



Doncaster Council

Agenda

To all Members of the

CABINET

Notice is given that a Meeting of the Cabinet is to be held as follows:

Venue: Room 007a and b - Civic Office, Waterdale, Doncaster, DN1 3BU

Date: Tuesday, 11th February, 2020

Time: 10.00 am

Items

1. Apologies for Absence
2. To consider the extent, if any, to which the public and press are to be excluded from the meeting
3. Public Questions and Statements
(A period not exceeding 20 minutes for questions and statements from members of the public and Elected Members to the Mayor of Doncaster, Ros Jones. Questions/Statements should relate specifically to an item of business on the agenda and be limited to a maximum of 100 words. As stated within Executive Procedure Rule 3.3 each person will be allowed to submit one question/statement per meeting. A question may only be asked if notice has been given by delivering it in writing or by e-mail to the Governance Team no later than 5.00 p.m. of the third working day before the day of the meeting. Each question or statement must give the name and address of the person

**Damian Allen
Chief Executive**

Issued on: Monday, 3 February 2020

Governance Services Officer for this meeting:

Amber Torrington
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Doncaster Metropolitan Borough Council

www.doncaster.gov.uk

submitting it. Questions/Statements should be sent to the Governance Team, Floor 2, Civic Office, Waterdale, Doncaster, DN1 3BU, or by email to Democratic.Services@doncaster.gov.uk)

4. Declarations of Interest, if any.
5. Decision Record Form from the meeting held on 14th January 2020 for noting (previously circulated).

A. Reports where the public and press may not be excluded

Key Decisions

- | | |
|--|-----------|
| 6. School Admissions Arrangements for 2021/22 Academic Year. | 1 - 18 |
| 7. Revenue Budget 2020/21 - 2022/23. | 19 - 90 |
| 8. Housing Revenue Account Budget 2020/21. | 91 - 112 |
| 9. Capital Strategy and Capital Budget 2020/21 to 2023/24. | 113 - 142 |
| 10. The Treasury Management Strategy Statement 2020/21 to 2023/24. | 143 - 180 |

Cabinet Members

Cabinet Responsibility For:

Chair – Ros Jones, Mayor of Doncaster Budget and Policy Framework

Vice-Chair – Deputy Mayor Councillor Glyn Jones Housing and Equalities

Councillor Nigel Ball
Councillor Joe Blackham
Councillor Rachael Blake
Councillor Nuala Fennelly
Councillor Chris McGuinness
Councillor Bill Mordue
Councillor Jane Nightingale



Doncaster Council

Report

Date: 11 February 2020

To the Chair and Members of the
CABINET

SCHOOL ADMISSIONS ARRANGEMENTS FOR 2021/2022 ACADEMIC YEAR

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Councillor Nuala Fennelly, Children, Young People and Schools	All	Yes

EXECUTIVE SUMMARY

1. This report outlines the requirements for the adoption of schemes for Co-ordinating the Admission Arrangements for Primary and Secondary Schools and the approval of the Admission Arrangements for Community Schools in the 2021/2022 School Year.
2. The co-ordinated admission arrangements for the year of entry to all types of mainstream schools are a statutory responsibility of the Council and must be determined annually.
3. Separately, each admission authority is required to set its own admission arrangements. The various bodies, responsible for admission to schools in Doncaster, are summarised below:

Type of School	Community Schools	Church Schools	Free Schools	Academies	Total
Responsible Body	Doncaster Council	Governing Body	Trust	Trust	
Infant Schools	3	0	0	6	9
Junior Schools	2	0	0	5	7
Primary Schools	26	10	0	47	83
Secondary Schools	0	0	2	17	19
TOTAL	31	10	2	75	118

EXEMPT REPORT

4. This is not an exempt report.

RECOMMENDATIONS

5. The Mayor and members of Cabinet is asked to approve the following admission arrangements for the 2021/2022 school year:
 - Community School Admission Arrangements (paragraphs 13 to 14 below).
 - Community School Nursery Admission Arrangements (paragraphs 13 to 14 below).
 - Primary Co-ordinated Admission Arrangements (paragraphs 15 to 17 below).
 - Secondary Co-ordinated Admission Arrangements (paragraphs 15 to 17 below).
 - Notification of parents of the arrangements for admission including those to the Doncaster University Technology College (paragraph 18 below).
 - Determine the geographical area covered by Doncaster Borough Council as the Relevant Area for consultation on school admission arrangements (paragraphs 26 and 27).

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

6. The Co-ordinated Arrangements noted above are intended to provide an equal opportunity for all parents to apply for school places at the same time through a process co-ordinated by the Council.
7. The School and Nursery Admission Arrangements set out the process by which applications by parents for community schools are considered and ensure that they are administered consistently and in a fair and equitable manner.

BACKGROUND

8. The Council has a duty under Section 86 of the School Standards and Framework Act 1998 to make arrangements for enabling the parents of children in its area to express a preference for a maintained school and to give reasons for that preference.
9. By 1 January in the relevant determination year the Council is required to formulate schemes for co-ordinating the admission arrangements for all maintained schools and academies in the Borough and to seek the agreement of other admission authorities to the co-ordinated admission arrangements. These are intended to make school admissions easier, more transparent and less stressful for parents. They require parents to rank preferences on a single common application form which they must submit to their home Council. Parents will then receive a single offer of a school place for their child from the Council on a designated day.
10. By 28 February each year the Council is required to determine the admission arrangements that will apply to schools for which it is the admission authority i.e. community schools. This has been brought forward from previous years by the Department for Education to allow more time for any necessary objections to be lodged with the School Adjudicator.
11. In drawing up its arrangements the Council has to have regard to relevant legislation, the School Admissions Code (the Code) and guidance from the Department for Education. These contain a number of mandatory requirements which all admission authorities are required to follow and those requirements have been taken into account in the proposed arrangements.
12. The Private, Voluntary or Independent sector make their own arrangements for places

within the Borough for 3 and 4 year old early years places. However the Council has a duty to ensure that there are sufficient accessible and affordable places for children across a range of provision types and provides support and guidance as necessary.

Admission Arrangements 2021/2022

13. The Council is required to set arrangements for admission to community schools. Community schools are maintained schools for which the Council employs the school's staff, is responsible for the school's admissions and owns the school's estate. This represents 31 of the 118 mainstream schools in Doncaster. The arrangements are determined in relation to the Code and relevant regulations published by the Department for Education. The only changes proposed relate to changes to admission numbers for schools as a result of building modifications.
14. Whilst the Council is not responsible for setting the arrangements for academies, voluntary aided or free schools it undertakes an important role to ensure that they are as compliant with any changes required of them and that they adhere to the guidance set within the Code. The Council holds those schools to account and robustly challenges non compliance, initially through the schools governance structure and when necessary by requesting support from the Regional Schools Commissioner and the Secretary of State.

Co-ordinated Admission Arrangements 2021/2022

15. The Co-ordinated Admission Arrangements for the normal year of entry remain unchanged; parents will continue to apply to their home local authority from which they will receive their decisions.
16. Applications at each phase of education; nursery, primary and secondary are all available digitally through the Council's website. For the initial round of year of entry school applications, the Council continues to receive a high percentage of online applications. For September 2019, the online rates for secondary have remained consistent on the previous year at 93% and for primary have increased to 93% from 88% in 2018. The benefit to parent/carers is the ability for them to receive their decisions by email on national offer day (1 March 2021 for secondary schools and 16 April 2021 for primary schools). Paper applications are available for parents on the Council's website and this will remain the case until the Council is satisfied that all parents will have equal access to the admission process.
17. Co-ordination remains an important arrangement between schools and local authorities in terms of safeguarding and good working relations. A key component of this is the identification of potential applicants from data held by Health and schools through appropriate data sharing agreements which contribute significantly to the success of the process.

Publication of Information for Parents

18. The Council is required to publish information for parents detailing the arrangements for admission to schools and local University Technology Colleges by 12 September each year. In addition, the Council is required to write to parents of prospective pupils of Technology Colleges directly to explain the appropriate admission arrangements and makes reference to the Doncaster University Technology College.
19. The admissions and co-ordination arrangements are included as part of a wider Learning Provision Organisation Strategy, integrating education settings place planning, admissions arrangements/co-ordination and capital developments into one area.

OPTIONS CONSIDERED

Admission Arrangements

20. The Council is required to set arrangements for admission to community schools. It must include in its arrangements, information on the order in which places will be offered when a year group is oversubscribed. These are usually referred to as the admission criteria.
21. In Doncaster, each school serves a local community, usually referred to as the 'catchment area'. This reflects the philosophy that 'efficient education' is particularly fostered by closely associating a secondary school and a group of linked primary schools, in a pyramid. In this way, each school becomes part of the provision for a community and the education of the community's children benefits greatly from the association of its schools.
22. The admission criteria for admission to community schools and community school nurseries reflect the requirement to give first priority to children in care. The next criterion gives priority to those who live within a particular catchment area. The remaining school admission criteria also recognise the importance of children attending the same school as siblings and a school which is linked to their present school in the pyramid structure. In circumstances where a place is only available in any of the criterion for one child from a multiple birth i.e. twins, the Council has undertaken to offer each child a place together.

Co-ordinated Admission Arrangements

23. The Council is required to determine arrangements which co-ordinate the admission process to all schools and academies for the year of entry. They must allow for parents to express up to three preferences and require them to apply to their own local authority. These must be considered equally and the eligibility for places will be determined using each schools admission criteria.
24. A pupil will be offered a single place which is the highest ranked school for which they are eligible. Where no place is available the child will be offered an alternative place.
25. Although the mandatory requirement to co-ordinate in year was removed from September 2013 it is proposed that the Council reaffirms its commitment to continue to co-ordinate the admission arrangements during the school year and to seek the agreement of other admission authorities to continue to do so.

Relevant Area

26. The Education (Relevant Areas for Consultation on Admission Arrangements) Regulations 1999 requires all local authorities to biannually review the relevant area which identifies all schools must be consulted on changes to admission arrangements.
27. The Council has previously reviewed the relevant area for Doncaster and proposes it remain the geographical area covered by Doncaster Borough Council.

REASONS FOR RECOMMENDED OPTION

Community School and Nursery Admission Arrangements

28. The Council must ensure that its arrangements take into account the relevant regulations and comply with the mandatory provisions of the Code. They include guidelines in setting

oversubscription criteria which ensure that the arrangements are fair to all children and their families, and promote social equity. They must also be consistent with the co-ordinated arrangements for the area.

- 29. The proposed arrangements are based upon those currently in place and have been subjected to the required consultation. The admission criteria and the retention of Catchment areas, which gives the majority of children in the Borough priority though not a guarantee to an individual school, have been reaffirmed annually. To date, this principle has also been adopted by the majority of those schools which have become academies and so determine their own arrangements.
- 30. The admission arrangements contain details of the admission number for each school. These are reviewed annually and where necessary are revised to take into account changes in the net capacity assessment and variations in the number of pupils expected.

Co-ordinated Admission Arrangements - Primary and Secondary

- 31. Minor changes have been made to the relevant dates currently in place. These dates are within statutory timescales and have been agreed with the majority of our neighbouring authorities.
- 32. The mandatory requirement to co-ordinate in-year applications was removed for admission from September 2013. However the Council, in agreement with schools, has previously determined that this should continue and this position is reaffirmed in the proposed arrangements. Continuing to co-ordinate in-year admissions strengthens the Local Council’s safeguarding role by continuing to monitor the movement of pupils and manage the Children Missing Education database. To do otherwise would rely on schools notifying the Council of applications it receives and their outcomes. It would also mean parents would have to contend with differing arrangements at each school.
- 33. The Council experiences a large number of in-year applications, the majority of which are due to changes of address, both into and around the Borough.

Relevant Area

- 34. No changes are required to the Relevant Area.

IMPACT ON THE COUNCIL’S KEY OUTCOMES

- 35. The main impact of the proposals set out in this report on the Council’s key priorities are set out below:

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	
	<p>Doncaster Learning: Our vision is for</p>	The proposal supports the

	<p>learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	<p>Council's key Outcomes in terms of:-</p> <p>Encouraging local schools to work together in a co-ordinated way;</p> <p>Supporting ease of access for all residents to school places;</p> <p>Prioritising places for local pupils and their siblings;</p>
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	<p>Improve attendance and reduce risk for students out of school;</p> <p>Raising education standards and aspirations of young people;</p> <p>Improving services for Children, Young People and their families.</p> <p>Provide better value for money in simplifying the admission process;</p> <p>Raise the awareness of parents to future proposals for the Doncaster University Technology College.</p>
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	

RISKS AND ASSUMPTIONS

36. If the arrangements fail to comply with the regulations and the Code they may be subject to challenge from parents through objections to Schools Adjudicator or the Local Government Ombudsman. This may have a detrimental impact on other pupils in a school or a financial impact on the Council or schools.
37. If schools do not wish to take part in the in-year co-ordination process the Council will put in place appropriate processes and safeguards to monitor the movement of pupils.

LEGAL IMPLICATIONS (HP Date 28/11/19)

38. Section 88C of the School Standards and Framework Act 1998, as amended, requires, before the beginning of each school year, the admission authority for a maintained school in England to determine the admission arrangements which are to apply for that year. Before determining the admission arrangements that are to apply for a year, the admission authority must carry out such consultation about the proposed arrangements as is prescribed in the Regulations below.
39. The School Admissions (Admission Arrangements and Co-ordination of Admission Arrangements) (England) Regulations 2012, as amended, state that every admission authority must determine their admission arrangements on or before 28 February in the determination year.
40. The Regulations also require a local authority to formulate, in relation to each academic year, a qualifying scheme in relation to each primary and secondary school in their area. The local authority must formulate a qualifying scheme by 1 January in the relevant determination year and must inform the Secretary of State on or before 28 February in the relevant determination year whether they have secured the adoption of a qualifying scheme or not.
41. The School Information (England) Regulations 2008 require that local authorities publish a composite prospectus for parents by 12 September each year which contains the admissions arrangements. An amendment has been published to the regulations which came into force on 14 February 2017. This requires local authorities to include details of local University Technology Colleges (UTCs) in the prospectus and to write to parents of prospective pupils to confirm the appropriate admission arrangements to UTCs.

FINANCIAL IMPLICATIONS (SB Date 28.11.19)

42. This report refers to the schemes for admission arrangements to schools but has no effect on either the total number of pupils admitted or on the resources required to administer these admissions.
43. As such there are no financial implications rising directly from this report.

HUMAN RESOURCES IMPLICATIONS (KW Date 02/12/19)

44. There are no HR implications arising from this report.

TECHNOLOGY IMPLICATIONS (PW Date 04/12/19)

45. There are no specific technology implications arising from this report. The Synergy Schools Admissions Management solution supports the admission arrangements outlined in this

report, with parents encouraged to make their applications on line via the Parent Portal.

HEALTH IMPLICATIONS (RS Date 28/11/19)

46. Learning outcomes and health outcomes are intrinsically linked. Evidence shows that education, training and employment are key socio-economic factors in determining health status (Marmot, 2010). The admission arrangements described should be mindful of the impact on ease of access to education and in particular for those families who suffer disadvantage. Programmes that aim to improve attendance and reduce the gap in educational attainment are likely to impact positively on reducing long-term health inequalities in Doncaster.

EQUALITY IMPLICATIONS (NMc Date 27/11/19)

47. In taking this decision, the decision maker must be aware of their obligations under section 149 Equality Act 2010. This section contains the Public Sector Equality Duty (PSED). It obliges public authorities, when exercising their functions, to have 'due regard' to the need to:
 - a) Eliminate discrimination, harassment and victimisation and other conduct which the Act prohibits;
 - b) Advance equality of opportunity; and
 - c) Foster good relations between people who share relevant protected characteristics and those who do not.

A Due Regard Statement has been completed and is included at Appendix 1.

48. The relevant protected characteristics under the Equality Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnerships, but only in respect of eliminating unlawful discrimination.
49. In addition to the requirements of the Equalities Act, the School Admissions Code published by the Department for Education make it clear that all admission authorities, including Doncaster Council must not discriminate on the grounds of disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; or sexual orientation, against a person in the arrangements and decisions it makes as to who is offered admission as a pupil.
50. In accordance with the Code, the arrangements and admission criteria, must be reasonable, clear, objective, procedurally fair, and comply with all relevant legislation, including equalities legislation. The Council must ensure that the arrangements do not disadvantage unfairly, either directly or indirectly, a child from a particular social or racial group, or a child with a disability or special educational needs.
51. Special provision has also been made within the In Year Fair Access protocol to prioritise applications for service personnel and crown servants in the line with the requirements of the Code and the Service Forces Covenant. The arrangements also include provision for applications from service personnel and crown servants moving to Doncaster will be considered one term in advance of a change of address in accordance with the guidance from the Department for Education providing that the application is accompanied by an official letter that declares a relocation date and a Unit postal address or quartering area address.

CONSULTATION

52. The following stakeholders are being consulted in accordance with the appropriate regulations and have been informed that the draft arrangements have been placed on the Council's website:-

i) Community School Admission Arrangements (School and Nursery)	
Community schools	Voluntary Aided Schools
Public and interested parties	Neighbouring local authorities
Free Schools	Academies

ii) Co-ordinated Admission Arrangements	
Voluntary Aided Schools	Free Schools
Academies	Neighbouring local authorities

53. The deadline for consultation is 20 December 2019. To date there have been no comments received.

54. Following approval of the determined admission arrangements the Council will publish a copy of those arrangements on its website. An appropriate person or parents may object to the arrangements by writing to the Schools Adjudicator by 15 May 2020.

BACKGROUND PAPERS

55. The following background papers are available:-

- Draft Community Schools Admission Policy 2021/22 - www.doncaster.gov.uk/services/schools/admission-arrangements
- Draft Community Schools Nursery Admission Policy 2021/22 - www.doncaster.gov.uk/services/schools/admission-arrangements
- Draft Qualifying Co-ordinated Admissions Scheme for Primary Schools in Doncaster 2021/22 - www.doncaster.gov.uk/services/schools/admission-arrangements
- Draft Qualifying Co-ordinated Admissions Scheme for Secondary Schools in Doncaster 2021/22 - www.doncaster.gov.uk/services/schools/admission-arrangements
- Equality, Diversity and Inclusion – Due Regard Statement (Appendix 1)
- Department for Education - School Admissions Code - www.gov.uk/government/publications/school-admissions-code--2
- Department for Education - School Admissions Appeal Code - www.gov.uk/government/publications/school-admissions-appeals-code
- The School Admissions (Admission Arrangements and Co-ordination of Admission Arrangements) (England) Regulations 2012 – www.legislation.gov.uk/uksi/2012/8/made
- The Education (Relevant Areas For Consultation On Admission Arrangements) Regulations 1999 - www.legislation.gov.uk/uksi/1999/124/pdfs/uksi_19990124_en.pdf
- The School Admissions (Admissions Appeals Arrangements) Regulations 2012 - www.legislation.gov.uk/uksi/2012/9/pdfs/uksi_20120009_en.pdf
- The School Admissions (Infant Class Size) England Regulations 2012 - www.legislation.gov.uk/uksi/2012/10/pdfs/uksi_20120010_en.pdf
- The School Information (England) Regulations 2008 - www.legislation.gov.uk/uksi/2008/3093/pdfs/uksi_20083093_en.pdf

- Cabinet Report 10 December 2008 - Discretionary Transport Efficiency Savings
- The Education (Relevant Areas for Consultation on Admission Arrangements) Regulations 1999 <http://www.legislation.gov.uk/uksi/1999/124/contents/made>

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**Doncaster
Council**

EQUALITY, DIVERSITY AND INCLUSION

DONCASTER METROPLITAN BOROUGH COUNCIL

Due Regard Statement

School Admission Arrangements 2021/22 Academic Year

Due Regard Statement

A **Due Regard Statement** (DRS) is the tool for capturing the evidence to demonstrate that due regard has been shown when the council plans and delivers its functions. A Due Regard Statement must be completed for all programmes, projects and changes to service delivery.

- A DRS should be initiated at the beginning of the programme, project or change to inform project planning
- The DRS runs adjacent to the programme, project or change and is reviewed and completed at the relevant points
- Any reports produced needs to reference “Due Regard” in the main body of the report and the DRS should be attached as an appendix
- The DRS cannot be fully completed until the programme, project or change is delivered.

1	<p>Name of the 'policy' and briefly describe the activity being considered including aims and expected outcomes. This will help to determine how relevant the 'policy' is to equality.</p>	<p>The document relates to the annual determination of the following statutory school admission arrangements for the 2021/2022 school year:-</p> <ul style="list-style-type: none"> • Primary School Co-ordinated Admission Arrangements; • Secondary School Co-ordinated Admission Arrangements; • Community School Admission Arrangements; • Community School Nursery Admission Arrangements. <p>The above arrangements cover two areas; the Council's duty to co-ordinate the application processes for all pupils resident within the area i.e. the mechanism by which parents may apply for a school place and the Community School Admission arrangements for both school and school nurseries i.e. the mechanism by which priority for places is determined for admission to community schools.</p>
2	<p>Service area responsible for completing this statement.</p>	<p>Education Services: Admissions</p>
3	<p>Summary of the information considered across the protected groups.</p> <p>Service users/residents</p> <p>Doncaster Workforce</p>	<p>In addition to the requirements of the Equalities Act, the School Admissions Code published by the Department for Education make it clear that all admission authorities, including Doncaster Council must not discriminate on the grounds of disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; or sexual orientation, against a person in the arrangements and decisions it makes as to who is offered admission as a pupil.</p> <p>The Co-ordinated Admission Arrangements</p> <p>The co-ordinated admission arrangements allow a parent or carer to make an application for a school place. The status of the applicant is not a factor in the application process.</p> <p>The application process is available predominantly through the internet in line with the Council's Digital Strategy and the movement of online access to services. Parents make applications</p>

	<p>through the Synergy Online software which is used by a large number of councils. The software has an accessible version for parents to use.</p> <p>Due regard is given to those residents who do not wish to access services online and continue to require more traditional access methods. These access channels will remain for customers wishing to contact the Council in this way. Direct assistance is available in person or over the telephone through the Customer Contact Centre or School Admission Officers.</p> <p>Where necessary, paper applications are available through other channels i.e. by requesting one in person, by telephone or email through the Customer Contact Centre. Assistance is also available in person or over the telephone through the Customer Contact Centre or School Admission Officers. In addition, the majority of applicants will already have their child in a school or nursery. In these cases further assistance is available directly from the school which will be familiar with their individual communities and the support which they require.</p> <p>Community School Admission Arrangements</p> <p>The Community School Admission Arrangements contain the oversubscription criteria. The status of the applicant is not a factor in determining eligibility for a school place. The Code requires that the oversubscription criteria must be reasonable, clear, objective, procedurally fair, and comply with all relevant legislation, including equalities legislation.</p> <p>The School Admission Code sets out permissible criteria as well as those which must not be used. The criteria set by the Local Authority i.e. Catchment areas, Siblings, Feeder School Link and distance are all permissible criteria within the Code and so are compliant with the Equalities Act.</p> <p>In cases where an application is unsuccessful, parents are offered the right to an independent appeal and language support is provided as necessary for the family.</p> <p>Age– These arrangements will have no negative impact on this protected group.</p>
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		<p>Disability – These arrangements will have no negative impact on this protected group. (Where a child has a Statement of Special Educational Need or an Education, Health and Care Plan, applications are considered under separate provisions.)</p> <p>Race – These arrangements will have no negative impact on this protected group.</p> <p>Gender – These arrangements will have no negative impact on this protected group.</p> <p>Sexual Orientation – These arrangements will have no negative impact on this protected group.</p> <p>Religion and Belief – These arrangements will have no negative impact on this protected group. Whilst parents may apply for a school on the basis of their faith or religion, the relevant schools adhere to strict arrangements in compliance with the School Admissions Code. The Council does not determine admission to these schools.</p> <p>Maternity and Pregnancy - These arrangements will have no negative impact on this protected group.</p> <p>Gender Reassignment – These arrangements will have no negative impact on this protected group.</p> <p>Marriage & Civil partnership - These arrangements will have no negative impact on this protected group.</p> <p>Service Personnel and Crown Servants - Special provision has also been made within the In Year Fair Access protocol to prioritise applications in the line with the requirements of the Code and the Service Forces Covenant. The admission policies include provision for applications to be considered one term in advance of a change of address in accordance with the guidance from the DfE.</p>
4	<p>Summary of the consultation/engagement activities</p>	<p>The consultation undertaken is determined by regulation. This includes consultation with all schools and neighbouring local authorities. Governing Bodies, which include parent representatives, are consulted during the autumn term and the arrangements are placed on the Council's website. A feedback form is also provided within the various admission to school booklets which are also available on the website.</p>
5	<p>Real Consideration: Summary of what the evidence shows and how has it been used</p>	<p>Co-ordinated Admission Arrangements - Admission Process</p> <p>In accordance with the Council's Digital Strategy and the movement of online access for service provision, significant changes were to the mechanism for parents to apply for school places from 2015 and the application process is now available predominantly online.</p>

Applications through this method have risen significantly since being introduced fully in 2015 demonstrated by the following table:-

% of Parents Making On-line Applications								
Year	2012	2013	2014	2015	2016	2017	2018	2019
Secondary	14	21	34	85	86	89	93	93
Primary	13	24	15	81	89	89	88	93

Additional support is made available where schools are identified as having significant numbers of paper applications.

