adverse impact on any particular group or groups. As projects identified in the Corporate Plan, Budget and MTFS are developed further, equality impact assessments will be undertaken at that time.

#### **12. Is an Equality Action Plan required?**

No.

REPORT TO	ON
<b>CABINET</b>	14 <sup>th</sup> February 2018



September 2017

TITLE	PORTFOLIO	REPORT OF
<b>Treasury Strategy 2018/19 to 2022/23</b>	<b>Finance</b>	<b>Deputy S151 Officer</b>

Is this report a <b>KEY DECISION</b> (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	<b>Yes</b>
Is this report on the <b>Statutory Cabinet Forward Plan</b> ?	<b>Yes</b>
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	<b>No</b>
Is this report confidential?	<b>No</b>

## 1. PURPOSE OF THE REPORT

- 1.1 To present the Prudential and Treasury Indicators and Treasury Management and Investment Strategies for 2018/19 to 2022/23, and the Minimum Revenue Policy Statement for 2018/19.

## 2. PORTFOLIO RECOMMENDATIONS

- 2.1 That Council be recommended to approve

- the Prudential Indicators for 2018/19 to 2022/23 in paragraphs 9.2, 9.3, 9.5, and 9.6.
- the annual Minimum Revenue Policy (MRP) statement in paragraph 9.4.
- the Treasury Strategy, and Treasury Indicators for 2018/19 to 2022/23 in paragraphs 10.6, 10.7 and 11.4.
- the Annual Investment Strategy including Investment Counterparties in section 11.

## 3. CORPORATE PRIORITIES

The report relates to the following corporate priorities

Clean, green and safe		Strong and healthy communities	
Strong South Ribble in the heart of prosperous Lancashire		Efficient, effective and exceptional council	√

#### 4. BACKGROUND TO THE REPORT

- 4.1 Council of 1 March 2017 approved the Treasury Management Strategy for 2017/18, including Prudential and Treasury Indicators, the Treasury Management and Investment Strategies, and the annual Minimum Revenue Provision (MRP) Policy Statement for 2017/18. Treasury Management activities during the year have been overseen by the Governance Committee.
- 4.2 This report updates Prudential and Treasury Indicators for financial years 2017/18 to 2019/20, and introduces provisional indicators for financial years 2020/21 to 2022/23. It presents updated Treasury Management and Investment Strategies, including a revised list of Investment Counterparties, and proposes the Minimum Revenue Policy Statement for 2018/19.
- 4.3 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.
- 4.4 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.
- 4.5 The Chartered Institute of Public Finance and Accountancy (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."*

#### 5. CAPITAL STRATEGY

- 5.1 In December 2017, CIPFA issued revised Prudential and Treasury Management Codes. As from 2019/20, all local authorities will be required to prepare an additional report, a Capital Strategy report, which is intended to provide the following:
  - a high-level 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 report is to ensure that all elected members on the full council fully understand the overall strategy, governance procedures and risk appetite entailed by this Strategy.

- 5.2 The Capital Strategy from 2019/20 will include capital expenditure, investments and liabilities and treasury management in sufficient detail to allow all members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.
- 5.3 The report **Capital Strategy 2018/19 to 2022/23** is not intended to meet this requirement of the CIPFA Codes. That report does not cover treasury management. All treasury management issues for 2018/19 and subsequent years are covered in this report.

## **6. TREASURY MANAGEMENT STRATEGY 2018/19**

6.1 The strategy for 2018/19 covers two main areas:

### **Capital issues**

- the capital plans and the 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;
- creditworthiness policy; and
- the policy on use of external service providers.

6.2 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code, and MHCLG Investment Guidance.

6.3 On 2 February 2018 The Ministry of Housing, Communities & Local Government issued its Statutory Guidance on Local Government Investments (3<sup>rd</sup> edition) and Statutory Guidance on Minimum Revenue Provision. With the exception of some paragraphs, the adoption of the new MRP Guidance is from financial year 2019/20, but earlier adoption is encouraged. Strategies relating to 2018/19 and future financial years need not include all of the additional disclosures required by the investment guidance if not practical to do so. Any relevant new disclosures should be presented to Council in full in the first Strategy reported after 1 April 2018.