Admission Arrangements – Community School Admission Criteria

A consistently high proportion of applicants have been offered a place at a preferred school. 98% (primary) of applicants and 96% (secondary) in September 2019 were offered a place at one of their requested schools.. Those pupils not offered a school place at one of their preferred schools were allocated an local alternative school.

6 Decision Making

This Due Regard Statement will be specifically referred to and deliberated within the agenda item at Cabinet meeting on 11 February 2020.

The Mayor and Portfolio holder will be provided with the statement in advance of the Cabinet meeting.

7 Monitoring and Review

The arrangements are determined on an annual basis in line with statutory requirements and guidance from the Department for Education. Progress at a more operational level is covered under the council's standard performance management framework; and is monitored on an on-going basis.

8	Sign off and approval for publication	– Learning Provision Organisation Manager Learning and Opportunities: Children and Young People
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Doncaster Council

Report

Date: 11th February, 2020

To the Chair and Members of
CABINET

REVENUE BUDGET 2020/21 – 2022/23

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Mayor Ros Jones	All	Yes

EXECUTIVE SUMMARY

1. This report details the Mayor's revenue budget proposals for 2020/21 to 2022/23. Our budget plan is driven by our Corporate Plan. The Corporate Plan details the Council's contribution over the next year to the Doncaster Growing Together (DGT) partnership plan (Borough Strategy) and how the Council will ensure it has the capacity to deliver DGT transformational priorities and quality services day in, day out.
2. In the context of the national position where funding has been cut by circa. 50% since 2010/11, Councils are facing strong demand and cost pressures and no reduction in their statutory obligations to provide services. Local spending is becoming more narrowly focused on social care due to the need to meet the growing demand and falling central government funding. The council continues to face the significant challenge of setting a balanced budget whilst continuing to invest in the borough and protecting the most vulnerable in our communities.
3. The significant budget pressures are estimated at £14.7m in 2020/21, increasing to over £30m by 2022/23. This includes pay and price inflation; with £2.7m set aside for Adults, Health & Wellbeing in 2020/21 for Adult Social Care contracts including the impact of the Government National Living Wage. The service specific budget pressures amount to £14.0m in 2020/21 and are detailed in Appendix C; this includes investing £4.6m for Adults, Health & Wellbeing pressures in 2020/21.
4. After updating the funding changes and including the additional pressures, there is an overall budget gap of £17.7m over the next 3 years.

5. The savings proposals detailed in the report are greater than the estimated budget gap for 2020/21 by £8.2m, largely due to one-off additional Government funding for Social Care and an increase in Retained Business Rates; however, there are shortfalls in 2021/22 and 2022/23 resulting in a £1.7m gap over the 3 years which will be met by use of one-off reserves in 2022/23. This provides the Council with a balanced plan for 2020/21 and savings options for future years, with further work to be undertaken on the overall plan.
6. It is worth noting that Council funding remains uncertain for 2021/22 onwards. The government's Spending Round announcement in September covered the spending period 2020/21 with a further, longer term, review of spending planned for next year.

EXPLANATION OF THE BUDGET GAP

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total 2020/21 – 2022/23 £m	Total Incl. 2019/20 £m
Baseline Income & Government Grants	7.0	-11.8	9.8	1.6	-0.4	6.6
Council Tax Income	-8.0	-4.4	-1.1	-3.7	-9.2	-17.2
Grant Exit Strategies	-7.6	-2.9	-3.3	0.0	-6.2	-13.8
Pay & Price Inflation	9.7	0.4	8.5	7.4	16.3	26.0
Levying Bodies & Other Expenditure	-1.3	0.3	0.0	0.0	0.3	-1.0
Other service Pressures	21.6	14.0	-2.1	1.8	13.7	35.3
Funding Gap	21.4	-4.4	11.8	7.1	14.5	35.9
Use of One-off Reserves	-3.2	3.2	0.0	0.0	3.2	0.0
Gap	18.2	-1.2	11.8	7.1	17.7	35.9

7. Whilst the financial circumstances that we face are not of our making, it is our responsibility to ensure we propose a robust, clear and balanced budget and that we face up to and deliver changes to our services to the best of our abilities in these very challenging circumstances. After a prolonged period of austerity, the savings are more challenging to achieve, whilst continuing to deliver high quality services. We are committed to being a council that promotes growth and prosperity for its residents. This report summarises the saving proposals to contribute towards the £17.7m gap for 2020/21 – 2022/23; these are detailed in paragraphs 25 to 35 and Appendix D and E.
8. The majority of the savings will be delivered by continuing with our current plans; ensuring that services are targeted and make a difference to those people who need them most, making the most of technology, re-designing our services so they are fit for the future and working in partnership with our local communities, voluntary, charity and faith sectors to deliver services together. Service savings in 2020/21 will contribute £7.0m towards the overall funding gap; these include the Adults, Health and Wellbeing Transformation Programme, which focuses on helping people to look after their own health and wellbeing, but making sure that high quality health and social care is available if they need it, further details are provided in paragraph 30.

9. £1.8m will be delivered through an increase in the Council Tax base due to more properties. The budget also includes an increase in Council Tax of 3.99% in 2020/21 (1.99% Council Tax increase and a further 2% increase through the government's Social Care precept). This will increase the Council Tax to £1,405.35 per annum Band D (£936.90 Band A) which means an additional £53.92 for Band D Council Tax per annum or £1.04 per week (£35.95 for Band A per annum or 69p per week). The 2% Social care precept delivers £2.2m and will contribute towards the pressures for Adults, Health & Wellbeing including inflationary cost increases, investment in the care ladder and growth in the number of clients from projected changes in the population. In total £4.4m of additional income will be generated through Council Tax.
10. The Council Tax system continues to be disproportionate across the country and successive governments have failed to come up with an alternative method of local taxation. A National Audit Office report on the Financial Sustainability of Local Authorities 2018 found that the average reduction in council revenue spending power between 2010/11 and 2017/18 was 28.5% but that the reduction for Doncaster was 35.9%. Doncaster continues to have one of the lowest Council Tax rates in comparison to other Metropolitan Districts and Unitary Authorities (the 11th lowest in 2019/20) as shown in Appendix F.
11. The savings proposals exceed the budget gap in 2020/21 by £8.2m. This is primarily due to £9.1m of unexpected income from the continuation of the 2017 announced Improved Better Care Fund (iBCF) £2.1m that was due to cease in 2019/20 and the new Social Care grant of £7.0m announced in the September Spending Round. £7.7m of this additional income is already committed to fund increases in Social Care costs in 2020/21 covering pay and price inflation (including the additional costs of the recently announced increase in the National Living Wage) and the budget pressures shown in Appendix B. This means £3.6m (£1.4m from the additional grants and £2.2m from the social care precept) will be committed on a non-recurrent basis in 2020/21 to fund transformational projects in Social Care. This will include investment in the new model of locality working to support the development of vibrant communities and provide resourcing to strengthen activities for Early Help and prevention. It will also support practice development across the social care sector and workforce capacity changes. This will certainly help provide resources to work with the voluntary sector and how they may support our changing practices and ambitions regarding localities.
12. The remaining £4.6m in 2020/21 and £1.6m in 2021/22 will be used to fund the Service Transformation Fund (STF). The STF can provide non-recurrent resources to support the Corporate Plan. Our recent community engagement exercise, through Doncaster Talks, identified being a cleaner and greener borough as a key priority for the people of Doncaster. As it is a priority to improve standards, we will implement an improvement plan which will see investment in plant and equipment, additional resources and improved methods of operation within the cleansing and grounds maintenance services. An integral part of the improvement will include services being delivered at a locality level, introducing measures which support behavioural change and reducing the levels of fly tipping across the Borough. Investment in enforcement resources and tools such as CCTV and covert cameras will enable a tough approach for dealing with those who continue to litter and fly-tip in our borough.
13. It is important that the Council does not commit this funding on a permanent basis, as there remains an overall recurrent budget gap in 2022/23 of £1.7m

(which will be met by use of one-off reserves in 2022/23). Any funds committed on a permanent basis in 2020/21 or 2021/22 would increase the size of this gap. The effect of the one-off proposals are shown in the table below: -

	2020/21 £m	2021/22 £m	2022/23 £m	Total 2020/21 – 2022/23 £m
Budget Gap	-1.2	11.8	7.1	17.7
Savings Proposals	-7.0	-5.2	-3.8	-16.0
Recurrent Budget Gap	-8.2	6.6	3.3	1.7
<u>Non-recurrent Expenditure:-</u>				
Social Care Transformation projects	3.6	-3.6		0.0
Service Transformation Fund funding in 2020/21	4.6	-4.6		0.0
Service Transformation Fund in 2021/22		1.6	-1.6	0.0
Revised Recurrent Budget Gap	0.0	0.0	1.7	1.7

14. The analysis, at Appendix I, shows the current position regarding earmarked reserves. The balance of uncommitted reserves for 2020/21 is estimated at £14.4m; and is expected to remain at this level in 2021/22.

EXEMPT REPORT

15. Not applicable.

RECOMMENDATIONS

16. Cabinet is asked to recommend to Council to approve the 2020/21 to 2022/23 Revenue Budget as set out in this report. This includes: -
- the revenue budget proposals for 2020/21 detailed at Appendices B and C (pressures £14.0m) and Appendices D and E (savings £7.0m);
 - Council Tax increasing by 3.99% to £1,405.35 for a Band D property (£936.90 for a Band A) for 2020/21. This includes: -
 - 1.99% Council tax increase equates to an increase of £26.89 for Band D per annum, 52p per week (£17.93 for Band A per annum, 34p per week);
 - 2.00% Government's Social Care precept equates to an increase of £27.03 for Band D per annum, 52p per week (£18.02 for Band A per annum, 35p per week).
 - the 2020/21 Grants to 3rd Sector Organisations outlined in paragraph 37 and Appendix G;
 - the fees and charges proposed for 2020/21 at Appendix H;
 - the Medium-term Financial Strategy (MTFS) including all proposals in this report as set out in Appendix A;
 - a gross revenue expenditure budget of £494.9m and a net revenue expenditure budget of £223.9m, as detailed in Appendix A.

- note the Chief Financial Officer's positive assurance statements (detailed in paragraphs 45 and 50).

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

17. The Council will continue to care for and protect the most vulnerable in society but it is inevitable that as the Council becomes a leaner organisation that citizens will see services delivered in new and different ways.

BACKGROUND

Financial Strategy (need review to ensure consistent with new Corporate Plan)

18. The financial strategy and 2020/21 budget is informed by the Corporate Plan: -
- **Doncaster Learning** – Learning that prepares all young people and adults for a life that is fulfilling. The key budget proposals in relation to this area are LO-CYP functional review and the Travel Assistance Review.
 - **Doncaster Working** – More people are able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future. A key budget proposal in relation to this area is the additional income from business rate growth; this is based on more developments in the borough and increased inward investment.
 - **Doncaster Living** – Doncaster's people live in a borough that is vibrant and full of opportunity, where people enjoy spending time. The key budget proposals for this area include additional funding for street cleansing and fly tipping.
 - **Doncaster Caring** – A borough that cares together for its most vulnerable residents. The key budget proposals in relation to this area are the Adults Transformation programme and Future Placements strategy for children.
 - The Doncaster Growing Together programme includes the following areas for action which are reflected in the budget proposals, e.g. corporate resources saving, Adults transformation programme: -
 - i. A modern, efficient and flexible workforce with the right behaviours and skills.
 - ii. Use technology to support modern, accessible customer interactions and as a catalyst for change for cross council service improvement.
 - iii. Operating within our resources and delivering value for money.
 - iv. A co-ordinated, whole person, whole life focus on the needs and aspirations of residents.
 - v. Building community resilience and self-reliance by connecting community assets and strengths.
 - vi. Working with our partners and residents to deliver our joint priorities through effective leadership, governance and democratic processes.
19. The financial strategy should also be read in conjunction with other Council strategy documents including Capital Programme, HRA budget, Treasury Management Strategy and Capital Strategy.

Medium-term Financial Strategy (MTFS)

20. The MTFS includes the estimated changes to the Council's main sources of income (i.e. central government grant and local taxation), corporate expenditure (e.g. capital financing costs) and pressures on services (arising from inflation, demand or legislative changes such as the increase to the government national minimum wage) based on current information. The estimated gap for 2020/21-2022/23 is £17.7m.
21. The Council continues to face pressures include rising pay costs of £3.1m in 2020/21. Pension contributions will reduce in 2020/21 to a saving of £7.3m due to an estimated reduction in the pension deficit budget, when the next tri-annual valuation in 2020 will take effect. The Pensions Actuary reported a considerable improvement in the financial position of the pension fund, which changed the position from a deficit to a slight surplus. This mainly arose due to a rise in the value of UK and foreign equities and a fall in the pound. The additional costs of contract inflation are estimated at £4.6m in 2020/21; this includes increases each year for the Adult Social Care contracts including the impact of the government national minimum wage.
22. The MTFS also provides the funding necessary to meet growth in the services and other service pressures. The Council is currently forecasting an underspend of £1.3m for the 2019/20 financial year; however this includes a number of pressures that need to be managed to begin the 2020/21 financial year on a sustainable basis, which are currently offset by one-off underspends. The pressures for 2020/21 to 2022/23 are shown in detail in Appendices B and C. The baseline budget will be increased for the pressures identified on an ongoing basis. A negative figure shows where the funding is being removed to account for one-off pressures in previous years.
23. The MTFS details the funding reductions and pressures for 2020/21; this clearly demonstrates the importance of increasing income by raising Council Tax and other income from fees and charges. As government grants significantly reduce and the Council becomes more reliant on the income it generates, it must take every opportunity over the next 3 years to raise its income base through the individual rates and overall volume, i.e. the number of council tax and business rates properties.
24. There are two major reviews upcoming during 2020 that could have a significant effect on the funding available for the Council. There will be a Spending Review, which will set out the funding available for Government Departments for 2021/22 onwards. There will be a Fair Funding Review (FFR), which will set out how the funding determined by the Spending Review 2020 will be allocated for 2021/22 onwards. In addition, there will be a "full reset" of the Business Rates Retention scheme. The Prime Minister has promised to "fix the crisis in social care once and for all" and the Queen's Speech reiterated that the government would seek cross-party consensus on proposals. Given the complexities around how adult social care is currently funded (through core funding, the social care precept and 3 different grant regimes), the changes needed to simplify this are likely to be wide-ranging. It is not yet possible to determine the full impact of these wide ranging reviews and subsequent changes; the assumption included for 2021/22 is that the Council could suffer a net reduction in funding of up to £10.1m although this would likely be offset by transitional funding unwinding over time. The Government aims to publish indicative allocations through a formal consultation before the 2021/22 provisional local government finance settlement but that could be as late as October 2020.

Savings Proposals and Budget Framework

25. The savings approved in the 2019/20 budget are detailed at Appendix D.

26. The Council has undertaken a thorough review of all budgets to identify additional savings to balance the budget; these are detailed in Appendix E. The proposals have been developed in accordance with the budget framework to ensure: -
- We engage with the organisation on the type and nature of the savings proposal being put forward – **We want to understand the story behind individual proposals;**
 - We bring consistency and a sense of organisational support and challenge to the process – **a participatory approach that shapes the how with managers;**
 - We ensure that what we are proposing **meets our policy intent** but also meets how we want to deliver services in the future;
 - We iterate and the framework allows us to have more **intelligent conversations** over time.
27. The framework is based on our Corporate Plan, including the impact and areas for action identified for Doncaster Learning, Working, Caring and Living, and the following imperatives:
- Harnessing community strengths, collaboration and assets, particularly to enable more improvements in well-being to be delivered by communities.
 - A stronger focus on early intervention and prevention.
 - Demand management, including ensuring we deliver services right first time for the citizen.
 - Ensuring services are targeted and make a difference to those people who need them most.
 - Growing our economy and improving people’s ability to access opportunities.
28. The framework also includes a set of design principles which set out how we want to work: -

Keep it Simple/ Customer Focus	We want services to be clear, transparent and accessible as possible
	We want to Join up our services to avoid duplication and make it easier to understand and access
	We want people to access our services, when they need them, easily and quickly
Be Ambitious	We want the exercise to yield innovative and future proof proposals
	We want proposals, where appropriate, to be radical and challenge the status quo.
	We want to aim high for our people and place that helps us deliver our Borough Strategy.
Do it Together	We want to work with Team Doncaster partners collaboratively to achieve for our people and place locally
	We will, wherever appropriate, encourage other agencies and partners to deliver services if they are well placed to do so
	We want to work with communities to achieve our strategic ambitions for our Borough
Expect Contribution	We want all services to be proactive and supportive of savings ideas working alongside partners and communities
	We want to build on strengths and assets in communities in a way that helps use achieve our ambitions for the Borough

29. The proposals have been assessed against the framework to evaluate the strategic alignment (strong misalignment, weak alignment, good alignment and strong alignment). This has resulted in the prioritisation and filtering of the initial options to arrive at the proposals set out in this report. The proposals have also been reviewed to understand how deliverable they are based on a number of factors, which take into account their size and scale. This assessment ensures our proposals are congruent to the Council's priorities in the Corporate Plan and deliverable. It also supports the Chief Financial Officer to be able to give assurance on the robustness of the budget proposals; further details are provided in paragraphs 42 to 45.
30. The savings for 2020/21 to 2022/23 are shown in detail in Appendices D and E. The baseline budget will be decreased for the savings identified on an ongoing basis. A positive figure shows where the budget is being increased to account for one-off savings in previous years.
31. The 'all-age' Your Life Doncaster Programme focuses on early intervention and prevention/ integrated area based working, front door, practice development and joint commissioning. The Programme will contribute significantly to the delivery of £6.1m savings in 2020/21. The Council welcomes the continuation of the Social Care Support grant and Winter Pressures grant in 2020/21 of £2.6m and £1.5m respectively and the new one-off Social Care Support grant of £7.0m in 2020/21, which provides essential funding towards the pressures facing the service including Residential Care and Homecare.
32. The savings required in this area are significant and as such, their delivery is key to the achievement of the Council's MTFs. There are a number of initiatives covering all areas of the care ladder: Residential Care Working Age, Home Care & Direct Payments and the impact of the Front Door and Community Offer. In addition, savings are targeted for staffing restructuring & functional review to manage our workforce to deliver effective and efficient services. Full details of the savings are provided in Appendices D and E.
33. Fees and charges increases are expected to generate £0.13m in 2020/21 (no increase is assumed in future years); this is based on the principle that charges are raised by 1.82% (based on the Office for Budget Responsibility's Consumer Price Index forecast for quarter 1 2020/21). Each fee has then be rounded to the nearest appropriate denomination. For a number of fees the inflationary increase will be so small that the rounding will result in no increase even though they have been subjected to the principle.
34. Appendix H contains:-
 - All new fees and charges,
 - All proposed fees and charges that are an exception to the 1.82% target increase,
 - A list of individual fees and charges where there is a legal requirement for them to be specifically set by full Council.
35. Some fees are set by legislation, so the above will not apply; the values of these will be as determined by statute.

Post Reductions

36. A review of the 2020/21 to 2022/23 budget proposals has been undertaken, which has identified an estimated 101.7 full time equivalent (fte) potential post reductions; 86.7 for the Council and 15 for Doncaster Children's Trust. This is an estimate calculated on the budget proposals and includes 58.1 fte for

2020/21, 19.5 fte for 2021/22 and 24.1 fte for 2022/23. To achieve the savings, the Council and Trust will initially look to delete vacant posts, then seek volunteers, then redeployment with compulsory redundancy being the last resort.

Grants to Third Sector Organisations

37. The 2020/21 grants proposed to third sector organisations are detailed in Appendix G. The Council's has more clearly commissioned and contracted service activity, which provides greater certainty and continuity of provision of service for both the service provider (voluntary sector) and service users. The change in the overall value of grants provided to third sector organisations does not deliver any savings. Despite the need for the Council to identify recurrent savings, it is still able to provide £0.4m of support to the third sector.

2020/21 Baseline Budgets by Service Area

38. The 2020/21 detailed budgets updated for the proposed pressures and savings are provided at Appendix K by Directorate, this provides the breakdown of the budget plan by Head of Service.

Monitoring & Challenge

39. The Council's budget in any one financial year is allocated to budget holders and each budget holder is notified of their budget at the start of the financial year. Within the performance and development review process for people managers there is a core target to effectively manage and monitor budgets, highlighting any pressures or potential underspends in a timely way.
40. Budget holders are able to review the latest financial monitoring information, including projections, directly from the on-line financial system in an easy to use format.
41. The Financial Management teams are structured to support budget holders, deal with queries and proactively monitor key budget areas. The quarterly Finance & Performance report presents the Council's revenue projection, prepared by managers working in conjunction with finance teams. In addition, a monthly review enables Directors to monitor the Council's revenue projection and take any further action to ensure effective management of the budget.

Robustness of the Budget

42. Under the Local Government Act 2003, the Chief Financial Officer is required to give assurance on the robustness of estimates in the forthcoming budget.
43. The Chief Financial Officer recognises that local government finance settlements arising from Comprehensive Spending Reviews of 2010, 2013 and 2015 were extremely challenging and there are significant issues for the Council in delivering the budget proposals for 2020/21. The key objective of the MTFS is to provide the Council with a robust financial plan to ensure financial sustainability. The unprecedented set of cuts and pressures required managers to deliver savings of £148.3m over the 5 years 2014/15 to 2018/19 and a further £35.9m over the period 2019/20 to 2022/23.
44. In this context, the budget proposals that are set out in this document are recommended to the Council and are supported by the most up-to-date robust estimates of income and expenditure. The evaluation of the Chief Financial Officer is based on the following key factors: -
 - the budget proposals have been developed by those responsible for service delivery, taking account of the implications of implementing the changes.

Targets are clear and there is commitment and ownership from managers to deliver. Each budget manager is required to deliver within the budget target. This will provide additional assurance, rigor and comfort for the Council in carrying out its responsibilities. These proposals will provide a balanced budget for 2020/21 as long as the risks (Appendix J) can be managed;

- we have reviewed those service areas that are overspending in 2019/20 and aim to provide adequate funding to ensure that areas of overspend are managed within the budget target for 2020/21;
- a review of the quarter 3 projected outturn has been undertaken to ensure that the budget proposals are based on the most up to date information available. Any further pressures identified will need to be managed during 2020/21 as part of the revenue monitoring process; and
- the development of financial skills amongst Council managers is critical to the success of delivering the spending targets set in this budget.

45. Taking this into account, the Chief Financial Officer believes the 2020/21 estimates used for the Mayor’s budget proposals can be delivered.

Reserves

46. The Council holds both “earmarked” and “uncommitted” reserves. Earmarked reserves are balances set aside for specific purposes, for example School Balances. Appendix I shows a summary of earmarked reserves.

47. To note there are one-off MRP budgets, which are being earmarked for one-off requirements, e.g. Service Transformation Fund and VER/VR, funding; this is not available for on-going pressures. In 2019/20, we are utilising capital receipts to fund VER/VR’s, which is not sustainable moving forward. It is proposed to allocate the one-off MRP funding as follows: -

	2020/21 £’m	2021/22 £’m	2022/23 £’m	Total £’m
Service Transformation Fund	0.9	0.5	0.7	2.1
VER/VR	3.0	3.0	3.0	9.0
Feasibility works for capital projects	0.5	0.5	0.5	1.5

48. Uncommitted reserves are balances held as contingencies against risks such as weather related events. The uncommitted reserves are expected to be £14.4m by 2021/22. A risk assessment of the Council’s level of uncommitted reserves is carried out each financial year, when setting the budget and updating the financial plan. It is updated regularly during the financial year as part of the formal financial management reporting process. The risk assessment is based on the following key factors: -

- a review of known provisions and contingent liabilities;
- the likelihood of overspend for either revenue or capital;
- the likelihood of any additional income that would be credited to uncommitted reserves;
- the robustness of the Council’s revenue budget proposals;
- the adequacy of funding for the Capital Programme; and
- any potential significant expenditure items for which explicit funding has not yet been identified.

49. Appendix J provides the risk assessment of the Council's level of uncommitted reserves and shows that they are sufficient to meet the risks. The uncommitted reserves are not excessive for a Council of our size, which spends £494.9m a year; £14.4m would only run the Council for 11 days. Careful consideration should continue to be given before funding any unexpected costs from uncommitted reserves.
50. The Local Government Act 2003 requires the Chief Financial Officer to give assurance on the purpose and adequacy of the reserves of the Authority. The Chief Financial Officer has concluded that the level of the uncommitted General Fund reserve balance is adequate to meet known commitments and contingencies based on the information currently available and included in this report.

Council Tax Capping & Referenda

51. Authorities are required to seek approval of their electorate in a referendum if any proposed Council Tax increase exceeds the principles set by Parliament. The Government confirmed the Council Tax Referendum Cap for 2020/21 as part of the final Local Government Financial Settlement on 21st February 2020. Any increase of 4.0% or greater for those authorities that have decided to implement up to the maximum 2.0% adult social care precept will be deemed excessive.
52. Full details of the calculation will be presented as part of the Council Tax setting report to Council on 5th March 2020.

OPTIONS CONSIDERED

53. A range of options has been considered over the preceding months to arrive at these budget proposals.

REASONS FOR RECOMMENDED OPTION

54. The budget proposals seek the appropriate balance in meeting the savings whilst still delivering on the key priorities, protecting front-line services where possible.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

55. These are detailed in the table below: -

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	<p>Council budget therefore impacts on all outcomes</p>
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering 	

	Outcomes	Implications
	value for money <ul style="list-style-type: none"> • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	

RISKS AND ASSUMPTIONS

56. The savings proposals outlined in this report are underpinned by the Council's risk management strategy that helps to minimise risk. The Council's Strategic Risk Register is reviewed and updated on a quarterly basis and each service has formally documented its key risks and the actions taken to mitigate those risks in service plans. Paragraph 49 details the risk assessment of the level of reserves. Key risks in relation to the 2020/21 budget include: -

- Potential shortfall on the delivery of the savings, which are increasingly more challenging to deliver. In particular, the Adults, Health & Wellbeing savings will need careful management to ensure they are delivered and reduce the base budget requirement. The cost proposals have been co-produced with managers, with challenging but realistic figures for savings included.
- Risks around the MTFs budget assumptions, including: -
 - i. An estimate has been included for price inflation; there is a risk that the actual costs could be greater if inflation rises (CPI for December 2019 was 1.3%). Price inflation is applied as determined in the individual contracts; details on the price inflation applied to specific areas of contract expenditure are provided in the MTFs Appendix A. All other non-pay budgets assume a cash freeze.
 - ii. There are a number of one-off grants decreasing or ending over the next 2 years, which require expenditure to reduce or cease completely retrospectively, i.e. iBCF one-off funding. This is minimised by building the impact of reduced one-off funding into the cost pressures as part of this budget.
 - iii. Potential future budget pressures, this will be reviewed during 2020/21 for the 2021/22 budget.
 - iv. In a departure from normal practice, the Spending Round was for 1 year only. The normal 4 year Spending Review due to take place during 2019/20 was postponed until 2020/21. This leaves a huge amount of uncertainty regarding future funding beyond 2020/21 including the impact of a move to 75% Business Rates Retention, a full Business Rates reset and the Fair Funding Review.
 - v. Risk that retained business rates collection will be below budget and appeals will be greater than expected causing the collection fund to run into a deficit, impacting on the funding available to the Council. This risk will increase assuming the Government's plans to increase Business Rate Retention to 75% by 2021/22 are implemented.
 - vi. There is a risk that council tax collection will be less than budget and the collection fund will run into a deficit – impact on the funding available to the Council.

The estimates have been produced based on the latest information available and the risks will be monitored during 2020/21 as part of the budget monitoring cycle. The MTFFS budget assumptions are continuously reviewed and updated for any changes; including a thorough review during 2020/21 in preparation for 2021/22 budget setting.

- There is a risk that earmarked and uncommitted reserves are insufficient to support the Council during this period. This is minimised by undertaking a risk assessment of reserves annually, regular close monitoring of all balances as part of the monitoring cycle and the identification of contingency funding for demand pressures identified in 2020/21.

LEGAL IMPLICATIONS [Officer Initials...SF... Date...24.01.20]

57. The Council must set a balanced budget ensuring that resources are sufficient to meet its proposed spending plans. The Chief Financial Officer is required to advise the Council of the adequacy of its reserves and the robustness of estimates used in preparing its spending plans.
58. The Local Government Finance Act 1992 places a duty on Local Authorities to set an amount of Council Tax on or before 10th March, in the financial year preceding that for which it is set.
59. The Localism Act 2011 introduced a new Chapter into the Local Government Finance Act 1992, which makes provision for Council tax referendums to be held if an authority increases its Council tax by an amount exceeding principles determined by the Secretary of State.
60. By Regulation, the Government allow Councils to raise Council Tax by a maximum amount. Any further increases would require a local referendum to be held on the increase. The maximum amount of increase for 2020/21 has not yet been announced by the Government.
61. The Council will need to be satisfied that the budget set will ensure the Authority is able to discharge its statutory duties.
62. Under the general principles of public law, the Council must also act fairly when making budgetary changes or changes to services which potentially involve the reduction or removal of a previously enjoyed benefit. Acting fairly includes consulting fairly with those affected, conscientiously taking into account the results of the consultation and, where appropriate, having due regard to any impact on equality issues.
63. Some of the proposals outlined within the budget will affect service users and other individuals, particularly those with protected characteristics within the meaning of the Equality Act 2010. In appropriate cases, the specific budget may only be implemented by further decision making by either Cabinet or other duly authorised decision taker. That decision will need to be taken in full consideration of the Council's duties under the Equalities Act 2010 after full consideration of an appropriate due regard statement.

FINANCIAL IMPLICATIONS [Officer Initials...RI... Date...13.01.20]

64. These are contained within the body of the report.

HUMAN RESOURCES IMPLICATIONS [Officer Initials...SJ Date...27.01.20]

65. There are no immediate HR implications identified within this report, however once post reduction numbers are confirmed (see paragraph 36) further advice should be sought regarding the process going forward.

TECHNOLOGY IMPLICATIONS [Officer Initials...PW... Date...23.01.20]

66. Technology is as ever an evolving key essential enabler to support the delivery of all services and the key strategic budget themes outlined in this report. Robust and effective ICT governance arrangements will continue to be needed to ensure the delivery of the key priorities. This will be monitored and continuously reviewed via the Council's Technology Governance Board.
67. There will also of course remain the on-going maintenance and support of all current technology as well as upgrades, responses to changes in legislation and continuous service changes and transformation. This includes the further dimension of on-line services, which allow customers to self-serve 24/7 and require constant monitoring, support, continuous development and improvement.
68. The Council's technical infrastructure providing desktop, internet and system connectivity, landline and mobile phone services to all buildings will also need to be maintained and changed or developed as required. This includes St Leger Homes, Doncaster Children's Services Trust and many schools. Increased partnership working including integration with health will also mean significant technical developments.
69. Finally, just as significant is ensuring all staff have the required digital skills to successfully embrace all the new and more efficient ways of working required. Therefore, close working between all services and ICT will be essential.

HEALTH IMPLICATIONS [Officer Initials...RS... Date ...17.01.20]

70. The choices the council makes in both raising and allocating revenue budgets will impact on the health of the population. In general, 20% of what contributes to health is due to clinical care, 30% due to behavioural factors, 40% due to socio-economic factors and 10% due to the built environment. The State of the Borough assessment and Doncaster Growing Together plan are both informed by health outcomes and use health outcomes to monitor impact. The impact on a set of health outcomes are also incorporated in the council's corporate plan. Within the financial resources available, this paper sets out clearly the broad areas of revenue investment in both universal and targeted services and how within a reduced financial envelope there are plans to maintain and even improve the quality of local services. The investments in Doncaster Learning will support children to be ready for school, whilst the investments in Doncaster Caring and Living should support reducing social isolation, increasing physical activity and improving mental health. However, investment alone in commissioned or provided services may be insufficient to change wider societal habits and conditions that contribute to these challenges. Wherever possible commissioners and providers of services should seek to maximise social value consider long term social, environmental and economic sustainability and resilience. With sustained long-term cuts in funding, there is likely to be implication on potentially increasing health inequalities. This needs to be considered during the implementation phase so that inequalities and health inequalities are addressed, and monitored. The lack of national guidance on the future of the public health grant from April 2020 places a risk on future public health activity. Where further cabinet reports are required report authors should consider the need for formal health impact assessments or early involvement of the public health team to minimise unintended impacts on health. Health impacts should also be addressed in the due regard statements that are developed alongside these further reports.

EQUALITY IMPLICATIONS [Officer Initials...MS... Date...30.01.20]

71. In taking this decision, elected members are reminded of their obligations under section 149 Equality Act 2010. This section contains the Public Sector Equality Duty (PSED) which obliges public authorities, when exercising their functions, to have 'due regard' to the need to: -

- a) Eliminate discrimination, harassment and victimisation and other conduct which the Act prohibits;
- b) advance equality of opportunity between people who share relevant protected characteristics and those who do not; and
- c) foster good relations between people who share relevant protected characteristics and those who do not.

Protected characteristics are age, gender, disability, race, sex, sexual orientation, gender reassignment, religion or belief and pregnancy and maternity. Only the first aim of the PSED set out in paragraph (a) above applies to a further protected characteristic of marriage and civil partnership.

Having due regard to advancing equality involves: -

- Removing or minimising disadvantages suffered by people due to their protected characteristic;
- taking steps to meet the needs of people from protected groups where they are different to the needs of other people; and
- encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

72. Elected members must consciously consider and have due regard to the three aims of the general equality duty when dealing with the recommendations contained within this report. The Council uses a simple due regard process to ensure due regard is considered and to support a transparent, effective process that is accountable to users and residents. Amongst others, the "due regard" will be informed by: -

- **Establishing the key equality issues across Doncaster (Equality Analysis)** – Our Equality, Diversity and Inclusion Framework 2018-2021 has been developed alongside our financial planning process and includes a significant analysis of equality information to identify the key equality issues across Doncaster. We have used the equality information to inform our planning and saving prioritisation process. Our budget proposals seek to limit the impact of budget cuts on the most vulnerable; and
- **Prioritisation and Planning** – Our key strategic budget themes specifically prioritise the needs of the most disadvantaged in our communities.

73. Each saving proposal has been reviewed with regard to our PSED obligations. Appendix L shows the budget proposals that may have an equality impact and therefore require a due regard assessment prior to implementation. Some of these proposals may require further specific consultation exercises and review in light of the PSED and be subject to further decisions taken by Cabinet or other authorised decision maker prior to implementation.

CONSULTATION

74. Directors and Cabinet have considered the budget proposals at several meetings between May 2019 and September 2019. Key dates in the budget timetable leading up to Council approving the budget on the 5th March 2020 are detailed below: -

- Government's Spending Round 2019 – 4th September, 2019
- Cabinet – MTFS 2020/21 to 2022/23 approved – 1st October, 2019
- Government's Autumn Budget – scheduled for 6th November, 2019 but postponed due to the General Election
- Labour Budget Group – 25th November, 2019
- General Election – 12th December, 2019
- Provisional LG Finance Settlement 2020/21 – 20th December, 2019
- Cabinet – Council Tax Base 2020/21 approved – 14th January, 2020
- Overview & Scrutiny Management Committee (OSMC) – 6th February, 2020. Response: -
The Chair of the Overview & Scrutiny Management Committee has responded to the Mayor's budget proposals,
- Final LG Finance Settlement Announcement 2020/21 – 21st February, 2020
- Cabinet – Council reports – 11th February, 2020.
- Council – 5th March, 2020

75. This report has significant implications in terms of the following: -

Procurement	X	Crime & Disorder	X
Human Resources	X	Human Rights & Equalities	X
Buildings, Land & Occupiers	X	Environment & Sustainability	X
I.C.T.	X	Capital Programme	X

BACKGROUND PAPERS

- Council Report – Revenue Budget 2019/20 – 2020/21, 4th March 2019.
<https://doncaster.moderngov.co.uk/ieListDocuments.aspx?CId=130&MId=2848>
- Cabinet Report – Medium-Term Financial Strategy 2020/21 – 2022/23, 1st October 2019.
<https://doncaster.moderngov.co.uk/ieListDocuments.aspx?CId=130&MId=2848>

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Appendix A

Medium-Term Financial Strategy (MTFS) and key assumptions

The Medium-term Financial Strategy for 2019/20 – 2022/23 is provided below: -

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
<u>Income</u>				
Retained Business Rates*	-44.523	-49.546	-75.614	-77.880
Top Up Grant*	-34.296	-34.854	-61.676	-57.848
Baseline Funding	-78.819	-84.400	-137.290	-135.728
Revenue Support Grant (RSG)*	-20.041	-20.368	0.000	0.000
Settlement Funding Equivalent	-98.860	-104.768	-137.290	-135.728
Compensation for under-indexing the business rates multiplier	-2.603	-3.323	0.000	0.000
Council Tax Income	-114.721	-119.169	-120.149	-123.828
Improved Better Care Fund	-14.321	-15.831	-15.831	-15.831
New Homes Bonus	-4.469	-4.086	-4.086	-4.086
Winter Pressures Grant	-1.510	0.000	0.000	0.000
Social Care Support Grant	-2.579	-9.562	-2.579	-2.579
Core Spending Power Equivalent	-239.063	-256.739	-279.935	-282.052
Public Health Grant*	-23.180	-23.875	0.000	0.000
S31 Business Rates Grants	-4.862	-4.828	0.000	0.000
Other Specific Grants	-48.023	-45.884	-42.574	-42.574
Customer & Client Receipts	-48.925	-48.925	-48.925	-48.925
Other Income	-62.684	-62.684	-62.684	-62.684
Housing Benefit	-60.250	-60.250	-60.250	-60.250
Total Income	-486.987	-503.185	-494.368	-496.485
<u>Expenditure</u>				
Total Council Expenditure (Funded)	500.621	490.217	494.892	492.728
Expenditure Changes				
Change in Housing Benefit (nil impact on reductions required)	-9.765	0.000	0.000	0.000
Grant decreases exit strategies (one-off)	-6.403	-2.568	-2.308	0.000
Grant decreases exit strategies (on-going)	-1.208	-0.417	-1.002	0.000
Staffing	4.107	-4.166	3.885	2.767
Prices Changes	5.642	4.600	4.600	4.600
Levying Bodies	0.100	0.100	0.000	0.000
Expenditure funded from additional income included above	-6.287	0.175	0.000	0.000
Budget Pressures	21.605	14.017	-2.094	1.793
Gross Budget	508.412	501.958	497.973	501.888
Budget Proposals for cost reductions	-18.195	-7.066	-5.244	-3.687
Use of one-off Committed Reserves	-3.230	8.293	1.640	-1.716
Total Budget Gap	0.000	0.000	0.000	0.000
Gross Budget (Total Income plus one-off uncommitted reserves)	490.217	494.892	492.728	498.201
Net Budget Requirement (including Baseline Income)	213.581	223.937	257.439	259.556

* In 2021/22, Retained Business Rates increased by £26m due to the implementation of 75% Business rates Retention. Top Up Grant increased by £25m to compensate for nil RSG, by £24m to compensate for nil Public Health Grant and reduced by £22m due to the implementation of 75% Business Rates Retention and a full Business Rates reset.

CHANGES IN LOCAL GOVERNMENT FUNDING

1. Following the 2010 General Election, the Coalition Government embarked on an austerity programme aimed at removing the Government's budget deficit and bringing the Government's finances back into surplus. The Spending Review announcements covering the years 2011/12 – 2019/20 contained large and sustained cuts to local government.
2. Various studies have shown that not only has local government funding been cut in real terms since 2009/10 but that those cuts have fallen disproportionately on more deprived areas. The IFS¹ state that on average, local government spending on services has fallen by 21% in real terms since 2009/10 however, these falls have not been spread evenly across councils. The reductions have been larger for councils serving more deprived communities, such as Doncaster, than for those serving less deprived communities. The National Audit Office report on the Financial Sustainability of Local Authorities 2018 found that the average reduction in council revenue spending power between 2010/11 and 2017/18 was 28.5% but that the reduction for Doncaster was 35.9%².
3. As councils seek to protect services such as Children's and Adult Social Care, cuts to non-statutory services such as planning, housing and highways have been much more severe. The HCLG Committee³ found that net expenditure on planning & development and housing services has more than halved and net spending on highways & transport and cultural & leisure services is down more than 40%. Increasing demand for adult social care means that this trend is set to continue unless local government is provided with additional central government funding or the power to raise more revenues locally.
4. In addition to the funding cuts, service costs and demographic pressures continue to build. In a report commissioned by the County Council Network⁴, PwC predicts a cumulative £51.8 billion black hole for council funding from 2019/20 to 2024/25.
5. As council funding becomes more dependent on Council Tax and Retained Business Rates this creates additional problems as income from these sources is not expected to keep pace with rising demand for services.
6. Prior to the General Election in June 2017, the Government consulted on changes to the local government finance system (including a review of the formula used) to pave the way for the implementation of 100% business rate retention from 2020/21. As part of this process, Revenue Support Grant (RSG) will be phased out. In the 2018/19 provisional Finance Settlement, the Government confirmed their aim to increase business rates retention to 75% for all local authorities in 2020/21 to help meet the commitment to give local authorities more control over the money they raise locally. This will be through incorporating existing grants into business rate retention including RSG and the Public Health Grant.
7. In the 2018/19 provisional Finance Settlement, the Government launched a consultation on a Review of Local Authorities Relative Needs and Resources – the Fair Funding Review – which changes the way funding is allocated for

¹ English council funding: what's happened and what's next?, 29/05/19, Institute for Fiscal Studies

² <https://www.nao.org.uk/other/financial-sustainability-of-local-authorities-2018-visualisation/#>

³ Local government finance and the 2019 Spending Review, 22/07/19, Housing, Communities and Local Government Committee

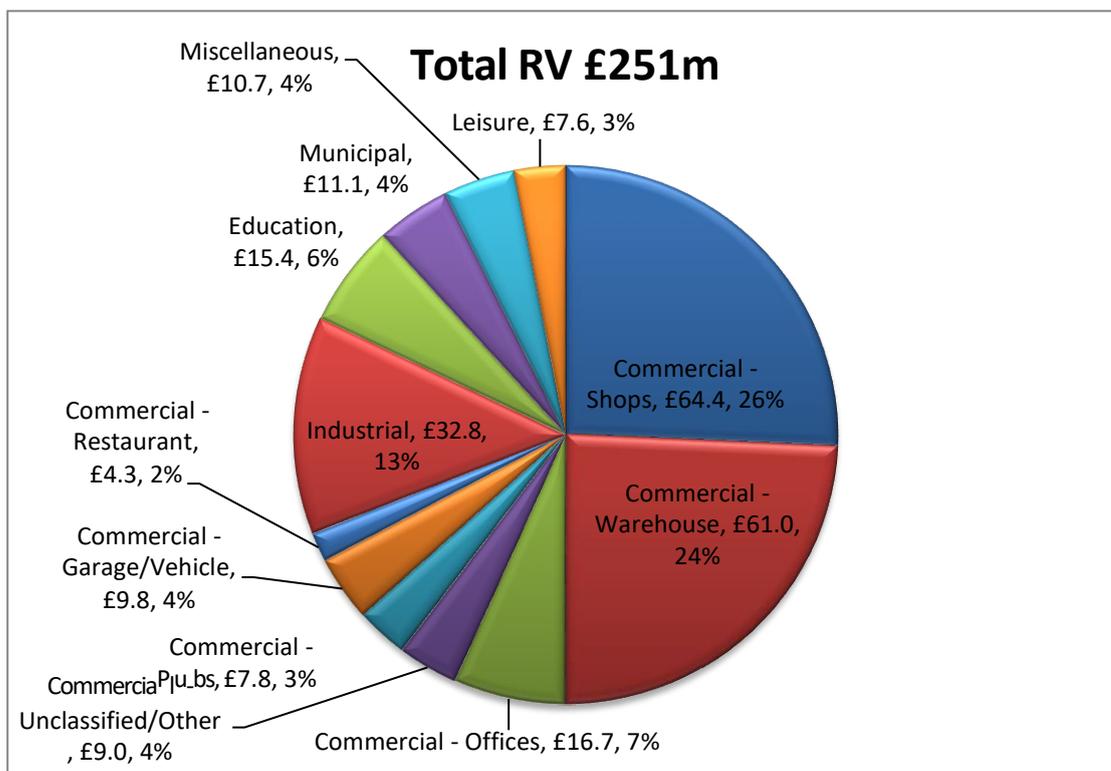
⁴ Independent review of local government spending need and funding, May 2019, PwC

2020/21 onwards. The intention was for a further consultation over the summer of 2019 with implementation in 2020/21.