## **7. TRAINING**

7.1 The CIPFA Code requires the Responsible Officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training will be provided on the implications of the revised CIPFA Prudential and Treasury Management Codes, and the revised MHCLG Investment Guidance and MRP Guidance.

7.2 The training needs of treasury management officers are reviewed periodically. Both CIPFA and Link Asset Services provide workshops and seminars.

## **8. TREASURY MANAGEMENT CONSULTANTS**

8.1 The Council uses Link Asset Services, Treasury solutions (formerly Capita Asset Services) as its external treasury management advisors.

8.2 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 our external service providers.

8.3 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.

## 9. CAPITAL PRUDENTIAL INDICATORS 2018/19 – 2022/23 AND MRP STATEMENT

9.1 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 members' overview and confirm capital expenditure plans.

### 9.2 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.

<b>Table 1 - Capital Expenditure</b>	<b>2017/18 Revised £000</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>	<b>2021/22 Estimate £000</b>	<b>2022/23 Estimate £000</b>
Health, Leisure & Wellbeing		1,950	4,100	15,600	1,850	950
Place		1,374	1,750	2,000	2,000	1,650
Excellence & Financial Stability		3,350	2,824	450	650	650
Carried forward from 2017/18 programme		1,477	0	0	0	0
<b>Total Capital Strategy 2018/19 - 2020/21</b>	<b>0</b>	<b>8,151</b>	<b>8,674</b>	<b>18,050</b>	<b>4,500</b>	<b>3,250</b>
2017/18 Capital Programme	3,004	0	0	0	0	0
Additional finance lease liability	124	104	0	0	0	0
<b>Capital Expenditure Total</b>	<b>3,128</b>	<b>8,255</b>	<b>8,674</b>	<b>18,050</b>	<b>4,500</b>	<b>3,250</b>

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.

<b>Table 2 - Capital Financing</b>	<b>2017/18 Revised £000</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>	<b>2021/22 Estimate £000</b>	<b>2022/23 Estimate £000</b>
Capital Receipts	228	450	2,000	1,000	950	1,600
Grants & Contributions	1,659	1,394	2,750	2,760	1,800	1,450
Revenue and Reserves	832	3,839	2,124	800	800	200
<b>Net financing needed for year</b>	<b>409</b>	<b>2,572</b>	<b>1,800</b>	<b>13,490</b>	<b>950</b>	<b>0</b>

### 9.3 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, 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 (finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the lease provider and so the Council is not required to separately borrow for these schemes. The Council is asked to approve the CFR projections below:

Table 3 - Capital Financing Requirement	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Revised £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000
Opening CFR	5,302	4,722	6,360	6,971	19,203	18,380
Net financing need for the year (Table 2)	409	2,572	1,800	13,490	950	0
Less MRP/VRP	(989)	(934)	(1,189)	(1,258)	(1,773)	(1,790)
<b>Closing CFR</b>	<b>4,722</b>	<b>6,360</b>	<b>6,971</b>	<b>19,203</b>	<b>18,380</b>	<b>16,590</b>

### 9.4 Minimum Revenue Provision (MRP) Policy Statement

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).

CLG regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision.

The Council is recommended to approve the following MRP Policy Statement:

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outlined in former CLG regulations (option 1).

This option provides for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all unsupported borrowing (finance leases) the MRP policy will be:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (option 3).

This option provides for a reduction in the borrowing need over approximately the asset's life.

Repayments included in finance leases are applied as MRP.

## 9.5 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. The Council is asked to approve the following indicator:

### 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.

Table 4 - Ratio of Financing Costs to Net Revenue Stream	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	%	%	%	%	%	%
Ratio	8.36	7.95	10.79	11.82	17.06	16.99

The estimates of financing costs include current commitments and the proposals in the budget and capital strategy reports.