8. On 28th August 2019, the Chancellor announced that there would be a one-year Spending 'Round', on 4th September, and a delay of the Spending Review until 2020. The Chancellor confirmed on 4th September, that the move towards 75% Business Rates Retention, the planned Business Rates reset and the Fair Funding Review have all been postponed until 2020/21. The MTF5 has been updated for these changes. The Spending Round also contained announcements about additional funding (mainly one-off) for Councils, e.g. for social care and homelessness reduction.
9. The Spending Round did not deal with the long-term issues of funding for local government; rather it postponed those decisions for a further year. Work will continue in 2020 on the impact of the move to 75% Business Rates Retention, a full Business Rates reset and outcome of the Fair Funding Review, including how they will be implemented. This makes long term planning extremely difficult however, an estimated reduction of £7.6m has been included in the MTF5.
10. The Government confirmed indicative allocations of funding for 2020/21 in the provisional local government finance settlement announcement on 20th December 2019.

BASELINE FUNDING AND BUSINESS RATES GRANTS

11. The Business Rates Retention scheme, whereby 50% of local business rates income is retained locally, (the Council retains 49% and passes on 1% to the South Yorkshire Fire & Rescue Authority) and 50% is passed to Government, has been in operation since 2013/14.
12. The final local government finance settlement for 2013/14 set the baseline funding levels for the local retention of business rates model. The difference between each council's individual business rate baseline and their calculated baseline funding level results in either a top up or a tariff that is paid from/to councils from central government. The Council will receive top-up grant of £34.854m for 2020/21.
13. The baseline funding level has not been reset since the scheme came into operation. Central Government has previously announced that there will be a full reset of business rates in 2021/22. This means that any "growth" within the current business rates system up to 2020/21 will be transferred into baseline need and effectively lost to the Spending Review 2020 / Fair Funding Review. Although it is difficult to estimate what the impact will be at this stage, the Council had a favourably low baseline in 2013 and could potentially see a large drop in top-up grant when the reset takes effect in 2021/22. The assumption is that the Council will lose £6.8m in Top Up grant and a further £8.2m in related business rates grants but will gain £4.9m out of an overall redistribution of business rates after the reset. It is expected that the net loss of £10.1m in 2021/22 will be covered by transitional funding unwinding at c£5.0m per annum.
14. Full revaluations are carried out every three years and the last revaluation took place on 1st April 2017. The next revaluation therefore, was scheduled for 2020/21, however this has now been delayed until 2021/22.
15. For information, the breakdown of total rateable value of Business Rates by category, as at the end of December 2019, is shown in the chart below: -



THE COLLECTION FUND

16. All Council Tax receipts and Business Rates receipts are paid into and separately accounted for in the Collection Fund. Any surplus or deficit must be shared amongst the preceptors and utilised in budget setting in the following financial year. For Council Tax the preceptors are the Council, South Yorkshire Police Authority and South Yorkshire Fire & Rescue Authority. For Business Rates the preceptors are the Council, Central Government and South Yorkshire Fire & Rescue Authority.

Business Rates

17. The MTFs includes an increase of 1.63% per annum in the multiplier for 2020/21 and 2% for subsequent years, which is built into the Retained Business Rates and Top Up grant lines. The multiplier is based on the Consumer Price Index (CPI) for September.
18. The net Retained Business Rates income is reduced for losses on collection and losses due to appeals of approximately 1.5% and 2% respectively.
19. Any changes announced by the Chancellor that affect Retained Business Rates are accompanied by a section 31 grant to compensate Councils for any loss of income – these are shown in the Specific Grants section.
20. All other changes to Retained Business Rates, including setting the loss on collection, loss on appeals and growth, are policy decisions but are detailed in the MTFs rather than in the budget savings at Appendix E.
21. The overall increase in Retained Business Rates income of £5.0m is due to the ending of the repayment of the deficit for 2018/19 of £1.0m, the distribution of the estimated surplus for 2019/20 of £1.6m and a combination of increased growth and a reduction in the level of appeals £2.4m for 2020/21.

Council Tax

22. A breakdown of the 2020/21 Council Tax income and assumptions are provided below: -

Council Tax (Band D)	£1,405.35
Band D Equivalent Properties	84,141
Council Tax Income	£118.247m
Collection Fund (Council Tax) Surplus	£0.922m
Total Council Tax Income	£119.169m

23. The assumed collection rate for Council Tax in 2020/21 is 98.6%. Although the short term collection rate, i.e. the amount of debt collected in the year it relates to, is around 95%, the long term collection rate, i.e. the amount of debt collected in the year it relates to and subsequent years, is around 99%.
24. All changes to Council Tax, including setting the collection rate, are policy decisions but are detailed in the MTFS rather than in the budget savings at Appendix E.

IMPROVED BETTER CARE FUND

25. Improved Better Care Fund (iBCF) 2015 settlement – the Government provided £1.5 billion additional funding for local authorities to spend on adult social care by 2019/20. The provisional settlement confirms that this funding will continue at the same level of £12.185m in 2020/21.
26. Improved Better Care Fund (iBCF) 2017 settlement – The additional iBCF funding was allocated through a separate grant to local government, using a methodology which provides greater funding to those authorities which benefit less from the additional council tax flexibility for social care. This additional funding commenced in 2017/18 and has decreased every year since. The provisional settlement confirms that this funding will continue at the same level of £2.136m in 2020/21.
27. In response to the growing concerns of local government about the escalating costs of providing both Adult and Children’s social care, the government announced one-off grants for 2018/19 and 2019/20 for Winter Pressures. The provisional settlement confirms that this funding will continue at the same level of £1.510m in 2020/21 and is rolled into the iBCF.
28. A specific Section 75 pooled budget will be completed once final funding allocations have been confirmed. The iBCF (2015 settlement and 2017 settlement) is being spent on the costs of increased demand and inflationary pressures.

NEW HOMES BONUS

29. New Homes Bonus (NHB) is a grant that was paid for 6 years by Government based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. There is also an extra payment for providing affordable homes. NHB is funded by reducing the baseline funding available for Councils and consequently the Council is worse off because the amount deducted is significantly more than the grant received. From 2011/12 to 2020/21, the difference between the grant received and the reduction to baseline for Doncaster Council was a net loss of £30.9m.
 - a. In December 2015, the Government issued a Consultation Paper ‘New Homes Bonus: Sharpening the Incentive’ with the purpose of cutting the amount of grant it has to pay out as NHB. The Government response to the consultation was contained in the Provisional Settlement announcement on 15th December 2016. It reduced the number of years for which NHB is paid from the existing 6 years to 5 for 2017/18 and 4 for 2018/19 onwards and introduced a national baseline for housing growth of 0.4% that has to be

exceeded before any NHB becomes available. As part of the Spending Round on 4th September 2019, the Government announced that the 2020/21 NHB allocation would not attract any legacy payments.

- b. The NHB for the Council is £4.086m for 2020/21, which is £0.383m less compared to 2019/20.
- c. The net grant loss is significant at £30.938m. The position is reasonably comparable with other Metropolitan Districts who also fare badly from the redistribution of grant funding, due to the relatively high levels of grant funding received and high levels of deprivation. The DCLG led evaluation of the NHB published in December 2014 concluded that the most negative impacts of the NHB were seen in authorities in the north of England and Yorkshire and the Humber. The NHB is therefore being utilised to assist with the loss in grant. Housing growth is being progressed utilising alternative funding streams. The updated grant figures are set out in the table below: -

Year	Housing Growth £m	Reimbursement Grant £m	Total Grant Receipt £m	Grant Reduction £m	Net Grant Loss £m
2011/12	0.403	0.000	0.403	1.412	1.009
2012/13	0.928	0.000	0.928	3.054	2.126
2013/14	1.314	0.565	1.879	5.312	3.433
2014/15	2.430	0.228	2.658	6.729	4.071
2015/16	3.479	0.224	3.703	8.500	4.798
2016/17	5.051	0.160	5.211	10.518	5.307
2017/18	4.946	0.173	5.119	8.868	3.749
2018/19	4.458	0.000	4.458	6.708	2.250
2019/20	4.468	0.000	4.468	6.375	1.906
2020/21	4.086	0.000	4.086	6.375	2.289
Total	31.563	1.350	32.913	63.851	30.938

ADULT SOCIAL CARE GRANTS

30. The Winter Pressures grant is rolled into the iBCF from 2020/21.
31. The provisional settlement confirms that the one-off grants for 2018/19 and 2019/20 for Social Care Support will continue at the same level of £2.136m in 2020/21. In the Spending Round on 4th September, a new one-off increase in the Social Care Support grant was announced as part of a £1.5bn package for social care. The additional one-off grant for 2020/21 for Doncaster is £6.983m.

PUBLIC HEALTH

32. The Health and Social Care Act 2012 provided the statutory basis for Local Authorities to assume their new Public Health responsibilities from 2013/14. From this date, the majority of Public Health functions transferred to the Council although some specialist elements of Public Health such as children's services 0-5, cancer screening etc. were retained by the NHS. Children's Public Health commissioning responsibilities for 0-5 year olds transferred from NHS England to Local Authorities on 1st October 2015 and this joins up that already done by Local Authorities for children & young people 5-19.
33. The ring fence on public health spending will be maintained in 2020/21 and Government will consult on options to fully fund local authorities' public health spending from their retained business rates receipts, as part of the move towards 75 per cent business rate retention in 2021/22. For 2020/21, the Council should see an increase in the Public Health Grant of £0.695m, however Government have not yet made an announcement confirming this.

OTHER SPECIFIC GRANTS

34. The Council receives a number of specific grants which are non-ring fenced and can be redirected to other areas of service provision as required. It also receives some specific grants that are ring fenced and can only be used for the specific purpose set out in the grant conditions. The largest specific grant is Public Health and this is shown separately in the MTFs. In addition to Public Health, further details of the main specific grants (ring fenced and non-ring fenced) are provided below. The following table details the amounts for 2019/20 and the assumptions for 2020/21 - 2022/23

Grant	Issued By	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
<u>S31 Business Rates Grants</u>					
Local Discretionary Relief	MHCLG	-0.047	-0.007		
Retail Relief	MHCLG	-1.294	-1.050		
Rural Rate Relief Compensation	MHCLG	-0.002	-0.002		
Small Business Rate Relief Refund	MHCLG	-3.483	-3.779		
Small Business Rate Relief: "first" property	MHCLG	-0.013	-0.030		
Supporting Small Business Relief	MHCLG	-0.023	-0.019		
<u>Non Ring-fenced</u>					
Extended Rights to Free Transport	DfE	-0.145	-0.145	-0.145	-0.145
Local Reform & Community Voices	DH	-0.206	-0.206	-0.206	-0.206
War Pension Disregard	DH	-0.140	-0.140	-0.140	-0.140
Local Authority Data Sharing	DWP	-0.010	-0.010	-0.010	-0.010
New Burdens Grant	DWP	-0.137	-0.137	-0.137	-0.137
Universal Credit	DWP	-0.080	-0.080	-0.080	-0.080
Verify Earnings and Pensions	DWP	-0.052	-0.052	-0.052	-0.052
Brexit Preparation Grant	MHCLG	-0.105			
Flexible Homelessness Support Grant	MHCLG	-0.308	-0.308		
Homelessness Reduction Grant	MHCLG	-0.083	-0.083		
Levy Account Surplus (c/f of 2018/19 allocation)	MHCLG	-1.153			
Troubled Families Grant	MHCLG	-0.919	-0.919		
<u>Ring-fenced</u>					
NPO Grant	Arts C	-0.100	-0.100	-0.100	-0.100
Additional recurrent Children's Services Trust Costs	DfE	-0.191	-0.191	-0.191	-0.191

Grant	Issued By	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Dedicated Schools Grant (DSG) - Central Element (Includes Early Years)	DfE	-27.819	-27.819	-27.819	-27.819
Music Services Grant	DfE	-0.438	-0.438	-0.438	-0.438
Opp Area Social Mob Grant	DfE	-2.000	-2.000		
Personal Adviser duty Implementation Grant	DfE	-0.037	-0.037	-0.037	-0.037
Pupil Premium Grant (Children in Care Element)	DfE	-0.961	-0.961	-0.961	-0.961
School Improvement & Brokerage Grant	DfE	-0.179	-0.179	-0.179	-0.179
Staying Put Implementation Grant	DfE	-0.149	-0.149	-0.149	-0.149
Access Fund (Local Sustainable Transport)	DfT	-0.358			
Bus Service Operator's Grant - Local Authority Bus Subsidy Ring-Fenced (Revenue) Grant	DfT	-0.020	-0.020	-0.020	-0.020
Care Act Grant (Social Care in Prisons)	DH	-0.343	-0.343	-0.343	-0.343
Discretionary Housing Payments (DHPs)	DWP	-0.676	-0.676	-0.676	-0.676
Housing Benefit Subsidy Admin Grant	DWP	-0.948	-0.836	-0.836	-0.836
Independent Living Fund	DWP	-0.682	-0.660	-0.660	-0.660
Council Tax Support Admin Subsidy	MHCLG	-0.382	-0.357	-0.357	-0.357
MHCLG - Launchpad / Technical Assistance	MHCLG	-0.127	-0.127	-0.127	-0.127
Migration Fund	MHCLG	-0.312			
The Private Finance Initiative (PFI) (Schools - fixed for the 25 years duration of PFI scheme)	MHCLG	-3.478	-3.478	-3.478	-3.478
Rapid Rehousing Pathway (Rough Sleeping)	MHCLG	-0.513	-0.513	-0.513	-0.513
Waste Infrastructure Grant	DEFRA	-2.385	-2.385	-2.385	-2.385
Asylum Seekers (Unaccompanied Asylum Seeking Children)	HO	-0.232	-0.232	-0.232	-0.232
Syrian Resettlement Programme Grant	HO	-0.155	-0.155	-0.155	-0.155
Adult and Community Learning from Skills Funding Agency	BIS	-0.677	-0.677	-0.677	-0.677
Apprenticeship Levy	BIS	-0.048	-0.011	-0.011	-0.011
Higher Education Funding Council for England (HEFCE) Payments	BIS	-0.179	-0.179	-0.179	-0.179
ERDF & ESIF – Launchpad	EC	-0.097	-0.097	-0.097	-0.097
ERDF & ESIF - SCR Growth Hub	EC	-0.015			
ERDF & ESIF - Technical Assistance	EC	-0.030	-0.030	-0.030	-0.030
Heritage Lottery Fund	HLF	-0.108	-0.108	-0.108	-0.108
Initial Teacher Training (ITT)	NCTL	-0.447	-0.447	-0.447	-0.447
Youth Justice Board	YJB	-0.599	-0.599	-0.599	-0.599
Specific Grants (Excl PH & HB Grants)		-48.023	-45.884	-42.574	-42.574

35. Subsequent grant announcements may result in additional cuts to specific grants over and above those previously identified; where this is the case it is assumed that the activities will cease and the Council will no longer incur expenditure in these areas, i.e. there will be exit strategies for all grant reductions. Exit strategies are required for the following grant reductions and therefore these are not included in the budget gap, further details are provided in the table below: -

Grant Exit Strategy	Issued By	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
<u>One-off</u>					
Brexit Preparation Grant	MHCLG		-0.105		
Flexible Homelessness Support Grant	MHCLG			-0.308	
Essential Life Skills	DfE	-1.750			
Opp Area Social Mob Grant	DfE	-1.400		-2.000	
Adult Social Care Grant	MHCLG	-0.944			
Migration Fund	MHCLG		-0.312		
ERDF & ESIF - Launchpad	EC	-0.084			
ERDF & ESIF - SCR Growth Hub	EC	-0.045	-0.015		
Improved Better Care Fund (iBCF) (March 2017 announcement)	MHCLG	-2.180	-2.136		
<u>On-going</u>					
Local Authority Data Sharing	DWP	-0.002			
Homelessness Reduction Grant	MHCLG	0.011		-0.083	
Troubled Families Grant	MHCLG	-0.679		-0.919	
Additional recurrent Children's Services Trust Costs	DfE	-0.016			
Dedicated Schools Grant (DSG) - Central Element (Includes Early Years)	DfE	0.144			
SEND Implementation Grant	DfE	-0.217			
Access Fund (Local Sustainable Transport)	DfT	-0.064	-0.358		
Bikeability	DfT	-0.021			
Discretionary Housing Payments (DHPs)	DWP	-0.108			
Independent Living Fund	DWP	-0.021	-0.022		
Adult and Community Learning from Skills Funding Agency	BIS	-0.070			
Apprenticeship Levy	BIS	-0.116	-0.037		
Heritage Lottery Fund	HLF	-0.049			
Total Exit Strategies		-7.611	-2.985	-3.310	0.000

36. Further information on other significant specific grants is provided below: -

- a. Dedicated Schools Grant (DSG) funds the schools budget (funding for schools and services that are provided centrally to pupils, early years and high needs budgets). The initial 2020/21 Block allocations including Academies are as follows: -
 - Schools Block Allocation £205.0m - this is almost entirely delegated to schools, excluding the growth fund, with budget allocations for 2020/21 due to be sent out to schools in February 2020;
 - Central School Services Block £1.6m – now provided as a separate allocation to the schools block to cover services provided centrally to pupils/schools;
 - High Needs Block Allocation £36.9m;
 - Early Years Block Allocation £20.0m.
- b. PFI Schools - the Council entered into a PFI agreement with Government to rebuild Mexborough and Thomas Wharton Secondary Schools. The rebuilds were completed during 2008/09 and the Government will pay an annual grant of £3.478m for 25 years towards costs incurred, the final payment will be made in 2033/34.

OTHER INCOME

37. Other income includes Continuing Health Care Contributions and Section 256 and Section 75 Agreements with the NHS (CCG), income from Other Local Authorities as well as income from charges made to Schools (including Academies), Housing Revenue Account, St Leger Homes and Children's Services Trust.
38. A significant Section 75 agreement is the Better Care Fund (BCF); this is where the Council has entered into a pooled budget arrangement with Doncaster Clinical Commissioning Group (CCG) for the provision of integrated health and social care services for people in the Doncaster area. The Council and the CCG have an annual agreement in place for funding these services, with partners contributing funds to the agreed budget in line with funding allocations, taking responsibility for its own deficit or surplus. The 2020/21 draft spending plan for the BCF is detailed below. The table below currently shows an unallocated balance of £0.535m which will be used to support further schemes supporting an integrated approach to health and social care that support people to remain independent at home:-

	£m
Community mobile day service / borough wide	0.125
Dementia mobile day services	0.046
The Admiral service (making space)	0.081
PMO (Programme Management Office and Development)	0.181
Enhancement of Dementia support services (Alzheimers dementia café's)	0.071
Hospital based Social Workers	0.203
Home from Hospital (Age UK)	0.072
Telecare Strategy	0.150
HEART	0.571
Dementia Advisor/Care Navigator (Age uk)	0.029
STEPS / OT service	1.695
RAPT	0.110
(Positive Steps) Social care Assessment Unit	1.989
Hospital Discharge Worker	0.023
SPOC/One Point 1	0.064
RAPID	0.200
DTOC - Positive Steps	0.142
Well North/Doncaster Project	0.189
Winter Warm	0.085
Adults Health and Wellbeing – Creative Options for Learning Disability service users	0.245
Mental Health - Doncaster Mind	0.200

Community Wellbeing Officers	0.183
Carers Support Services & Breaks	0.200
Healthier Doncaster	0.300
Unallocated Balance	0.535
	7.689

39. The following table sets out the Other Income for 2019/20. This is the 2020/21 baseline starting position: -

Other Income	2020/21 £m
External Recharge Income – includes charges to Schools including Academies (including for the Schools PFI), to the Capital Programme, to the Housing Revenue Account, to St Leger Homes and to the Children’s Services Trust	-28.203
NHS Contributions – includes income from Continuing Health Care Contributions and Section 256 and Section 75 Agreements with NHS (Better Care Fund & Pooled Budgets)	-14.350
Trading Services Income – includes fleet transport and public buildings maintenance, Street Scene and Highways operations and Commercial services.	-11.407
Contributions from Other Public Bodies – includes contributions from Rotherham MBC in respect of Waste PFI credits and the Coroners Service, contributions from the Home Office for Prison Libraries, from the Police & Crime Commissioner for Community Safety and recoupment from Other Local Authorities where their children are placed in Doncaster Council maintained schools	-2.118
Contributions Towards Expenditure – includes service charges and various cost recovery charges including recovery of Court costs by Local Taxation Services	-3.308
Investment Interest	-2.278
Developer Contributions – S106 & S38 agreements	-0.285
Other Contributions – includes external income from alarm monitoring for housing associations and from energy companies in relation to feed in tariffs for solar panels	-0.735
Other Income	-62.684

HOUSING BENEFIT

40. The 2020/21 estimated cost of £61m is based on an assumed 8,000 caseload for local authority tenants 5,000 in the private sector. The reduction in numbers is due to the working age customers migrating to Universal Credit from October 2017.

STAFFING

Pay

41. Funding has been set aside in accordance with the latest assumptions on a national pay award of 3% for 2020/21 and 2.5% for subsequent years. The assumptions also include increments being paid every other year; the next increments are due in April 2021 for all staff except DCST staff who will continue to receive increments annually.

Pension

42. The actuarial valuation used for the period 2017/18 – 2019/20 showed the Council's Pension Fund deficit as £160m. The Pension deficit payment is based on the key membership analysis and recovering the £160m deficit over the next 18 years from 2018/19. The deficit figures include allowance for short-term pay growth of 1.25% per annum for 4 years up to 2019/20.
43. The provisional actuarial valuation for the period 2020/21 – 2020/23 shows that the Council's Pension Fund is no longer in deficit and has moved into a small surplus therefore the MTFS assumes that the pension deficit budget can be reduced from 2020/21.

A summary of the pay inflation provided in the MTFS is detailed below: -

Staffing	2019/20 £m	2020/21 £m	2021/22 £m	2022/23
Pay Inflation – based on the assumptions of 3% for 2020/21 and 2.5% for subsequent years	2.215	2.853	2.459	2.506
Increments	1.480	0.261	1.426	0.261
Employers Pension Contribution				
Future Service Rate Contribution Rate (to 15.8% in 2020/21)	0.172	1.015		
Employers Pension deficit saving phased	0.240	0.300		
Reduce Pension deficit budget for estimated position with protection		-8.595		
Total	4.107	-4.166	3.885	2.767

PRICE CHANGES

44. A proportion of Council expenditure is tied up in contracts, which have inflation increase assumptions built into the terms and conditions, e.g. Adult Social Care, Doncaster Children's Services Trust, Highways and Waste Contracts. The financial strategy assumes that these cost increases will need to be built into future projections in full. There are also a small number of areas of general expenditure on services and goods, where a general inflation factor has been estimated, based upon what is known of the market pressures and various indicators of inflation such as RPI projections, for example repairs and maintenance of buildings.
45. Dependent on the contract, inflationary increases are generally based on either the Consumer Price Index (CPI), Retail Price Index (RPI) or Retail Price Index excluding mortgage interest payments (RPIX). The table below shows an annual comparison of the different indices and various months that are commonly used in contracts: -

Inflation	March		December		September		July	
	2020	2019	2020	2019	2020	2019	2020	2019
CPI					1.7%	2.4%		
RPI			2.2%	2.7%	2.4%	3.3%		
RPIX	TBC%	3.3%			2.4%	3.3%	2.7%	3.3%

46. The cost of price inflation for 2019/20 was £5.6m, including £3.0m for Adult Social Care contracts. The various inflation indicators shown in the table above have reduced since last year. It is assumed that £2.7m will be needed in 2020/21 for Adult Social Care contracts and a further £1.9m needed for other inflation. A summary of the inflation to be provided in 2020/21 is provided below. No inflation is applied for expenditure areas not mentioned below: -

Category	£m
Adults Contracts (Various %)	2.694
Other Inflation	
Apprenticeship Levy (3%)	0.013
Building Repairs & Maintenance (Various %)	0.042
Business Rates (1.7%)	0.036
Coroners (Various %)	0.017
CYPS Placements (Various %)	0.049
Elections (19.27%)	0.021
Electricity (7.6%)	0.081
Electricity (Street Lighting) (7.6%)	0.108
FM Catering Provisions (5%)	0.008
Gas (2.1%)	0.007
Grounds Maintenance (2%)	0.019
Highways Contracts (2.3%)	0.114
ICT Contracts (Various %)	0.010
Insurance (Various %)	0.073
Landfill Tax (2.97%)	0.010
LIFT Contracts (2.4%)	0.021
Markets (1.7%)	-0.001
Members Allowances (3%)	0.030
Other Authorities (Various %)	0.006
Other Energy Costs (Various %)	0.001
Pension / Retirement Costs (1.7%)	0.090
Racecourse Joint Venture (1.8%)	-0.003
Rents (Various %)	0.001
Rotherham Payroll Contract (1.8%)	0.023
SLHD Management Fee (Various %)	0.059
Transport (Various %)	0.008
Waste Collection Contracts (Various %)	0.126
Waste Disposal Contracts (2.4%)	0.176
Waste Management Contracts (2.4%)	0.048
Water (3.1%)	0.006
DCST Inflation	0.336
Insurance Premium Tax	0.010
MRP Inflation	0.129
General (cover for unforeseen items / changes)	0.232
Subtotal Other Inflation	1.906
Total Price Inflation	4.600

BUDGET PRESSURES

47. The service pressures are estimated at £14.0m for 2020/21, £-2.1m in 2021/22 and £1.8m for 2022/23; these are detailed at Appendices B and C. All service pressures are robustly challenged to ensure that they are absolutely necessary for on-going delivery of Council services. The MTFs also provides £0.1m for levy increases.

Budget Proposals 2020/21**Budget Pressures approved in 2019/20 budget**

			Total	£3.518m
Proposal	Director	Service / Pressure	Proposal Narrative (including potential impact on service outcomes and any mitigating actions)	2020/21
				£'m
2017/18 Pressure	AH&Wb	Care Ladder 2019/20	Anticipated increases in demand for services, including demographics, admissions, leavers and changes to the average costs of direct payments. Linked to an estimated 65+ population increase of 7% between 2017 and 2021 from 57,900 to 61,700 (2018 58,630). This will contribute to funding direct payment agreements, older people residential places, working age adults residential places, homecare packages and extra care places. The funding will make sure that services can keep pace with future demand, whilst also focussing on independence, strengths and community support. (Gross budget excluding one-off funding for 2018/19 circa. £50m)	1.283
2019/20 Pressure	AH&Wb	Increased Demand for Adult Social Care	Increase in the budget to take account of the full-year impact of increased activity in 2018/19 in all areas of care and support. The total net expenditure budget for 18/19 is £50.555m and is based on approximately 3,100 service users. Since the beginning of 18/19 there have been significant increases in activity, particularly in Home Care and Direct Payments, and the opening number of service users at 01/04/19 is estimated to be around 3,500 (provides for 400 additional service users).	0.981
2017/18 Pressure	AH&Wb	Supported Living	The Council is working with the market to invest in new Supported Living options (e.g. Extra Care, Shared Lives, Short Stay). This will support the shift away from residential care and help deliver the Working Age Residential Care saving. The growth will provide for over 40 complex supported living placements, the Residential Care Working Age Adults savings target includes £2.56m over 2019/20 and 2020/21 for the transfer.	0.955
2017/18 Pressure	AH&Wb	Transitions	The investment of £265k per year is planned to support young people transitioning from children's services into adults services. In 2018/19 a further 4 children are expected to transition. We will work with the individuals and their families to develop appropriate support packages which provide the necessary support and maximises their independence. The £265k growth will be monitored closely to ensure resource is adequate.	0.265
2019/20 Pressure	CW	Borrowing	Additional revenue budget required to fund borrowing costs in relation to the Capital Programme.	0.278
2019/20 Pressure	LO-CYP	Children with Disability Out of Authority placements demand pressure	There is a budget pressure of £480k in 2018/19 on a gross expenditure budget of £2m in this area. A review is underway, including planned utilisation of a foster care model approach from October 2019, which is anticipated to reduce the cost pressure to £292k in 2019/20 and £58k in 2020/21.	-0.234
2019/20 Pressure	LO-CYP	SEN Transport demand pressure	Special Education Needs (SEN) transport is currently projecting an overspend of £250k for 2018/19, on a gross expenditure budget of £5.4m. A strategic transport review is underway to address this overspend & £350k functional review saving in 2019/20, offset by £391k one off saving in 2019/20. Figures are estimates and subject to modelling work required as the review progresses, with proposals to be completed by the end of March 2019.	0.090
2018/19 Pressure	E&E	Planning	Additional funding provided to meet the costs of the Local Plan examination e.g. costs associated with the independent inspection. This funding is removed from 2020/21 onwards	-0.100

Appendix C

Budget Proposals 2020/21**New Budget Pressures 2020/21**

Proposal	Director	Service / Pressure Proposal	Proposal Narrative (including potential impact on service outcomes and any mitigating actions)	Total	£10.499m	-£2.094m	£1.793m	£10.198m
				2020/21	2021/22	2022/23	2020/21 - 2022/23 Total	
				£'m	£'m	£'m	£'m	
2020/21 Pressure	AH&Wb	DCLT	Payment to Doncaster Culture & Leisure Trust to ensure services can continue to be provided from all centres. The annual capital grant to DCLT has reduced by the same value.	0.250				0.250
2020/21 Pressure	AH&Wb	Adult Social Care	Demographic changes are expected to increase demand for services and therefore costs. The estimates will be subject to further review prior to 2021/22.		0.120	0.120		0.240
2020/21 Pressure	AH&Wb	Welcome To Yorkshire Partnership	Welcome to Yorkshire (WTY) annual subscription. This has previously been funded from one-off funding. The WTY business model is currently being reviewed.	0.075				0.075
2020/21 Pressure	AH&Wb	Domestic Abuse Advisor Post	£30k is required to add a permanent Domestic Abuse Advisor post to the Domestic Abuse Service establishment. The post was introduced to the service through a one-off MHCLG grant funded project and the post is considered to be hugely beneficial to the Domestic Abuse Service.	0.030				0.030
2020/21 Pressure	AH&Wb	Revenue Contribution to Capital Schemes	Fund the Adwick SEC, Integrated People Solution Phase 2 and Customer Journey capital schemes in full and the final year of the Integrated People Solution Phase 1 capital scheme through revenue. One-off pressures in 2020/21 and 2021/22.	0.748	-0.421	-0.327		0.000

Proposal	Director	Service / Pressure Proposal	Proposal Narrative (including potential impact on service outcomes and any mitigating actions)	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total
				£'m	£'m	£'m	£'m
2020/21 Pressure	CR	Project & Programme management	This will provide resources to ensure that the council projects are delivered are effectively managed and delivered on time. Support to key priorities and to support service changes to deliver savings and improve outcomes. This proposal consolidates existing capacity and provides more permanent resources to support the effective management of projects and programmes (for example, the Education 2030 Strategy, Future High Street & Stronger Towns Fund, Climate Change and the Environment Strategy).	1.500			1.500
2020/21 Pressure	CR	Housing Benefit Overpayment	Declining levels of Housing Benefit cases (resulting from Universal Credit implementation) and a reduction in overpayments being made, both lower the levels of overpayment debt, leading to an on-going budget pressure. This will leave an income budget of £201k after the adjustment.	0.650			0.650
2020/21 Pressure	CR	Various	Pressures from 19/20, delayed impact because used Fleet underspends this financial year - Markets £237k, Metroclean £107k (all as a result of reductions in income). Services will also look at how expenditure can be reduced.	0.349			0.349
2020/21 Pressure	CR	Bereavement	Income pressure resulting from a reduction in the volume of services being provided.	0.332			0.332
2020/21 Pressure	CR	National Graduate Development Programme	Providing central funding for the programme to allow graduates to be placed where required that will improve skills gaps and succession planning	0.200			0.200
2020/21 Pressure	CR	Schools Catering	Budget required to address the current reduction in income plus the impact of 4 fewer trading days in the 20/21 financial year. Estimate based on period 3 meal number assumptions (lost income less food costs). Trading days will increase again in 21/22.	0.203	-0.116		0.087
2020/21 Pressure	CR	Revenue Contribution to Capital Schemes	Fund the Electric Pool Cars and Charging Infrastructure and Pool Car Relocation capital scheme through revenue. One-off pressure in 2020/21.	0.660	-0.660		0.000

Proposal	Director	Service / Pressure Proposal	Proposal Narrative (including potential impact on service outcomes and any mitigating actions)	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total
				£'m	£'m	£'m	£'m
2020/21 Pressure	CW	Services	Assume there will be services pressures of £2m in 2021/22 and £2m in 2022/23. There is a risk that this provision is insufficient and there are greater pressures facing the Council in these years.		2.000	2.000	4.000
2020/21 Pressure	CW	Borrowing	Provide funding to meet borrowing costs (repayment and interest) associated with the capital programme 2020/21 - 2023/24.	0.500			0.500
2020/21 Pressure	CW	Locality Budgets	Support for community development and grass root initiatives	0.280			0.280

Proposal	Director	Service / Pressure Proposal	Proposal Narrative (including potential impact on service outcomes and any mitigating actions)	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total
				£'m	£'m	£'m	£'m
2020/21 Pressure	E&E	Street Cleansing	Additional resources subject to outcome of a review of the service.	0.250			0.250
2020/21 Pressure	E&E	Strategic Housing	New Burdens grant has been received from the govt for three years and used to meet increased costs of Homelessness - this may no longer be available after 20/21.	0.142	0.083		0.225
2020/21 Pressure	E&E	Waste & Recycling	There has been an approximate 10% reduction in Trade waste customers due to heavy marketing campaigns by our competitors. We intend to counter this for next year with a revised pricing structure, but there are no guarantees we will recover the customers or be able to reduce prices far enough to make the income targets. Our costs are fixed into the new collection contract.	0.169			0.169
2020/21 Pressure	E&E	Emergency Planning	On-going security and repairs and maintenance costs at Hatfield Colliery Site.	0.150			0.150
2020/21 Pressure	E&E	Strategic Asset Management	Central library holding costs following the move to the new library/museum building.	0.117			0.117
2020/21 Pressure	E&E	Design	Pressures from 19/20, delayed impact because used Fleet underspends this financial year - Design £112k (as a result of reductions in income). Services will also look at how expenditure can be reduced.	0.112			0.112
2020/21 Pressure	E&E	Enforcement	Increasing the number of Planning Enforcement officers to continue dealing with issues including the increased problems of illegal banners & advertisements and planning enforcement of HIMO's within the borough. It's assumed that additional income is achievable.	0.097			0.097
2020/21 Pressure	E&E	Unmet Digital Council savings	Historic efficiency savings in E&E relating to digital council that are not deliverable.	0.075			0.075
2020/21 Pressure	E&E	Fly tipping	Introduction of two dedicated officers to enforce our powers in relation to fly tipping (to be implemented in 2019/20).	0.055			0.055
2020/21 Pressure	E&E	Revenue Contribution to Capital Schemes	Fund the Council's contribution to the Transforming Cities Fund capital scheme through revenue. The contribution will be match funded with up to £45m of grant from central government. One-off pressure in 2020/21.	2.500	-2.500		0.000

Proposal	Director	Service / Pressure Proposal	Proposal Narrative (including potential impact on service outcomes and any mitigating actions)	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total
				£'m	£'m	£'m	£'m
2020/21 Pressure	LO-CYP	DfE Funding for DCST	The Department for Education (DfE) currently fund the Council £0.2m for additional recurrent Children's Services Trust costs. This grant funding is expected to end next financial year.	0.200			0.200
2020/21 Pressure	LO-CYP	Education & Skills 2030	Investment is required to build on existing Learning Improvement, education, skills and essential life skills resource on a permanent basis, to ensure delivery of the Education & Skills Strategy for 2030, improving achievement rates, reducing the risk of increases in young people not in education, employment and training, supporting our most vulnerable learners and enabling adult learners to re-skill to support career development and progression.	0.155			0.155
2020/21 Pressure	LO-CYP	Youth provision	An estimated £100k is required to deliver the Youth Strategy, including funding targeted youth provision as an ongoing permanent requirement in order to deliver a universal youth service.	0.100			0.100
2020/21 Pressure	LO-CYP	Revenue Contribution to Capital Schemes	Fund the Future Placements Strategy (CiC) capital scheme through revenue. Savings shown in appendix E are reliant on this investment. One-off pressure in 2020/21.	0.600	-0.600		0.000

Budget Proposals 2020/21**Budget Savings approved in 2019/20 budget**

Proposal	Director	Service / Saving Proposal	Proposal Narrative (including potential impact on service outcomes and any mitigating actions)	Total	
				2020/21 £'m	2020/21 FTE
2017/18 Saving	AH&Wb	Day Opportunities	The service is being modernised to promote better choice and control through self-directed support and creating integrated community opportunities that will generate efficiencies, improve outcomes and experiences for people assessed as having support needs. The savings have been generated by remodelling traditional service provision, providing service users with alternative person centred and cost effective options. Independent and in-house providers aim to provide a wider range of tailored activities which support people to take part of in activities in their local communities. Travel options are being reviewed to support individuals independence, create alternative options and make best use of what is available. Current gross expenditure budget £2.93m.	-0.409	0.0
2017/18 Saving	AH&Wb	Home Care & Direct Payments	There are a number of initiatives which will reduce the overall gross spend of £25m on homecare and direct payments; - improved practice standards and workforce development which will provide a focus on value for money and promote strength-based reviews reducing admission costs by 5% (£0.36m) in 20/21. - homecare reviews will make sure that people are protected, have the right level of support in the right way from the right number of carers and promote independence, making best use of assistive technology options by focussing on very high cost packages saving £0.1m and very low cost packages saving £0.685m in 19/20 only, redirecting approximately 1/3 of current packages of less than 7 hours per week to alternative provision at no cost to the Council. - reviewing packages where 2 carers are used and it is estimated a reduction on 1/4 of current 2 carer packages will deliver £0.257m savings in both 19/20 and 20/21. - extra care will be maximised to transfer existing clients where appropriate saving £0.361m in 19/20.	-0.936	0.0
2017/18 Saving	AH&Wb	Residential Care - Working Age	Vulnerable people will have more independence and be able to live in their own homes, with appropriate support from the community and where necessary from public services. This includes the transition of people from residential settings into more appropriate, more independent support options including 40 to supported living saving (£2.56m over 2019/20 & 2020/21) and provision of care by DMBC (£0.15m). Note that this is linked to the Supported Living growth of £2.54m (over 2019/20 & 2020/21).	-1.160	0.0
2017/18 Saving	AH&Wb	Staffing Restructuring & Functional Review	Managing the workforce to deliver effective and efficient services. This will include the control of vacant posts and a senior management restructure in 19/20, leading to a functional review in 20-21 that works across the Adult Health and Well Being and Children's Directorates and strengthens area based service delivery.	-0.570	4.0
2018/19 Saving	AH&Wb	Stronger Communities	The saving is planned for 2020/21. It relates to staff efficiencies through alignment of teams to the community led support model and enablement agenda, which will also improve productivity. The saving of £200k is 9% of the net budget and equates to a reduction of approximately 7 full time equivalents. Present gross expenditure £2.99m, gross income £0.75m, net £2.24m	-0.200	7.0

Proposal	Director	Service / Saving Proposal	Proposal Narrative (including potential impact on service outcomes and any mitigating actions)	2020/21	2020/21
				£'m	FTE
2018/19 Saving	AH&Wb	Supported Living	Supported living to promote independence and help people to live in their own homes, with appropriate support from the community and where necessary from public services. A strengths based approach will facilitate implementation of the opportunities presented by new supported living contracts (September 2018), using more assistive technology to support night care and improving daytime provision (£0.2m). Client reviews will make sure that appropriate support is in place in each setting and improve value for money as a result (£0.365m). Present gross expenditure £16.04m, saving 3.5%	-0.570	0.0
2019/20 Saving	AH&Wb	Contract Review	The Council currently spends approximately £77m on Adult Social Care contracts annually. All contracts due for renewal will be reviewed to identify efficiency opportunities or areas where contracts can be reduced. The target saving represents 0.8% of overall annual spend.	-0.250	0.0
2019/20 Saving	AH&Wb	Front Door and Community Offer	This target will be delivered by improving the 'front door' and community offer through increased community support, rehabilitation and reablement, use of assistive technology and sign-posting. Also by focussing on people's strengths and giving them more independence this will reduce numbers entering long term care. Outcomes for people will improve and quality of life will be better as a result. Currently there are some 2,956 people receiving a care package (residential, homecare or direct payment) costing £41m (net) per year and there are roughly 1500 new admissions each year. The £0.262m target in 19/20 equates to a prudent reduction of 35 admissions into care. In 20/21, when we expect the community offer to be greater and more effective, the reduction in admissions equates to 180.	-1.103	0.0
2017/18 Saving	CR	Corporate Resources	Savings identified from within Corporate Resources includes: Revenues and Benefits £712k (mixture of salary and non-salary budgets), Finance £131k (mainly salary budgets), Strategy and Performance £100k (mixture of salary and non-salary budgets), Legal £50k (mainly salary budgets) and HR, Comms and Exec Office £25k (potential Christmas 2019 closedown - options being explored).	-0.200	6.2
2017/18 Saving	CW	Fees & Charges	General fees and charges increases - the overall policy for 2019/20 is to increase the charges by 3% with some higher changes to ensure the Council is not subsidising the charges.	-0.290	0.0
2017/18 Saving	CW	Pension - former employees	A reduction in pensions paid to former employees. The number of former employees falls every year. The budget in 2018/19 is £5.2m.	-0.100	0.0
2017/18 Saving	CW	South Yorkshire Passenger Transport Executive (SYLTE)	SYLTE savings represent reduction in the levy payment of 2.5% in 19/20 and 2.0% in 20/21. This will mainly be delivered through a restructure of capital financing liabilities to find more efficient ways of providing for debt obligations. There will not be any policy changes in 2019/20.	-0.240	0.0
2018/19 Saving	CW	Metropolitan Debt Levy	South Yorkshire County Council was abolished in 1986 and its four metropolitan boroughs (Doncaster, Barnsley, Rotherham and Sheffield) became unitary authorities. The SYCC debt was allocated out to the four Councils and, as at 01/04/19, Doncaster's share of the debt will be £4.5m. The principal repayment increases every year in line with the repayment schedule - 19/20 £2.1m and a final repayment in 20/21 £2.4m.	0.039	0.0
2018/19 Saving	CW	Parish Councils	Local Council Tax Support (LCTS) Parish Council Grant reductions - current grant is £188k. 10% reductions were implemented in 2015/16 and 2016/17, the grant remained the same in 2017/18. Remainder of grant profiled to reduce annually from 2018/19 by 20%, 30% in 2019/20 and 30% in 2020/21 (reducing to zero).	-0.094	0.0
2019/20 Saving	CW	Minimum Revenue Provision (MRP) - reprofiling	Use of underspends created by the reprofiling of borrowing repayments (MRP) £4.3m in 19/20 only - this isn't an ongoing source of funding.	4.300	0.0

Proposal	Director	Service / Saving Proposal	Proposal Narrative (including potential impact on service outcomes and any mitigating actions)	2020/21	2020/21
				£'m	FTE
2019/20 Saving	CW	Pension - prepayment	One-off saving due to the decision taken in 2017/18 to prepay the pension deficit and to prepay 80% of the Future Service Rate contributions for the period 2017/18 - 2019/20.	1.700	0.0
2016/17 Saving	E&E	Assets	The savings in 19/20 and 20/21 related to the running costs of 6 buildings to be disposed of and rental income to be received from investments.	-0.200	0.0
2017/18 Saving	E&E	Highways (general fund)	The 2020/21 saving will be met through Asset Maint £75k, Safer Roads £10k, Network Management £30k, Highways Operations £20k and a further transfer from the Local Transport Plan £365k, which is not sustainable beyond 2021/22. Further options to be considered as part of 2020/21 budget setting.	-0.500	0.0
2017/18 Saving	E&E	Waste Contract	The £300k saving in 20/21 will be met through a) the new Household Waste Recycling Centres contract £295k and b) the recent decision to remove some bring sites and their associated costs £5k.	-0.300	0.0
2017/18 Saving	LO-CYP	LOCYP: Functional Review	A functional review of the LO-CYP structure contributed towards phase 2 restructure target of £0.8m over 2018/19 to 2020/21. The functional review, including staff consultation and savings was completed in May 2018. The functional review delivers £500k savings by 2020/21, this includes transitional staffing arrangements through 2018/19 and 2019/20, releasing £50k in 19/20 and £267 in 2020/21. £300k savings in 2019/20 are expected to be found through the Strategic Transport Review referenced under "SEN Transport demand" budget pressure.	-0.267	0.0
2018/19 Saving	LO-CYP	Independent Travel Training Scheme	Independent Travel Training Scheme - savings will be delivered through training young people and vulnerable adults to travel independently and thereby reducing expensive forms of transport e.g. taxis.	-0.025	0.0
2019/20 Saving	LO-CYP	LOCYP: Savings one-off in-year	One off budget savings identified for 2019/20 by reprioritising existing Earmarked reserves and Service Transformation Funding allocations following changes to staffing budget requirements following LOCYP's functional review.	0.225	0.0
2019/20 Saving	LO-CYP	LOCYP: Savings on-going	Review of in year savings in 2019/20 (£69k savings target) and ending of 7 fixed term posts from 2020/21, with saving offset by permanent funding required for 1 Head of Service post (£81k net saving), to offset the overall LOCYP budget pressures and expected to amount to £150k in total.	-0.081	0.0