## 9.6 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

Table 5 - Year-End Resources	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Revised	Estimate	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000	£000
Fund balances / reserves	(26,739)	(20,278)	(16,932)	(14,127)	(13,633)	(13,411)
Capital receipts	(1,856)	(1,500)	(1,000)	(500)	(100)	0
Provisions	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)
<b>Total core funds</b>	<b>(29,795)</b>	<b>(22,978)</b>	<b>(19,132)</b>	<b>(15,827)</b>	<b>(14,933)</b>	<b>(14,611)</b>
Working capital*	(4,500)	(4,250)	(4,000)	(4,000)	(4,000)	(4,000)
Under/(over) borrowing (Table 6)	3,973	4,073	3,125	2,163	1,790	0
<b>Expected investments</b>	<b>(30,322)</b>	<b>(23,155)</b>	<b>(20,007)</b>	<b>(17,664)</b>	<b>(17,143)</b>	<b>(18,611)</b>

\*Working capital balances shown are estimated year-end; these may be higher mid-year

## 10. BORROWING

- 10.1 The capital expenditure plans set out in paragraph 9.2 above 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 strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant Treasury / Prudential Indicators, the current and projected debt positions and the annual Investment Strategy.

## 10.2 Current portfolio position

10.3 The Council's treasury portfolio position at 31 March 2017, with forward projections, is summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Table 6 - Portfolio Position	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Revised £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000
Debt at 1 April	0	0	1,750	3,550	17,040	16,590
Other long-term liabilities (OLTL)	941	749	537	296	0	0
Total gross debt 1 April	941	749	2,287	3,846	17,040	16,590
Expected change in Debt	0	1,750	1,800	13,490	(450)	0
Expected change in OLTL	(192)	(212)	(241)	(296)	0	0
Expected change in gross debt	(192)	1,538	1,559	13,194	(450)	0
Gross debt 31 March	749	2,287	3,846	17,040	16,590	16,590
Capital Financing Requirement (Table 3)	4,722	6,360	6,971	19,203	18,380	16,590
<b>Under / (over) borrowing</b>	<b>3,973</b>	<b>4,073</b>	<b>3,125</b>	<b>2,163</b>	<b>1,790</b>	<b>0</b>

10.4 Within the 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 2018/19 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.

10.5 The Deputy S151 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

## 10.6 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.

<b>Table 7 - Operational Boundary</b>	<b>2017/18 Revised Estimate</b>	<b>2018/19 Estimate</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Debt	0	1,750	3,550	17,040	16,590	16,590
Other long-term liabilities	749	537	296	0	0	0
<b>Operational Boundary</b>	<b>749</b>	<b>2,287</b>	<b>3,846</b>	<b>17,040</b>	<b>16,590</b>	<b>16,590</b>

**The Authorised Limit for external debt.** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a 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.

- 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.
- The Council is asked to approve the following authorised limit:

<b>Table 8 - Authorised Limit</b>	<b>2017/18 Revised Estimate</b>	<b>2018/19 Estimate</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Debt	3,000	4,750	6,550	20,040	19,590	19,590
Other long-term liabilities	749	537	296	0	0	0
<b>Authorised Limit</b>	<b>3,749</b>	<b>5,287</b>	<b>6,846</b>	<b>20,040</b>	<b>19,590</b>	<b>19,590</b>

## 10.7 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.

The Council is asked to approve the following treasury indicators and limits:

<b>Table 9 - Maturity Structure of Borrowing</b>		
<b>Maturity structure of fixed interest rate borrowing 2018/19</b>		
	<b>Lower</b>	<b>Upper</b>
Under 12 months	0%	0%
12 months to 2 years	0%	0%
2 years to 5 years	0%	0%
5 years to 10 years	0%	0%
Over 10 years	0%	100%

It is not anticipated that any borrowing will be taken at variable interest rates.

## 10.8 Control of interest rate exposure

Please see paragraphs 10.9, 11.4 and Appendix A.

Appendix A compares the forecast of a year ago with that prepared for the mid-year review, and the current forecast.

## 10.9 Borrowing strategy

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 2018/19 treasury operations. The Deputy S151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and 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.*

Any decisions will be reported at the next available opportunity.

## 10.10 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.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

## 11. ANNUAL INVESTMENT STRATEGY

### 11.1 Investment Policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the CIPFA TM Code"). The Council's investment priorities will be **Security** first, portfolio **Liquidity** second, and only then return (**Yield**).

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and

thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

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.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

**Treasury Management Practice 1 (TMP1)** deals with credit and counterparty risk management. In applying this practice, the following limits are relevant:

**SPECIFIED INVESTMENTS:** All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum ‘high’ quality criteria where applicable.