Budget Proposals 2020/21**New Budget Savings 2020/21**

			Total	-£5.835m	-£5.244m	-£3.687m	-£14.766m	40.9	19.5	24.1	84.5
Director	Service	Saving Proposal	Saving Option	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total
				£'m	£'m	£'m	£'m	FTE	FTE	FTE	FTE
AH&Wb	Social Care Fees & Charges	Social Care Fees and Charges	Fairer and more consistent Social Care Fees & Charges: The Council's approach under the national Fairer Charging framework needs to be updated so it is both clearer and more consistent, while continuing to protect those in greatest need.	-0.520	-0.520	-0.520	-1.560				
AH&Wb	Communities	Residential short breaks	To improve the effectiveness and value for money of residential short breaks for adults with care needs: The Council runs two residential units which provide 18 short-break places in total at any one time. However they are only 68% occupied, and the Council also funds other ways that local people can access this sort of support. Work will be undertaken to determine the causes of under-occupancy in these units. If occupancy cannot be sustainably increased (helping a larger number of family carers to support loved ones for longer) then a reduction in the number of available places in these units should be explored (ensuring the Council can maintain its investment in more popular sources of residential short breaks)	-0.150	-0.150		-0.300	11.5			11.5
AH&Wb	Communities	Optimising residential and supported living places.	To improve the effectiveness and value for money of residential and supported living provision for adults with complex disabilities The Council runs one residential home and one supported living scheme which support adults with complex disabilities. This is in addition to services run by other providers in Doncaster. There are opportunities to ensure the Council's provision supports those with the highest needs, helping them stay close to friends and family in Doncaster and also enabling them to increase their independence and control.	-0.113	-0.113		-0.226				
AH&Wb	Commissioning	Homelessness and Substance Misuse Service	Increase efficiency following re-tender of the Homelessness and Substance misuse service Opportunities have been identified to reduce management costs and increase Housing Benefit income to current services. These changes will not affect the support given to the vulnerable adults and families who use the service.	-0.042	-0.062		-0.104				

Director	Service	Saving Proposal	Saving Option	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total
				£'m	£'m	£'m	£'m	FTE	FTE	FTE	FTE
AH&Wb	Commissioning	Health Watch	Increasing value for money when the Healthwatch contract is re-tendered The Council will work with Doncaster CCG on the new tender to ensure a more effective partnership approach, avoidance of duplication and a more efficient contract.	-0.040			-0.040				

Director	Service	Saving Proposal	Saving Option	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total
				£'m	£'m	£'m	£'m	FTE	FTE	FTE	FTE
CR	Finance	Revenues and Benefits Structure	Changes arising from introduction of Universal Credit; The savings are based on the continued reduction in Housing Benefit claims and change events from new claimants migrating to Universal Credit allowing service delivery that reflects the changing environment. This will also significantly reduce the number of Housing Benefit overpayments raised and associated recovery work. Existing Housing Benefit claimants are also expected to be moved over to Universal Credit starting from 2020 through to 2023. The 21/22 proposals also include the impact of further system development and other digital improvements	-0.095	-0.113	-0.051	-0.259		5.0		5.0
CR	Customers, Digital & ICT	No Longer Required Technology Contracts	Reduced contract spend from a number of technology contract arrangements with suppliers are able to be cancelled or reduced from 20/21. This includes lower cost and less printing devices due to digital ways of working, systems being replaced by less and lower cost solutions and some that are just no longer required due to the further modernisation of technology	-0.221			-0.221				
CR	Finance	Structure Changes within Financial Development and Business Support	Structure Changes; The savings will be delivered through the operation of a lean model, focusing on the following priorities:- 1. Essential services to an acceptable value for money level; 2. Value added services e.g. services delivering high return on investment. A proportion of the savings will be delayed to 2022/23, providing additional one-off improvement capacity including invest to save projects aimed at enabling savings elsewhere in the Council or improving internal processes to help reduce the risk of backlogs with the reduced staffing levels	-0.100		-0.100	-0.200	4.0		4.0	8.0
CR	Finance	Financial Management Structure	Structure Changes; The savings for Financial Management will be released by creating a flexible workforce that can be deployed to areas of priority whilst continuing to deliver key specialisms and retaining valuable experience. The service delivery has been redefined to ensure that the skills and finance expertise is targeted where required and managers are provided with the necessary skills/information to carry out their duties i.e. providing the projections for low risk budgets	-0.110	-0.035	-0.035	-0.180	7.0			7.0

Director	Service	Saving Proposal	Saving Option	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total
				£'m	£'m	£'m	£'m	FTE	FTE	FTE	FTE
CR	HR, Comms and Exec Office	HR&OD Structure	Structure Changes; Human Resources and Organisational Development service offer will be reviewed. Focus will be on providing a professional, highly knowledgeable service with staff who are multi-skilled and can transfer between disciplines as required. Functions will be assessed to ensure they deliver value for money whilst supporting achievement of outcomes for services	-0.084	-0.030	-0.047	-0.161	2.0	1.0	1.0	4.0
CR	Strategy and Performance Unit (SPU)	SPU Structure	Structure Changes; Overall the service will be working differently as a team and this will deliver efficiencies. These efficiencies will be generated through a combination of increasingly focusing on the most important priorities for the organisation, automating the work being completed, this will be achieved through new software / technology will also allow the organisation to become more 'self-serve', and a more streamlined approach to the development and delivery of policy through for example the development of a policy toolkit. The aim is to streamline the amount of policy development work completed	-0.055	-0.100		-0.155		4.0		4.0
CR	Legal and Democratic Services	Service Delivery Change	Structure Changes; Savings will be achieved through greater efficiencies, better use of technology and reassignment of work. As the Council shrinks in line with reducing budgets and adopts a revised operating model the need for some core legal services will reduce	-0.010	-0.015	-0.110	-0.135	0.4	2.0	2.6	5.0
CR	Customers, Digital & ICT	Review of Mobile Phones and Data	Review of Mobile Phones and Data Connections the aim to reduce this cost by 10% each year through to 2022/23	-0.038	-0.038	-0.038	-0.114				
CR	HR, Comms and Exec Office	Communications Structure	Structure Changes; Resizing and reprioritising the communications and engagement and support team activities		-0.038	-0.047	-0.085	1.0		1.0	2.0
CR	Customers, Digital & ICT	Technology Systems Reduced Cost	Reduced Supplier Costs; The Council in partnership with Doncaster Children's Services Trust is implementing a new Integrated People Technology Solution for the delivery of Adult and Children Social Care and Education Management. This will cost less in supplier costs each year compared to the current systems and the budget reduction will be achieved as each system is switched off	-0.030	-0.053		-0.083				

Director	Service	Saving Proposal	Saving Option	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total
				£'m	£'m	£'m	£'m	FTE	FTE	FTE	FTE
CR	Customers, Digital & ICT	Use of Artificial Technology in Customer Services	Use of New technologies are now available that can assist in dealing with the easier types of customer enquiries to the Council. Chatbots are being used by many to achieve this by assisting people on-line, responding to text messages, answering phone calls and responding to questions via smart home gadgets (the facility to Ask Alexa is already available via the Council). This efficiency will be achieved by introducing the increased use of artificial intelligence where it is appropriate to do so for providing information and carrying out simple tasks to help ensure we deliver accessible services right first time, easily and quickly. Currently it costs the Council £2.02 per telephone call compared to 0.15p if a customer self-serves.	-0.079			-0.079				
CR	Strategy and Performance	Organisational Subscriptions	Review spend on subscriptions across the Council	-0.045			-0.045				
CR	HR, Comms and Exec Office	HR Shared Service	Further savings negotiated from our payroll provider		-0.020	-0.020	-0.040				

Director	Service	Saving Proposal	Saving Option	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total
				£'m	£'m	£'m	£'m	FTE	FTE	FTE	FTE
CW	Council-wide	Metropolitan Debt Levy	Natural end to outstanding debt; Metropolitan Debt Levy - South Yorkshire County Council was abolished in 1986 and its four metropolitan boroughs (Doncaster, Barnsley, Rotherham and Sheffield) became unitary authorities. The SYCC debt was allocated out to the four Councils and will be paid in 2020/21		-2.400		-2.400				
CW	Cross-cutting	General Efficiencies	General efficiencies	-1.128	-0.236	-0.152	-1.516				
CW	Council-wide	Council Tax Empty Properties	Incentivise Property owners to bring empty properties into use; Government legislation introduced in April 2019 allows increased council tax charge for properties that have been empty for more than two years. On the 15th Oct 2019 Cabinet will consider the detailed proposal. A proactive campaign and detailed communications will commence with homeowners prior to the proposed implementation date of April 2020	-0.468	-0.514		-0.982				
CW	Council-wide	Savings from Capital Scheme Delivery	Income arising from commercial decisions and previously approved capital schemes	-0.249	-0.324	-0.189	-0.762				
CW	Senior Management	Senior Management Review	Reduction in senior management to reflect revised operating structure of the organisation and working with partners (Directors, Assistant Directors and Heads of Service)		-0.200	-0.200	-0.400		2.0	3.0	5.0
CW	Council-wide	Consolidation of Common Functions	Review options to consolidate common functions across Doncaster service delivery partners to join up services remove duplication and reduce overheads and deliver increased efficiencies		-0.050	-0.050	-0.100				
CW	Council-wide	Increased dividend	Increased dividend from the Yorkshire Purchasing Organisation (YPO) from 2022/23 based on their latest business plan following YPO's purchase of Findel Education.			-0.150	-0.150				
CW	Council-wide	South Yorkshire Passenger Transport Executive (SYPTe)	Removal of saving from SYPTe approved in 2019/20. This was going to be delivered through a restructure of capital financing liabilities but is has been agreed to allow SYPTe to retain this money.	0.240			0.240				
CW	Council-wide	Fees & Charges	General fees and charges increases - the saving approved in 2019/20 was to increase the charges by 3%. The forecast CPI for Q1 2020/21 is 1.8%. The reduction in saving is the difference between the original saving of £0.290m and what can be achieved with a 1.8% increase £0.127m.	0.163			0.163				

Director	Service	Saving Proposal	Saving Option	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total
				£'m	£'m	£'m	£'m	FTE	FTE	FTE	FTE
DCST	DCST	DCST Contract	Reduction to Doncaster Children's Services Trust contract	-2.213	-0.599	-0.328	-3.140	7.0	5.5	2.5	15.0
DCST	Dedicated Schools Grant (DSG)	DSG	Dedicated Schools Grant (DSG) High Needs Block - savings totalling £532k across financial years 2020/21 - 2022/23 from the Children's Trust contract savings will not be general fund savings; these will be savings to the Dedicated Schools Grant (DSG) High Needs Block as they relate to the reduction in costs of Education packages for Looked After Children. This is a much needed saving as there are currently considerable budgetary pressures on the HighNeeds Block.	-0.210	0.477	0.265	0.532				
DCST	Innovation projects	Innovation projects	Funding to mainstream the innovation projects	0.720			0.720				
DCST	Corporate	Pension Deficit	DCST is required to fund its pension deficit over the next 3 years: 20/21 £0.135m, 21/22 £0.138m and 22/23 £0.142m.	0.135	0.003	0.004	0.142				

Director	Service	Saving Proposal	Saving Option	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total
				£'m	£'m	£'m	£'m	FTE	FTE	FTE	FTE
CR	Trading	Cremation Fees	Cremation Fees Increase the charge for Cremations by £50 (and no normal inflationary increase). At current local benchmarking rates this would move us from a low to average priced service to the second quartile (assuming no rises in April 2020 at benchmarking sites).	-0.100			-0.100				
E&E	Environment	Penalty Notices - Early Payment Discounts	FPN/PCN Cancel early payment discounts - This will generate an increase in income as there will be one flat rate for payments. The use of the legislation forms a stronger focus on early intervention and prevention, in doing so we are providing a clear and transparent service by proposing the cancelation of early payment discounts. These fines apply to littering (rather than parking and dog fouling or other anti-social behaviour enforcement).	-0.025			-0.025				
E&E	Environment	Bus Lane Cameras	Bus lane cameras - Changes in processes and legislation has provided an alternative method of investigation into the contraventions of the Road Traffic Act 1984. Such adoption has helped grow our economy by ensuring people can access Doncaster and move around the borough freely. By ensuring permitted vehicles have the ability to travel unrestricted makes a difference to those people who need them the most. We want to aim high and ensure a reduction in air quality and congestion which feeds in to the Borough Strategy and achieves outcomes for our people and place locally. Cameras are currently located on 3 bus gates; this new proposal is to install camera in bus lanes in areas such as Bennetthorpe and Great North Road.	-0.025			-0.025				

Director	Service	Saving Proposal	Saving Option	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total
				£'m	£'m	£'m	£'m	FTE	FTE	FTE	FTE
E&E	Environment	Licensing - Homesafe	Licensing - Homesafe. The Selective Licensing schemes currently allow landlords to be licensed through either the Council or the Homesafe scheme. It is proposed that the Council utilise this opportunity to bring in house the Homesafe option and offer a review of services, with the Council offering payment plans and evening inspections of properties. This will ensure we have a stronger focus on intervention and prevention as well as delivery services right first time for the citizens of Doncaster. We will achieve value for money by offering different payment options and services by using our resources to lever in additional value from other sources as much as possible. The changes will be implemented when current contracts cease (Hexthorpe April 2020 and Edlington February 2023).	-0.020			-0.020				
E&E	Environment	Rewild Project	Rewild Project - This project will see grass verges throughout the Borough that are currently close mowed on a regular basis, supported by additional tree and bulb planting to enhance green assets borough wide to support biodiversity and climate change mitigation. These extra planting measures could access external funding to offer a sustainable, high value and robust environmental solutions. By making better use of these assets and natural resources will enable this saving to be achieved. Highway sight lines would not be impacted by this saving option.			-0.020	-0.020				
E&E	Development	Development Management Pre-Application Fees	Development Management Pre-application fees - Fees have remained low compared to other authorities; therefore it is proposed to increase the fees whilst remaining competitive both locally and nationally. The fee would also be more in line with costs incurred to deliver the service. We will continue to still offer the 'free ½ hr' meeting for major developments to give in-principle advice.	-0.013			-0.013				
E&E	Environment	Penalty Charge Notices - Car Littering	PCNs Car Littering - Our aim is for everyone to take responsibility for keeping Doncaster clean. To support this aim we will be applying the changes in Government Legislation which give us greater capability to issue fines; our ability and willingness to do so will allow for delivery of a stronger focus on early intervention and prevention for envirocrime offences.	-0.008			-0.008				

Director	Service	Saving Proposal	Saving Option	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total
				£'m	£'m	£'m	£'m	FTE	FTE	FTE	FTE
LO-CYP	LO-CYP	Short Breaks Revised Offer	Short Breaks Revised Offer - A review of short breaks provision is currently underway in consultation with children, young people and their families. This review includes an assessment of the requirements for the current overnight respite care provision. Exploring what a future short breaks offer could look like, including a new overnight respite offer, in particular increasing the offer at evenings and weekends, better reflecting needs.	-0.600			-0.600				
LO-CYP	LO-CYP	Strategic Travel Assistance Review	Travel Assistance - Doncaster Council is currently undertaking a Travel Assistance Review. The review is focussed upon supporting Doncaster's children and young people to become independent travellers where this is possible. The council will consult with families about their travel assistance needs including: independent travel training, allowances to provide appropriate support and assistance for children and young people to education settings, whilst also ensuring that transport is available for those who most need it. The Travel Assistance Review will take into account the views of families to ensure these are encompassed in the future delivery model.	-0.217	-0.114	-0.049	-0.380	8.0			8.0

Director	Service	Saving Proposal	Saving Option	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total	2020/21	2021/22	2022/23	2020/21 - 2022/23 Total
				£'m	£'m	£'m	£'m	FTE	FTE	FTE	FTE
PH	Public Health	Redesign community preventative health and wellbeing services	Redesign community preventative health and wellbeing services for both children and adults in line with developments in in locality working investing in Voluntary, Community and Social Enterprise sectors. Options to explore include single provider, lead provider, social enterprise, in house or a mixture of provision. In response to this review and restructure the core public health team. Requires removal of Public Health grant 'ring fence'.			-1.800	-1.800			10.0	10.0
PH	Public Health	Exit Expiring Contracts	Review the service offer that addresses the health and wellbeing needs of vulnerable groups as part of developing a more sustainable relationship with Voluntary, Community, Social Enterprise and Faith sector partners.			-0.050	-0.050				
PH	Public Health	Reclaim Smoking Cessation Underspend	Reduce the size of the smoking cessation service prescribing budget. The prescribing budget for this service is underspent despite high 'quit' rates. If smoking cessation service referrals increase this will be managed as a future cost pressure. Requires realignment of budget against eligible general fund costs, under the terms of the Public Health grant to release the saving.	-0.018			-0.018				
PH	Public Health	External Funding - Salaries	Maximise the use of external resources to fund eligible staff salaries from other sources as part of income generation. This will include Sport England monies and research income. Requires realignment of budget against eligible general fund costs, under the terms of Public Health grant to release the saving.	-0.067			-0.067				

Council Tax Comparators
(Metropolitan Districts & Unitary Authorities Band D Council Tax)

	2019/20 Band D Council Tax £		2019/20 Band D Council Tax £		2019/20 Band D Council Tax £
1 Windsor & Maidenhead	1,036.07	32 Warrington	1,436.15	63 Leicester	1,552.17
2 Thurrock	1,287.81	33 St Helens	1,446.05	64 Blackpool	1,556.31
3 Wigan	1,290.03	34 Cheshire East	1,446.27	65 Sheffield	1,559.18
4 Trafford	1,292.22	35 East Riding of Yorkshire	1,448.53	66 South Tyneside	1,567.13
5 Telford & Wrekin	1,301.55	36 Wiltshire	1,456.87	67 North Tyneside	1,568.05
6 Bracknell Forest	1,303.83	37 Tameside	1,469.31	68 Sefton	1,570.30
7 Stoke-on-Trent	1,305.62	38 North Lincolnshire	1,471.00	69 Salford	1,577.32
8 Dudley	1,328.60	39 Luton	1,478.22	70 Redcar & Cleveland	1,577.43
9 York	1,330.25	40 Bournemouth, Christchurch & Poole	1,478.52	71 Rochdale	1,582.14
10 Peterborough	1,344.37	41 Barnsley	1,483.48	72 Stockton-on-Tees	1,588.65
11 Doncaster	1,351.43	42 Wokingham	1,483.93	73 Durham	1,590.65
12 Solihull	1,358.04	43 South Gloucestershire	1,484.15	74 Brighton & Hove	1,595.75
13 Swindon	1,366.15	44 Knowsley	1,485.08	75 Isle of Wight Council	1,599.17
14 Slough	1,366.98	45 Bolton	1,486.46	76 Wolverhampton	1,617.06
15 Manchester	1,370.77	46 Calderdale	1,488.96	77 Coventry	1,620.59
16 Kingston-upon-Hull	1,371.26	47 Central Bedfordshire	1,500.64	78 Oldham	1,624.36
17 Bradford	1,373.07	48 Torbay	1,503.04	79 Reading	1,627.23
18 North Somerset	1,378.50	49 West Berkshire	1,505.21	80 Dorset Council	1,629.75
19 Birmingham	1,380.85	50 Darlington	1,505.64	81 Stockport	1,641.65
20 Milton Keynes	1,381.65	51 Bedford	1,507.51	82 Newcastle-upon-Tyne	1,643.37
21 Southend-on-Sea	1,382.22	52 Kirklees	1,509.56	83 Middlesbrough	1,644.51
22 Wakefield	1,384.43	53 Blackburn with	1,509.83	84 Liverpool	1,650.06
23 Shropshire	1,388.23	54 Plymouth	1,514.34	85 Hartlepool	1,685.28
24 Leeds	1,393.36	55 Herefordshire	1,514.70	86 Bristol	1,690.82
25 Portsmouth	1,396.68	56 Cheshire West and Chester	1,520.08	87 Northumberland	1,695.73
26 Bath & North East Somerset	1,401.12	57 Rotherham	1,522.20	88 Rutland	1,705.18
27 Sandwell	1,401.48	58 Wirral	1,523.42	89 Walsall	1,714.49
28 Sunderland	1,413.68	59 Cornwall	1,527.09	90 Nottingham	1,738.93
29 Medway	1,415.43	60 North East Lincolnshire	1,529.99	91 Gateshead	1,753.92
30 Derby	1,417.07	61 Southampton	1,535.52		
31 Halton	1,419.08	62 Bury	1,550.94		

Grants to 3rd Sector Organisations

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Directorate	Grant Recipient	Service Provided/Update	2018/19 Budget	2019/20 Budget	2020/21 Budget	Note
A,H&WB	Citizens Advice Bureau (Mexborough/ North East)	The two CAB's provide advice services facing a range of issues such as debt, homelessness prevention, immigration, employment, benefit and consumer issues. They also act as a referral and sign-posting organisation to more specialist advice across a range of public sector services and other voluntary organisations. They also raise other funding streams to benefit the residents of Doncaster. (Savings of £130k have been made in 2010/11 and a further £32k in 2015/16. There is a £40,380 recharge to the HRA for Corporate & Democratic Core services)	152,150	152,150	152,150	No change proposed for 2019/20. However, in year, a briefing paper will be developed in consultation with the incumbent provider setting out proposals for future service delivery including how the service will be commissioned and tendered going forward. This is in line with the policy to more clearly commission and contract service activity, which provides greater certainty and continuity of provision of service for both the service provider (voluntary sector) and service users.
LO-CYP	Partners in Learning (funded from the DSG)	The transfer of services to Partners in Learning for the academic year 2016/17, set out in the 19th July 2016 Cabinet report "Deployment of School Improvement Functions to Partners in Learning Teaching School Alliance 2016/17", enabled the continued delivery of a cohesive and robust delivery of school improvement in line with DfE's requirement for cessation of the LA's duty by September 2017.	236,244	96,162	0	The Standards and Effectiveness Partner (StEP) function was transferred, along with funding for the 2016/17, 2017-18 and 2018-19 academic years. Grant funding of £283,568 (£187k in 2018/19, £96k in 2019/20) relates to the 2018/19 academic year and is a 1 year continuation, needed to ensure the effective transfer of the function, with the grant amount based on the number of maintained schools as at 1st September 2018. Funding has been provided through School Forum (Dedicated Schools Grant) agreement on 11th April 2018. Payments are made in termly installments with 2 payments for the 18-19 academic year in 2018-19 and 1 payment in 2019-20 financial year. No further requests are expected to go to School Forum. No further payments expected in 20-21
A,H&WB	Doncaster Community Arts (DARTS)	Through active participation in a huge range of different art forms, Darts enables people of all ages and abilities from different backgrounds to build their confidence and skills to play a crucial role in the cultural, economic and social regeneration of their communities.	43,500	43,500	43,500	No change proposed for 2020/21. It is important to be maintained for now as it can be used to demonstrate match against new funding opportunities through the culture 2020 development work.
A,H&WB	Doncaster Rape and Sexual abuse Counselling Centre (DRASAC)	DRASAC receive this grant as a contribution towards their provision of specialist counselling service for victims of sexual abuse. This includes children from the age of 5 yrs. This is a historic voluntary sector grant which has been reduced over recent years– services for sexual abuse have never been commissioned by Doncaster Council.	27,520	27,520	27,520	This grant will continue in 2020/21.
A,H&WB	Doncaster Rape and Sexual abuse Counselling Centre (DRASAC)	DRASAC receive this grant as a contribution towards their two Independent Sexual Violence Advocates. (ISVA).	45,000	45,000	45,000	This grant will continue in 2020/21.
A,H&WB	Day Care - Age UK	Day care in the four locality areas Funded from Better Care Fund (BCF).	125,000	125,000	125,000	No change proposed for 2020/21.
Total Grants to 3rd Sector			629,414	489,332	393,170	

New Fees (Detailed Charge)	Proposed Charge from 1st April 2020 £
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BEREAVEMENT SERVICES

Cremation: -

Strewing of ashes was previously included in the ashes scattering appointment fee; a new fee has been introduced to reflect the higher cost of an ashes strewing appointment.

Ashes grave strewing appointment	65.00
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Memorial Items: -

Previously fees for the new sanctum were "Price on Application" as potential services were still in development. The Council is now in a position to offer specific services and associated fees.

Sanctum 2000 - includes 80 letters and 1st interment - 30 years	1,315.00
Sanctum on Panorama - includes 80 letters and 1st interment - 30 years	987.00
Sanctum posy holder	44.00
Sanctum bench memorial plaque - 10 years	313.00
Additional inscription on sanctum plaque - per letter	2.00
Removal and refitting of sanctum plaque for additional inscriptions	42.00
Sanctum photo plaques - various sizes and designs	63.00
	to
	131.00
Bespoke artwork on sanctum plaque	Price on application

Memorials: -

The willow tree is a new memorial feature at Rose Hill.

Granite leaf on willow tree - 5 years	125.00
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BUILDING CONTROL

Building Control - Other Fees

The current Street Naming Fees are to be discontinued and replaced with new fees to simplify the charging arrangements and better reflect the time spent on larger naming/numbering applications (this is in line with other Authorities).

Street naming/numbering - new development/phase up to 10 properties	250.00
Street naming/numbering - new development/phase over 10 properties (the following are cumulative): -	
First 10 properties	250.00
Plus per additional plot	10.00
Changes to a naming/numbering application after notification - per plot	40.00
Any other naming/numbering individually determined charge per hour	52.00

New Fees (Detailed Charge)	Proposed Charge from 1st April 2020 £
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DEVELOPMENT MANAGEMENT

Planning Performance Agreements are voluntary undertakings that enable Local Planning Authorities and applicants to agree the timescales, actions and resources necessary to process a planning application. The cost associated is dependent on the scale of the application, the resources required and input from officers for the project. A PPA will give the developer more certainty in the timescale of the application, especially in relation to large scale developments.

Planning Performance Agreements	Price on Application
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Statutory Planning Fees

New fee to comply with statute.

Change of use of a building and any land within its curtilage from Light Industrial (Use Class B1c) to Dwelling Houses (Use Class C3)	96.00
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LICENSING - Landlord Licences

Houses in Multiple Occupation

New fee to reflect the cost of undertaking this inspection that was not previously charged for.

Property inspection report - immigration & visa	150.00
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LICENSING - Other Licences

Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations

New legislation relating to the licensing of animal activities came into force in October 2018 which introduced a star rating scheme and new standards for such things as animal boarding. This revised licensing regime includes various business models which may require variation in licence conditions during the duration of licence, which account for the new charges.

Arrangement of Licence for Home Boarder Franchise Owners per hour (minimum of 2 hours)	45.00
Minor Amendment of Licence per hour (minimum of 1 hour)	45.00
Major Amendment of Licence per hour (minimum of 2 hours)	45.00
Request for Re-Rating per hour (minimum of 2 hours)	45.00

WASTE AND RECYCLING

Commercial Recycling Quarterly Charge

New fee to make this service more affordable for charities.

Charities Initial Receptacle - Sack	16.00
Charities Initial Receptacle - 240 L	26.00
Charities Initial Receptacle - 360 L	38.00
Charities Initial Receptacle - 660 L	59.00
Charities Initial Receptacle - 1100 L	79.00

New Fees (Detailed Charge)	Proposed Charge from 1st April 2020 £
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Bulky Collections

The new rates for bulky collections are to broaden the offer from one price for 8 items to various rates for different numbers of items. Previous inflexibility relating to the number of items was acting as a deterrent for take up of the service.

Standard Charge (up to 4 items)	20.00
Standard Charge (up to 12 items)	45.00
Standard Charge (up to 24 items)	65.00
Standard Charge (up to 32 items)	80.00
Exemption Charge for Benefit Qualification (up to 4 items)	15.00
Exemption Charge for Benefit Qualification (up to 12 items)	30.00
Exemption Charge for Benefit Qualification (up to 24 items)	40.00
Exemption Charge for Benefit Qualification (up to 32 items)	50.00
Commercial & Industrial Bulky Standard Charge (up to 4 items)	80.00
Commercial & Industrial Bulky Standard Charge (up to 8 items)	135.00

Additional/New and Replacement Bins (including New Developments)

New fee to make this service more affordable for those on benefits.

New & Replacement Bins for Benefit Qualification	15.00
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Fees & Charges Summary of Exceptions 2020/21

Service	Narration
Bereavement - Burial	<p>The policy has been applied to these fees, with the following exceptions: -</p> <p>These fees have had a higher increase to reflect additional cost for cemetery maintenance, etc. (with interment fees this is still cheaper than neighbouring authorities based on their 2019/20 prices): -</p> <p>Adult Grave - Exclusive rights for 50yrs (including Woodland/Meadowland) increased from £1,058 to £1,125.</p> <p>Grave interment fee increased from £970 to £995.</p> <p>Use of Chapel for services not taking place in our Cemeteries or Crematorium increased from £280 to £295.</p> <p>The Permit for additional inscription on a vase fee has increased from £14 to £15.</p> <p>These fees have had a lower increase or reduction to try and encourage uptake: -</p> <p>Adult Grave - Exclusive rights for 75yrs (including Woodland/Meadowland) increased from £1,340 to £1,360.</p> <p>Cremated remains plot for 4 - Exclusive rights for 75yrs decreased from £760 to £750.</p> <p>Child related services remain free of charge.</p>
Bereavement - Cremation	<p>In order to achieve a specific saving target of £100k, the main cremation fees have been increased by £50, e.g. the Adult committal service charge inc medical ref fee has increased from £770 to £820. However, it was felt that the Early morning direct cremation (8:40 or 9:00 am - No service) should be reduced from £500 to £420 as several funeral directors have been taking their direct cremations to other crematoria. The saving should still be achievable and the proposed budget uplift from fees & charges excludes the £100k that will be generated for the saving.</p> <p>The policy has been applied to the remaining fees. The exceptions to the policy are Use of chapel organ increased from £15 to £16 and Exhumation casket increased from £120 to £125.</p> <p>Child related services remain free of charge.</p>
Bereavement - Memorial Items	<p>The policy has been applied to these fees . The exceptions are Ornamental tree with bronze or granite tablet 10 years reduced from £600 to £450 and its renewal reduced from £450 to £410. New detailed fees have been introduced relating to the Sanctum.</p>
Building Control - Trading	<p>The policy has been applied to these fees.</p> <p>Where a fee category (type of works) requires both an Amount of Plan Charge and an Amount of Inspection Charge these have been re-weighted. In these cases the Plan Charge is fixed and the Inspection Charge is variable, depending on the nature of the works. The Plan Charge has been increased from £150 to £200 but the Inspection Charge has been reduced to ensure that the overall cost of the two fees together is consistent with the policy. This is to encourage customers to take up both fees rather than just the Plan Charge and then going elsewhere for the inspection.</p> <p>For example, for Any extension of a dwelling with an internal floor area between 40m² and 60m² the current Plan Charge is £150 and the Inspection Charge £450 for a total of £600. Once the policy has been applied this will become £611 in total restructured as a Plan Charge of £200 and an Inspection Charge of £411.</p>
Car Parking - Cusworth Hall	<p>The policy has been applied to these fees. The exceptions are that the 3 hour fee has been rounded up from £2.20 to £2.50 and the All Day fee has not changed from £6.00.</p>
Car Parking - Residents Permits	<p>These have not been increased as this area is currently subject to a separate review.</p>

Fees & Charges Summary of Exceptions 2020/21

Service	Narration
Development Management - Non-Statutory Fees	<p>In order to achieve a specific saving target of £13k, the pre-application fees have been increased as follows: -</p> <p>Pre Applications (Minor) from £90.50 to £100 Pre Applications (Householder/Adverts) from £32.50 to £40 Permitted Development from £32.50 to £40 Pre-Applications (Major Applications including 1 meeting) from £536 to £700 Pre-Application (Subsequent Meetings after above, price per meeting) from £375 to £490 Pre-Applications (Major Applications Block of 5 Meetings) from £2,140 to £2,500</p> <p>These have remained low compared to other SCR authorities, increasing fees as indicated will contribute to budget savings targets whilst remaining competitive both locally and nationally. The proposed budget uplift from fees & charges excludes the £13k that will be generated for the saving.</p>
Health & Social Care	<p>In order to achieve a specific saving target of £0.52m per year over three years these will be subject to separate review. The Council's approach under the national Fairer Charging framework needs to be updated so it is both clearer and more consistent, whilst continuing to protect those in greatest need. Individual fee values have not yet been determined and will be the subject of separate consultation with members. The policy has been applied to those fees falling outside of the review.</p>
Health & Social Social Care - Training Related	<p>Fees are based on the costs of registration and systems to administer qualifications. The weighting of fees has been changed to account for the duration of each course and better reflect the individual costs associated with it. Proposed fees are as follows: -</p> <p>Health and Social Care Qualification - Level 2 to remain the same at £130 Health and Social Care Qualification - Level 3 to increase from £150 to £158 Health and Social Care Qualification - Level 4 to increase from £155 to £213 Health and Social Care Qualification - Level 5 to increase from £180 to £242 Training Cancellation & Non Attendance Fee (Full Day) to remain the same at £100 Training Cancellation & Non Attendance Fee (Half Day) to remain the same at £50</p>
Highways Licences & Permits	<p>The policy has been applied to these fees. Government guidance requires these to be calculated to ensure no profit is achieved; it is reasonable for the inflationary increase in salaries and other costs to be met from an inflationary increase in the fee. The exceptions are Streetworks Permits, these are not increasing to avoid the risk of income exceeding expenditure.</p>
Licensing - Landlord Licences	<p>Selective licences have stayed the same for schemes still within their 5 year period. The current Hexthorpe Scheme is due to expire 30/06/2020, new fees for any successor scheme are the subject of a separate review. The policy has been applied to HMO fees with no exceptions.</p>
Pest Control	<p>The policy has been applied to these fees. The exceptions are for Bedbugs where works are completed by two person teams but previous year's charges have not fully reflected this cost. The main fee has increased from £80 to £85 and for those on benefits from £70 to £75 per visit. Also the fee for Insect Identification (refunded if treatment carried out by DMBC) has increased from £32 to £33 to reflect increases in salary costs over the past few years. The service consider the revised prices are still reasonable and are comparable to charges from private companies. Any uplift from fees is required to contribute towards a potential pressure from fall in numbers.</p>
Registrars - Non-Statutory Fees	<p>The Hire of Registrar fees have been increased by £15, which the service believe is a reasonable increase and still reflects value for money, e.g. the Monday to Thursday fee has increased from £285 to £300.</p> <p>In order to achieve a specific savings target of £9k, the Civil Naming/Renewal of Vows and Premium Marriage/Civil Package fees have been increased by £10 for Priory Place and £15 for an Approved Premise, e.g. the Saturday PM (Priory Place) fee has increased from £350 to £360. The exception to this is the Premium Marriage/Civil Package - Priory Suite Sunday Fee, this has not seen much activity so has not been increased in order to try and stimulate demand. The proposed budget uplift from fees & charges excludes the £9k that will be generated for the saving.</p> <p>The policy has been applied to the remaining fees. The exceptions are the Copy Certificates - Standard fee, which has increased from £10 to £11 to reflect the initial certificate fee set by statute; and postage fees, which have been increased to recover actual costs, e.g. Postage - Standard fee has increased from £1 to £2.</p>

Fees & Charges Summary of Exceptions 2020/21

Service	Narration
Town Centre Management	The policy has been applied to these fees. The exceptions are for the Performance Site at Goosehill which is to increase from £82 to £100. This is the most popular location and is deemed viable to maximise income without affecting the frequency of users in the town centre, especially given this is the lowest fee by far when compared to the other sites (next lowest fee for other sites is £186.50). Pavement café licences remain frozen until 2021/22, per agreement in 2016/17.
Trading Standards	The policy has been applied to these fees. The exceptions are for the Motor Trade Partnership Subscription; any surplus is re-invested in the partnership and this already makes sufficient return from the current level of fees to run the scheme. These are proposed to remain the same so as not to put unnecessary strain on those businesses within the partnership. The Primary Authority Economy & Environment Charges are also proposed to remain the same as these fees were only introduced in 2019/20 and it is felt that it is too soon to apply an increase.
Translation Services	These stay the same to remain commercially viable.
Transport Services Fees	The policy has been applied to these fees. The Exceptions are for MOT fees, which are proposed to remain the same in order to remain competitive.
Waste & Recycling	The policy has been applied to the remaining fees. The exception is the New & Replacement Bins fee, which has been frozen.

**Licensing fees legally required to be set by Full Council
(Detailed Charge)**

New

**Proposed Charge
from
1st April 2020**

£

LICENSING - Landlord Licences:**Selective Licensing Hexthorpe - 01/7/2015 to 30/6/2020 Fixed Term**

DMBC Scheme - All licences granted to 30/6/2020 - New Applicants will need to pay from the historic date when their property became subject to license, until the end of the licensing period

Year 1 (5 Year licence) 01/7/15-30/06/16	500.00
Year 2 (4 Year Licence) 01/7/16-30/06/17	415.00
Year 3 (3year licence) 01/7/17-30/06/18	330.00
Year 4 (2 year licence) 01/7/18-30/06/19	245.00
Year 5 (1year licence) 01/7/19-30/06/20	160.00
Homesafe Scheme	75.00
Extra costs incurred, e.g. when additional Correspondence is necessitated due to incomplete applications, will be recovered as an administration charge (per letter)	50.00
Registered Charities	0.00
(£15 discount for additional applications where no Fit & Proper Person test required, subject to conditions).	

Selective Licensing Edlington - 07/02/18 to 06/02/23 - Fixed term (maximum 5 years)

DMBC scheme - all licences granted to 06/02/23 - new applicants will need to pay from the historic date when their property became subject to licence, until the end of the licensing period.

Year 1 (5 year licence) 07/02/18 - 06/02/19	515.00
Year 2 (4 year licence) 07/02/19 - 06/02/20	415.00
Year 3 (3 year licence) 07/02/20 - 06/02/21	330.00
Year 4 (2 year licence) 07/02/21 - 06/02/22	245.00
Year 5 (1 year licence) 07/02/22 - 06/02/23	160.00
Homesafe Scheme	75.00
Extra costs incurred, e.g. when additional Correspondence is necessitated due to incomplete applications, will be recovered as an administration charge (per letter)	50.00
Registered Charities	0.00
(£15 discount for additional application within the same scheme, subject to conditions)	

Houses in Multiple Occupation

Landlord Licence Basic fees (5 person HMO)	815.00
Fee for each additional bedroom	56.00
<i>Licence Renewal fee for 5 bedroom properties, subject to:- Current compliance with the Councils standards & existing licencing conditions; no change to the original occupation of the house; application made before expiry of previous Licence (applications after expiry will be treated as new applications) & Licensee and Manager to carry over from expiring licence.</i>	755.00
<i>Additional fee for Each Bedroom in the house</i>	56.00
<i>Extra costs incurred when additional Correspondence is necessitated due to incomplete applications will be recovered as an administration charge (per letter)</i>	36.00
Extra costs incurred which are prompted i.e after 3 months. Additional £50.00 charge added to the fee.	
Property inspection report - immigration & visa	150.00

New

**Licensing fees legally required to be set by Full Council
(Detailed Charge)**

New

**Proposed Charge
from
1st April 2020**

£

LICENSING - Other Licences**Miscellaneous:**

Acupuncturist/Tattooist/Ear Piercing	224.00
Transfer or to Add Person	60.00

Civil Marriage Licence	1,385.00
Approval of Religious premises as a place at which two people may register as civil partners of each other.	942.00

**Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations
2018 New Regs which came into force 1st October 2018**

Selling Animals as Pets (1-3 year licence depending on star rating)	514.00
Providing or Arranging for the Provision of Boarding for Cats or Dogs (1-3 year licence depending on star rating)	453.00
Hiring Out Horses (1-5 Horses) (1-3 year licence depending on star rating)	538.00
	+ Vet Fee
Hiring Out Horses (6+ Horses) (1-3 year licence depending on star rating)	734.00
	+ Vet Fee
Breeding Dogs (1-3 year licence depending on star rating)	497.00
	+ Vet Insp
Keeping or Training Animals for Exhibition	457.00
Arrangement of Licence for Home Boarder Franchise Owners per hour (minimum of 2 hours)	45.00
	New
Minor Amendment of Licence per hour (minimum of 1 hour)	45.00
	New
Major Amendment of Licence per hour (minimum of 2 hours)	45.00
	New
Request for Re-Rating per hour (minimum of 2 hours)	45.00

Dangerous Wild Animals (plus Vet Fee if needed)	163.00
	+ Vet Fee

Zoo Licence (plus Statutory VET inspection fees as applicable)	1,630.00
Greyhound Stadium Licence	214.00

Sex Establishment Licence Application	2,890.00
Sex Establishment Licence Renewal	2,890.00
Sex Establishment Licence Variation or Transfer	2,140.00

Scrap Metal Dealer - Site	356.00
Scrap Metal Dealer - Collector	229.00
Scrap Metal Dealer - Change of name of Licensee	26.00
Scrap Metal Dealer - Change from Site to Collector	26.00
Scrap Metal Dealer - Change from Collector to Site	224.00
Scrap Metal Dealer - Change of Site Manager	224.00
Scrap Metal Dealer - Additional Site(s) to Licence	87.00
Copy of Licence Fee (Unspecified)	25.00

Gambling:**Bingo Premises**

Non-conversion fee where a provisional statement has already been granted	764.00
New Premises Fee	1,375.00
Annual Fee	804.00
Variation Fee	1,275.00
Transfer Fee	804.00
Re-Instatement Fee	804.00
Provisional Statement Fee	1,375.00
Change of circumstances	31.00
Copy of Licence Fee	25.00

**Licensing fees legally required to be set by Full Council
(Detailed Charge)**

New

**Proposed Charge
from
1st April 2020**

£

Adult Gaming Premises

Non-conversion fee where a provisional statement has already been granted	804.00
New Premises Fee	1,375.00
Annual Fee	774.00
Variation Fee	804.00
Transfer Fee	804.00
Re-Instatement Fee	804.00
Provisional Statement Fee	1,375.00
Change of circumstances	31.00
Copy of Licence Fee	25.00

Betting Premises (Track)

Non-conversion fee where a provisional statement has already been granted	804.00
New Premises Fee	2,140.00
Annual Fee	845.00
Variation Fee	845.00
Transfer Fee	804.00
Re-Instatement Fee	804.00
Provisional Statement Fee	2,140.00
Change of circumstances	31.00
Copy of Licence Fee	25.00

Family Entertainment Premises

Non-conversion fee where a provisional statement has already been granted	804.00
New Premises Fee	1,375.00
Annual Fee	560.00
Variation Fee	804.00
Transfer Fee	804.00
Re-Instatement Fee	804.00
Provisional Statement Fee	1,375.00
Change of circumstances	31.00
Copy of Licence Fee	25.00

Betting Premises (other)

Non-conversion fee where a provisional statement has already been granted	774.00
New Premises Fee	1,985.00
Annual Fee	458.00
Variation Fee	957.00
Transfer Fee	804.00
Re-Instatement Fee	804.00
Provisional Statement Fee	1,985.00
Change of circumstances	31.00
Copy of Licence Fee	25.00
Temporary Use Notice	100.00

Liquor Licences

Personal Licence (Fees are set by Central Government)	37.00
Premises Licence (Fees are set by Central Government, Premise licences are charged based on a number of factors, e.g. Rateable Value.)	Variable

Lotteries

(Fees are set by Central Government)	Various
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**Licensing fees legally required to be set by Full Council
(Detailed Charge)**

New

**Proposed Charge
from
1st April 2020**

£

LICENSING - Private Hire/Hackney:

Vehicle Licensing Hackney (Inc plates & first test)	250.00
Vehicle Licensing Private Hire (Inc plates & first test)	250.00
Vehicle Test at North Bridge	63.00
Retest of Vehicle	28.50
Admin charge on lifting Suspensions	26.50
Private Hire Operators Licence	480.00
Private Hire Operators Licence each additional vehicle over 2 (for licenses issued prior to April 2017)	24.50
Application for Drivers Licence (+ DBS + Knowledge test)	148.00
	+DBS+Knt
Joint Application (+ DBS + Knowledge test)	148.00
	+DBS+Knt
Renewal of drivers licence	112.00
Knowledge Test	63.00
Replacement Badge / Licence	26.50
Sealing of meter	48.50
Advertising on Taxis Full Livery	31.50
Transfer of ownership	47.50
Surrender of Vehicle Licence / Suspension admin fee	26.50
Front plate bracket	6.00
Rear plate bracket	12.50
Replacement Front plate	18.50
Replacement Rear plate	28.50

Reserves (to be reviewed at year-end)

	Estimated Balance at 31/03/20 £m
Insurance Fund	5.500
Health & Social Care Transformation Fund	5.078
School Balances	3.894
Service Transformation Fund	2.378
Improved Better Care Fund	2.267
Minimum Revenue Provision (MRP) underspend	1.802
Civic Office Major Repairs & Maintenance Sinking Fund	1.318
Inward Investment Incentive Scheme (NNDR Incentive Scheme)	1.227
Stronger Families Programme	1.088
S106 Open Spaces Revenue unapplied contribution	0.665
Social Mobility Opportunity Area	0.500
Well Doncaster match funding	0.442
Section 38 Income	0.400
Teesland Section 278	0.335
Public Health	0.334
Various Section 278	0.330
Mental Health Trailblazer	0.270
All Out Local Elections - 4 Year Cycle	0.244
Pathway to Traineeships (SFA)	0.238
DCST Contingency	0.220
Safeguarding Adults Board	0.206
St James Baths	0.199
ERP - Phase 2	0.182
Flexible Homelessness Grant	0.174
Transport budget Sec 19 permits	0.169
MHCLG Migration Fund	0.165
S106 Interest balances	0.160
Public Spaces Community Order	0.130
Revenues & Benefits - Discretionary Hardship	0.114
LEP Inward Investment Loan	0.109
Examination In Public (LDF Sites & Policies)	0.107
Revenue Contribution to the Capital Programme (pre-work/development costs)	0.094
Planning 20% additional Income Balance	0.088
Lincoln Gardens Six Streets	0.084
Early Outcomes Grant	0.082
Syrian Resettlement Grant	0.060
Others (less than £50k)	0.378
	31.030

Risk Assessment of Uncommitted General Fund Reserve

Risk	Risks & Quantification	Maximum Potential Call on Reserves 19/20 & 20/21 £m
Known provisions and contingent liabilities as at January 2020	An Insurance Fund provision of £9.4m has been made as per the methodology agreed. A provision of £4.3m for NNDR appeals has been made in 20/21 based on known risks.	Provision identified, unable to quantify potential risk.
Overspend on Service Expenditure	An amount is included for the potential risk of overspends in future years (excluding the risk on deliverability of budget proposals covered below).	Up to 4.0
Major Emergency	The Government has confirmed that the Bellwin Scheme will continue thereby limiting certain costs to be borne by the Council.	Up to 0.5
Robustness of 2020/21 budget proposals	It is prudent to include a risk regarding the deliverability of the 2020/21 proposals to allow for potential slippage on delivery. It is not possible to quantify the risk with certainty. This will need month by month monitoring in 2020/21 and urgent action taken if targets are not being achieved. However, due to the size of the budget reductions and increasing difficulty of achieving the savings £3.5m is included (equivalent to 40% of the 2020/21 budget proposals). One-off funding has been identified (Service Transformation Fund), which is available to fund slippage on the deliverability of savings and reduces this risk.	Up to 2.8
Redundancy Costs	The staffing reductions assumed in the budget proposals will result in additional early retirements and/or compulsory redundancies. A process to reduce staffing through VER/VR's is taking place from December 2019 until March, 2020. A separate earmarked reserve exists for this.	0.0
Capital Programme 2020/21 – 2023/24	There is a risk of grant clawback where projects do not meet their outputs, where they do not proceed, or the Council subsequently breaks the grant conditions. There is also a risk that expenditure will slip beyond the period of the grant so becoming ineligible and require financing from alternative resources.	No major issues at present. Any expenditure likely to slip into 2020/21 to be managed as part of capital monitoring process.