**NON-SPECIFIED INVESTMENTS:** These are any investments which do not meet the specified investment criteria. A maximum of £5m will be held in aggregate in non-specified investments, specifically term deposits with UK local authorities.

## 11.2 Creditworthiness policy

The Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody’s and Standard & Poor’s. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

<b>Yellow</b>	5 years
<b>Purple</b>	2 years
<b>Blue</b>	1 year (only applies to nationalised or semi nationalised UK Banks)
<b>Orange</b>	1 year
<b>Red</b>	6 months
<b>Green</b>	100 days
<b>No colour</b>	Not to be used

The yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt.

The Link Asset Services' creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly, and will be checked at the time of placing investments. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service, and has access to the websites of Fitch, Moody's and Standard & Poor's.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to help support its decision making process.

## Investment Counterparties 2018/19

Category	Institutions	LAS Colour Code	Maximum Period	Limit per Institution
<b>Banks &amp; Building Societies: Call Accounts / Term Deposits / Certificates of Deposit (CDs)</b>				
Government related/guaranteed	DMADF (DMO) UK Local Authority	Yellow Yellow	6 months 2 years	Unlimited £5m per LA
UK part-nationalised institutions	Royal Bank of Scotland group	Blue	1 year	£5m per group
UK-incorporated Institutions	UK banks and building societies of high credit quality	Orange Red Green	1 year 6 months 3 months	£5m per group (or independent institution)
Non-UK Banks	Non-UK banks of high credit quality	Orange Red Green	1 year 6 months 3 months	£4m per group (or independent institution); £8m in total for this category
<b>Money Market Funds</b>				
Money Market Funds (CNAV) **	MMFs of high credit quality - AAA rated		Instant access	£5m per fund
Enhanced Money Market Funds (VNAV)	EMMFs of high credit quality - AAA rated		T+2 or T+3	<b>DELETE this category</b>

Changes from the Investment Counterparties maximum periods and limits for 2017/18 are in **bold**.

\*\* Funds used by the council in 2017/18 were BlackRock, Federated, and Standard Life.

### 11.3 Country limits

The Council has determined that, in addition to UK counterparties, it will only use approved counterparties from European Union (EU) countries with a minimum sovereign credit rating of AA- from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown below. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

Currently the only approved non-UK counterparty is German bank Landesbank Hessen-Thuringen Girozentrale (Helaba). The Council has invested a maximum of £4m with this

counterparty, but could deposit up to £4m in addition with other non-UK counterparties of high credit quality, the maximum sum to be invested with non-UK banks being £8m.

## APPROVED COUNTRIES FOR INVESTMENTS

### AAA

- Denmark
- Germany
- Luxembourg
- Netherlands
- Sweden

### AA+

- Finland

### AA

- France
- U.K.

### AA-

- Belgium

## 11.4 Investment strategy

### In-house funds

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).

### Investment returns expectations

Bank Rate is forecast to stay flat at 0.50% until quarter 4 2018 and not to rise above 1.25% by quarter 1 2021. Bank Rate forecasts for financial year ends (March) are:

- 2017/18 0.50%
- 2018/19 0.75%
- 2019/20 1.00%
- 2020/21 1.25%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

	Now	2017/18 report
2017/18	0.40%	0.25%
2018/19	0.60%	0.25%
2019/20	0.90%	0.50%
2020/21	1.25%	0.75%
2021/22	1.50%	1.00%
2022/23	1.75%	1.50%
2023/24	2.00%	1.75%
Later years	2.75%	2.75%

The overall balance of risks to these forecasts is currently skewed to the upside and are dependent on how strong GDP growth turns out, how quickly inflation pressures rise and how quickly the Brexit negotiations move forward positively.

**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.

The Council is asked to approve the treasury indicator and limit:

<b>Table 10 - Maximum Principal Sums Invested &gt; 365 Days</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>Revised Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
UK Government	0	0	0	0	0	0
UK Local Authorities	5,000	5,000	5,000	5,000	5,000	5,000
UK Banks & Building Societies	0	0	0	0	0	0
Non-UK Banks	0	0	0	0	0	0
<b>Total</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

#### 11.5 Investment Risk Benchmarking

This Council will use an investment benchmark to assess the investment performance of its investment portfolio of 7 day LIBID plus 15%.

#### 11.6 End of Year Investment Report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

#### 11.7 Accounting treatment of investments

The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, officers will review the accounting implications of new transactions before they are undertaken.

#### 11.8 Impact of MIFID II reforms from 3 January 2018

Under MIFID II, all local authorities are now classified by default as retail counterparties and have to consider whether to opt up to professional status and for which types of investments. Where required by counterparties, this Council has opted up to professional status and to date has not lost the ability to invest with existing counterparties.

### 12. COMMENTS OF THE ACTING STATUTORY FINANCE OFFICER

- 12.1 This report sets out in detail, and requests approval of, the Treasury Management and Investments Strategies for the Council, which includes the proposed funding of the 5 year Capital Strategy, which is a separate item on this agenda. In adherence with best practice, this report also updates the projected Prudential and Treasury Indicators.

12.2 The current MRP policy has been reviewed in line with current guidance and it meets the requirement for a prudent provision. This report therefore asks Cabinet to recommend to Council the MRP Policy Statement for 2018/19 (paragraph 9.4).

**13. COMMENTS OF THE MONITORING OFFICER**

13.1 The Treasury Strategy and associated documents are designed to ensure compliance with all relevant regulations and statutory codes of practice.

**14. BACKGROUND DOCUMENTS**

CIPFA Treasury Management in the Public Services: Code of Practice & Cross-Sectoral Guidance Notes (December 2017 edition)

CIPFA Treasury Risk Management Toolkit for Local Authorities

CIPFA Prudential Code for Capital Finance in Local Authorities (December 2017 edition)

CIPFA Standards of Professional Practice: Treasury Management

DCLG/MHCLG Guidance on Local Government Investments

DCLG/MHCLG Guidance on Minimum Revenue Provision

APPENDIX A – Comparison of Interest Rate Forecasts

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APPENDIX A

Comparison of Interest Rate Forecasts – Treasury Strategy 2017/18 – 2019/20 (Mar 2017), Treasury Management Activity Mid-Year Review 2017/18 (rates Aug 17), and Treasury Strategy 2018/19 – 2020/21 (Dec 2017)

	Bank Rate %			PWLB Borrowing Rates % (including 0.20% certainty rate adjustment)											
				5 year			10 year			25 year			50 year		
	Dec 17	Aug 17	Mar 17	Dec 17	Aug 17	Mar 17	Dec 17	Aug 17	Mar 17	Dec 17	Aug 17	Mar 17	Dec 17	Aug 17	Mar 17
Mar-18	0.50	0.25	0.25	1.60	1.60	1.70	2.20	2.30	2.30	2.90	2.90	3.00	2.60	2.70	2.80
Jun-18	0.50	0.25	0.25	1.60	1.70	1.70	2.30	2.30	2.40	3.00	3.00	3.00	2.70	2.80	2.80
Sep-18	0.50	0.25	0.25	1.70	1.70	1.70	2.40	2.40	2.40	3.00	3.00	3.10	2.80	2.90	2.90
Dec-18	0.75	0.25	0.25	1.80	1.80	1.80	2.40	2.40	2.40	3.10	3.10	3.10	2.90	2.90	2.90
Mar-19	0.75	0.25	0.25	1.80	1.80	1.80	2.50	2.50	2.50	3.10	3.10	3.20	2.90	2.90	3.00
Jun-19	0.75	0.50	0.50	1.90	1.90	1.90	2.60	2.50	2.50	3.20	3.20	3.20	3.00	3.00	3.00
Sep-19	0.75	0.50	0.50	1.90	1.90	1.90	2.60	2.60	2.60	3.20	3.30	3.30	3.00	3.00	3.10
Dec-19	1.00	0.75	0.75	2.00	2.00	2.00	2.70	2.60	2.60	3.30	3.30	3.30	3.10	3.10	3.10
Mar-20	1.00	0.75	0.75	2.10	2.00	2.00	2.70	2.70	2.70	3.40	3.30	3.40	3.20	3.10	3.20
Jun-20	1.00			2.10			2.80			3.50			3.30		
Sep-20	1.25			2.20			2.90			3.50			3.30		
Dec-20	1.25			2.30			2.90			3.60			3.40		
Mar-21	1.25			2.30			3.00			3.60			3.40		