Risk	Risks & Quantification	Maximum Potential Call on Reserves 19/20 & 20/21 £m
Treasury Management	<p>The Council relies on short-term (circa £90m) and under borrowing (circa £78m) to minimise interest costs; there is a risk that if we need to replace the under borrowing with long term external borrowing the Council will incur additional expenditure. If the Council had to replace the £168m of short-term and under-borrowing with long term borrowing, this could cost £3.2m per year at current rates over 5 years and could rise to £4m per year over 50 year terms.</p> <p>There is also a risk regarding increasing interest rates. This would cost an additional £0.36m for every 1% increase in interest rates.</p>	Up to 4.0
Reserves and contingencies	Reserves leave little room for further in year pressure, e.g. from new initiatives. To minimise the impact estimates as far as possible are included in the financial plan. This needs close monitoring throughout the year.	Up to 2.0
Abortive development and compensation costs	Any development costs on major capital projects which do not go ahead will become abortive and need to be funded from a revenue resource. This may also include potential compensation costs. Funding has been set aside in an earmarked reserve to meet development costs.	None envisaged at present but will be kept under regular review
Business Rates Appeals	There remains a risk that appeals and mandatory reliefs may be greater than estimated. There is also a risk to baseline income if the economy falls into recession.	Appeals and Business Rates income is kept under regular review
Total Maximum Quantified Risks		13.3
Uncommitted Reserves Available based on best estimates		14.4

Detailed Budgets by Service Area

Service	Net Base Position £'000	Pressures £'000	Savings £'000	Other Changes (incl inflation) £'000	Net Budget £'000
ADULTS HEALTH & WELLBEING					
ADULT SOCIAL CARE&SAFEGUARDING	70,203	3,484	-4,293	3,266	72,660
COMMISSIONING & CONTRACTS	6,803	0	-420	148	6,531
COMMUNITIES	12,240	280	-1,019	33	11,533
DIRECTOR OF ADULT SERVICES	583	0	0	675	1,258
DIRECTOR OF IMPROVEMENT	-15,188	498	-570	-10,629	-25,890
PUBLIC HEALTH	-225	325	-139	-0	-39
ADULTS HEALTH & WELLBEING Total	74,415	4,587	-6,441	-6,508	66,053
CORPORATE RESOURCES					
CORPORATE RESOURCES DIRECTOR	-19	0	-350	180	-189
CUSTOMERS, DIGITAL & ICT	7,838	650	-447	364	8,404
FINANCE	460	1,810	-359	-702	1,208
HR, COMMS & EXEC OFFICE	4,259	260	-84	160	4,595
LEGAL & DEMOCRATIC SERVICES	3,978	0	-31	198	4,145
STRATEGY AND PERFORMANCE	2,124	1,500	-100	91	3,615
CORPORATE RESOURCES Total	18,640	4,220	-1,371	290	21,779
COUNCIL WIDE BUDGET	25,286	1,058	5,360	-5,995	25,709
LEARNING & OPPORTUNITIES C&YP					
CENTRALLY MANAGED	199	0	100	-97	202
CHILDRENS SERVICES TRUST	50,180	0	-1,568	1,633	50,245
COMMISSIONING & BUSINESS DEVEL	8,066	805	-799	392	8,464
PARTNERSHIPS & OPERATIONAL DEL	2,307	0	-166	92	2,232
LEARNING & OPPORTUNITIES C&YP Total	60,751	805	-2,433	2,020	61,144
ECONOMY & ENVIRONMENT					
ENVIRONMENT	30,320	3,262	-1,463	1,138	33,257
ECONOMY & DEVELOPMENT	6,179	17	-702	763	6,257
STRATEGIC HOUSING	877	67	-42	115	1,018
DIRECTOR ECONOMY & ENVIRONMENT	343	0	26	60	429
REGENERATION & ENVIRONMENT Total	37,719	3,346	-2,181	2,076	40,961
Total Council Budget	216,811	14,017	-7,066	-8,116	215,645
Funded By: -					
NON DOMESTIC RATES	-44,523	0	0	-5,025	-49,547
REVENUE SUPPORT GRANT	-20,041	0	0	-327	-20,368
TOP UP GRANT	-34,296	0	0	-558	-34,854
COUNCIL TAX	-114,721	0	0	-4,448	-119,169
NET BUDGET REQUIREMENT	-213,581	0	0	-10,358	-223,938
USE OF RESERVES	-3,230	0	11,523	0	8,293
TOTAL FUNDING	-216,811	0	11,523	-10,358	-215,645
CUSTOMER & CLIENT RECEIPTS					-48,925
OTHER GOVERNMENT GRANTS					-167,639
OTHER INCOME					-62,683
GROSS BUDGET					-494,892

Budget Proposals 2020/21 - Due Regard Review

Due Regard Assessment required

Adults, Health & Wellbeing

Contract Review

Day Opportunities

Front Door and Community Offer

Health Watch

Home Care & Direct Payments

Homelessness and Substance Misuse Service

Optimising residential and supported living places.

Residential Care - Working Age

Residential short breaks

Social Care Fees and Charges

Stronger Communities

Supported Living

Children's Trust

Doncaster Children's Trust contract

Learning & Opportunities: Children & Young People

Independent Travel Training Scheme

Short Breaks Revised Offer

Strategic Travel Assistance Review

Public Health

Reclaim Smoking Cessation Underspend

Redesign community preventative health and wellbeing services

No Due Regard Assessment Required

Adults, Health & Wellbeing

Staffing Restructuring & Functional Review

Children's Trust

2 bed Children's Homes

Admin savings

Agency Social Workers

Agency staff

Corporate

DSG

General Efficiencies

Innovation projects

Pension Deficit

Personal advisors

Corporate Resources

Communications Structure

Corporate Resources

Council Tax Empty Properties

Cremation Fees

Financial Management Structure

HR Shared Service

HR&OD Structure

No Longer Required Technology Contracts

Organisational Subscriptions

Revenues and Benefits Structure

Review of Mobile Phones and Data Connections

Service Delivery Change

SPU Structure

Structure Changes within Financial Development and Business Support

Technology Systems Reduced Cost

Use of Artificial Technology in Customer Services

Council-Wide

Consolidation of Common Functions

Fees & Charges

General Efficiencies

Increased dividend

Metropolitan Debt Levy

Minimum Revenue Provision (MRP) - reprofiling

Parish Councils

Pension - former employees

Pension - prepayment

Savings from Capital Scheme Delivery

Senior Management Review

South Yorkshire Passenger Transport Executive (SYPTTE)

Economy & Environment

Assets

Bus Lane Cameras

Development Management Pre-Application Fees

Highways (general fund)

Licensing - Homesafe

Penalty Charge Notices - Car Littering

Penalty Notices - Early Payment Discounts

Rewild Project

Waste Contract

Learning & Opportunities: Children & Young People

LOCYP: Functional Review

LOCYP: Savings one-off in-year

LOCYP: Savings on-going

Public Health

Exit Expiring Contracts

External Funding - Salaries



Doncaster Council

Date: 11th February 2020

To the Chair and Members of Cabinet

Housing Revenue Account Budget 2020/21

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Councillor Glyn Jones	ALL	Yes

EXECUTIVE SUMMARY

- This report sets out the Mayor's proposals for the 2020/21 Housing Revenue Account (HRA) Budget. The report focuses on the following key areas:-
 - the level of the Council's housing rents for 2020/21; the current average rent is £69.75 per week which is the lowest within South Yorkshire, rents will increase by 2.7% for 2020/21;
 - the Housing Revenue Account (HRA) budget proposals for 2020/21;
 - the medium term financial forecast for the HRA which includes estimated budgets for 2021/22, 2022/23 and 2023/24; the HRA budget follows the budget strategy as set out in previous years and maintains a reserve of £4.0m within the HRA, the budget for 2020/21 is a balanced budget (income equals expenditure); and
 - the level of fees and charges for 2020/21 as detailed in paragraph 14.

EXEMPT REPORT

- Not applicable.

RECOMMENDATIONS

- Cabinet is asked to note the report and recommend to Council to approve the Housing Revenue Account budget proposals as set out in this report and including:-
 - Rents are increased from 6th April 2020, by 2.7% as detailed in paragraphs 7 to 10 in line with Government policy. This will result in an average weekly rent increase of £1.88, resulting in an average rent of approximately £71.63 per week. Rents will be charged every week of the year.
 - The budget proposals for the HRA for 2020/21, which are contained in Appendix A. These proposals set a balanced budget for the HRA and maintain a reserve of £4.0m;
 - Fees and charges set out in paragraph 14.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

4. The Council provides housing to over 20,000 residents through the housing stock within the HRA. The majority of these properties are let at social rents which are currently the lowest within South Yorkshire and they will continue to be after this increase. The proposals within this report mean that the existing tenants of these properties will pay higher rents in 2020/21. Increasing the rents in line with the Government's policy "Policy statement on rents for social housing" ensures that there is sufficient funding to continue to provide quality social housing maintained to the Doncaster decency standard and compliant with Health & Safety standards. It also provides sufficient funding to support an ambitious investment programme which will deliver significant numbers of new additional properties over the next 10 years.

BACKGROUND

5. The Housing Revenue Account budget for 2019/20 was approved on 4th March 2019. Since then the regular financial management reports to Cabinet have provided the latest projections of the 2019/20 financial position.

The underlying principles for HRA budgets had been agreed in previous years,

- that rents would remain at affordable levels;
- where properties are relet it is at target rent; and
- that surplus resources within the HRA would be used to provide additional council housing, either new build or acquisitions.

In February 2019 the Government published "Policy statement on rents for social housing" and this document sets the principles of rent setting for the next 5 years from 1st April 2020. Compliance with the policy will be monitored by the Regulator of Social Housing.

BUDGET PROPOSALS 2020/21

6. The Budget proposals for 2020/21 are shown in detail at Appendix A. The key features are as follows:-
 - a) An increase in rents of 2.7% with effect from 6th April, 2020 (see paragraphs 7 to 10 for more details);
 - b) Dwelling rent income is expected to be £2.2m higher at £74.0m due to the effect of the rent increase and the projected number of Right to Buy sales, new build properties, acquisitions and void (empty) properties;
 - c) As and when properties become empty they will be advertised and relet at target rent (see paragraph 11 for definitions of rent).
 - d) The majority of HRA services are provided by St. Leger Homes of Doncaster (SLHD). The management fee paid to SLHD is increased by a net £1.0m to reflect increases in salaries (pay award), increased ongoing employer pension costs, inflationary increases, legislation and technology changes. These increases are offset by a payment which will be received from South Yorkshire Pension Authority (SYPA) as a result of the overall surplus in the fund. Efficiency savings have been made from within SLHD to fund the additional

costs of services required to collect rent and sustain tenancies following the rollout of full service for universal credit on 11th October 2017. The details of the SLHD management fee calculations are shown at Appendix B. The management fee paid from the HRA for 2020/21 is £31.9m;

- e) It is estimated that the cost of the additional resources required to collect the rent and sustain tenancies following the full rollout of universal credit is £0.5m, SLHD are required to find efficiencies and savings to fund these additional costs over the three year period 2018/19 to 2020/21. In 2020/21 £0.32m of further efficiencies and savings have been identified and reinvested into the tenancy sustainment team, improving customer services and the delivery of a new IT system;
- f) There is a budget of £0.411m within the HRA to assist tenants to deal with changes as a result of welfare benefit reform. The sustainable tenancy policy was reviewed in August 2017 and both the usage and the policy are being kept under review as further changes to welfare benefits are rolled out;
- g) Significant reductions in the amounts required to fund pension deficits have released an additional £1.3m a year over each of the next four years and this money will be invested into bringing forward energy efficiency works for the 2,000 hard to treat properties within the Council's stock;
- h) The number of Right to Buy sales continues to be monitored and total sales to the 31st December 2019 were 88 giving an average of 2.26 sales per week (compared to 2.18 per week as of December 2018). A projected level of 120 sales, 40 new build and/or acquisitions and a void rent loss percentage of 1.25% have been used for calculating the rental income budget for 2020/21;
- i) Housing Subsidy (the historic Government grant system for the HRA) was abolished with effect from 1st April 2012 and the HRA became self-financing. A self-financing HRA needs to fund both its revenue services and deliver the investment/capital programme from rent income;
- j) Following the introduction of self-financing for the HRA a longer term view (30 years) is taken on HRA budgets to ensure that there is sufficient funding available in future years to maintain the properties at the Doncaster decency standard, deliver other investment needs and day to day services;
- k) Following the tragic fire at Grenfell Tower in June 2017, there has been a considerable focus on health & safety and compliance, especially in high rise blocks of accommodation. The Hackitt report was issued in May 2018 and following that a consultation paper "Building a safer future; proposals for the reform of the building safety regulatory system" was issued on 6th June 2019, we are still awaiting the outcome from this consultation but there could be significant implications on budgets in future years.
- l) A prudent level of balances for the HRA is considered to be £4.0m. Any surplus funds in excess of this, £3.6m, have been transferred to the housing public sector capital programme to fund investment in the housing stock and the programme for building additional council houses.

A balanced budget will be set for 2020/21. This will maintain an estimated reserve within the HRA of £4.0m by 31st March 2021.

RENT LEVELS

7. In February 2019 the Government published “Policy statement on rents for social housing”, which sets out the principles which must be followed for rent setting by all local authorities over the next 5 years (2020/21 to 2024/25), the basic principle is that rents cannot increase by more than consumer price index (CPI) inflation from the previous September plus 1%. The rate of CPI in September 2019 was 1.7% therefore rents cannot increase by more than 2.7%. This change follows four years of 1% rent reductions as dictated by the Welfare Reform and Work Act 2016.
8. The rent policy allows flexibility for providers to set rents at up to 5% above formula rent (10% for supported housing). Currently this flexibility is not applied in Doncaster. Compliance with the rent policy will be monitored, checked and reported on by the Regulator of Social Housing (the Regulator).
9. Rents in Doncaster are the lowest of all South Yorkshire Councils based on the 2018/19 financial year (according to the latest published figures from CIPFA, Chartered Institute of Public Finance and Accountancy).
10. There are five different ways in which rents will change during 2020/21, (different types of rents are defined in paragraph 11);

Existing tenants (social rent) – rent will be increased by 2.7%;

New tenants into existing (social rent) housing stock – if the tenancy changes during 2020/21 the property will be relet at target rent;

New council housing, either new build or acquisitions (funded wholly from Council resources, social rent) – when new properties are completed these properties will be let at target rent;

New council housing, either new build or acquisitions (funded with an element of Government grant, affordable rent) – when new properties are handed over both the target rent and affordable rent will be calculated for these properties, the rent charged will be the higher of the two figures (this is a condition of the grant funding) and

Existing affordable rent properties – the rent will be increased by 2.7% for existing tenants. If there is a change of tenancy the property will be relet at a reviewed affordable rent. Affordable rents are reviewed on an annual basis and these calculations are used for any tenancy changes in the next financial year.

RENT DEFINITIONS

11. Target rent (sometimes referred to as formula rent) for each property is calculated using the following formula;
 - 70% of the national average rent (April 2000) multiplied by relative county earnings (1999 levels) multiplied by a bedroom weighting (higher weighting for larger properties) plus 30% of the national average rent (April 2000) multiplied by relative property value (January 1999).

This calculation gives a target rent figure for the financial year 2000/01. It has then been updated each year by retail price index (RPI) inflation plus 0.5% up until 2014/15. In 2015/16 the target rent was increased by consumer price index (CPI) plus 1% (2.2%), the average target rent in Doncaster for 2015/16 was £75.26 per week. The target rent figure for 2015/16 is the base figure used for calculating target rent in future years. Target rent for the following four years (2016/17 to 2019/20) was reduced by 1% each year, the 2020/21 figure is increased by 2.7% (£74.43 per week).

12. Affordable rents – Affordable rent is defined as 80% of open market rent. These figures are calculated on an individual basis for each property by a qualified surveyor. A number of properties which are now in the HRA have either been built or acquired with the assistance of some grant funding from Homes England (previously the Homes and Communities Agency (HCA)). One of the grant conditions for these properties is that they are let at affordable rents (or target rent if that is higher). The current average rent for these tenancies is £93.60 per week and this will increase to £96.13 per week in 2020/21.
13. The additional rent generated as a result of charging affordable rent on properties which have been built or acquired using an element of Government grant is £0.4m in 2020/21 and estimated at £1.6m over the four year period. The Government's rent policy states "Affordable rents are typically higher than social rents. The intention behind this flexibility is to enable properties let on this basis to generate additional capacity for investment in new affordable housing". These budgets enable approximately £10m of investment in new build housing a year over the next 10 years and this will be funded by 80% prudential borrowing and 20% from revenue funding.

FEES AND CHARGES

14. The following recommendations are proposed in respect of fees and charges for 2020/21:-
 - a) That the charges for garages are increased by 2.4%. Charges to non tenants must include value added tax (VAT).
 - b) That the charges for garage sites are increased by 6.4% but these charges will remain fixed for 3 years. Charges to non tenants must include VAT.
 - c) The bio mass district heating boiler at Ennerdale provides heating and hot water to the bungalows at Ennerdale and the properties in Jubilee Court. The current charge for heating at this scheme is 6.0p per unit (plus VAT). The charges for heating should ensure that the scheme breaks even, it is therefore recommended that the charges are increased to 6.4p per unit (plus VAT) a 6.6% increase. The average annual charge for these properties is £306.
 - d) The district heating charge for properties on the Balby Bridge estate will increase to 6.72p per unit (inclusive of VAT) which is equivalent to 6.4p per unit plus VAT. The average annual charge for these properties is £194.
 - e) 40 properties at Milton Court do not have individual meters, the current charge is £6.62 (bedsits), £6.72 (one bedroom) or £7.03 (three bedroom) per property per

week and these charges will also increase by 6.6% to £7.06, £7.16 or £7.49 per week.

- f) The current enclosed garden charge is between £2.59 and £4.28 (inclusive of VAT) per week dependent on the size of the garden and will increase by 2.4%, the new charges will be between £2.65 and £4.38. This is available as a whole year service (charged every week) or as a part year service (charged for 34 weeks). This service is an optional service, it is not eligible for housing benefit and it is available to all tenants.
- g) That the service charges to leaseholders are calculated based on the actual costs of providing the services and repairs and maintenance to the property.

The table below summarises the fees and charges that are included within the HRA budget assumptions.

Fee	Current Charge 2019/20	Proposed Charge 2020/21	Budget Implication
Garages	£5.50 per week (charged every week)	£5.63 per week (charged every week)	£2,655
Garage charges to non tenants	£6.60 per week (charged every week)	£6.76 per week (charged every week)	£2,990
Garage Sites	£0.94 per week	£1.00 per week	£87
Garage site charges to non tenants	£1.13 per week	£1.20 per week	£626
District Heating – Balby Bridge	6.0p per unit (excluding VAT) 6.3p per unit (inclusive of VAT)	6.4p per unit (excluding VAT) 6.72p per unit (inclusive of VAT)	Income dependant on usage
District Heating – Milton Court			£881
Bedsits	£6.62 per week	£7.06 per week	
One bedroom	£6.72 per week	£7.16 per week	
Three bedroom	£7.03 per week	£7.49 per week	
District Heating – Ennerdale	6.0p per unit 6.3p per unit (inclusive of VAT)	6.4p per unit 6.72p per unit (inclusive of VAT)	Income dependant on usage
Enclosed Garden Service (inclusive of VAT)	£2.59 £3.25 £3.52 £4.01 £4.28 (charged every week or 34 weeks)	£2.65 £3.33 £3.60 £4.11 £4.38 (charged every week or 34 weeks)	£1,224

15. Other changes which impact on the HRA are;

Welfare Benefit Changes and Potential financial impact

Changes to Welfare benefits have a direct impact on individual tenants which usually results in them having less income. This can impact on their ability to pay their rent, this can also lead to an increase in rent arrears and then eventually increased property turnover and associated costs.

A number of welfare benefit changes have already been made;

Under occupation or “bedroom tax” – this was introduced on 1st April, 2013. This policy means that if working age tenants (pensioners were excluded from this change) are deemed to be under occupying their property then their housing benefit is reduced by 14% if they have one under occupied bedroom, or 25% if they have two or more under occupied bedrooms. This change currently affects 1,675 of tenants and their housing benefit has been reduced by £1.042m, which needs to be collected. Bedroom tax still applies to tenants that claim Universal Credit (UC) however as DWP do not share information with us, we are unable to obtain accurate information as to how many of our tenants are affected that are claiming UC.

Benefit Cap – this is the maximum amount of benefit that an individual or household can receive. This was set at £26k in July 2013 and has been further reduced to £20k for families and £13,400 for single claimants with effect from 9th January, 2017. This currently affects 49 Council tenancies. Benefit cap still applies to tenants that claim Universal Credit (UC) however as DWP do not share information with us, we are unable to obtain accurate information as to how many of our tenants are affected that are claiming UC.

Further rollout of universal credit (UC) – Tenants claiming universal credit receive their housing costs (the equivalent of Housing benefit) paid direct to themselves rather than paid to the landlord, with the tenant then responsible for paying their own rent.

Universal credit was rolled out in Doncaster in September 2015 and applied to single people with no dependents, in October 2017 full service for UC started (all new and changes to tenancies will claim UC) there are currently 4,361 UC claimants in the Council's housing stock. At some point between 2019 and 2021, when UC is fully rolled out, it is expected that all working age tenants will be paid their benefits via UC. This will apply to approximately 7,500 Council tenancies and will require approximately £24.0m of rent to be collected from tenants which has previously been paid directly to the HRA via housing benefit. By March 2021 it is anticipated that 6,400 tenants in Doncaster will have moved over to UC and the value of the rent which will need to be collected from these tenants during the 2020/21 financial year (which was previously paid direct via housing benefit) will be £17.6m.

No automatic entitlement to housing costs for 18 to 21 year olds – This policy was scrapped 31st December, 2018 following a change by the Government.

The changes to welfare benefits will have a significant impact on housing services within Doncaster. Tenants are informed of the changes on a regular basis via Houseproud (the tenants' newsletter) and both the Council and St Leger Homes' website. Members are kept up to date of these changes through Members Briefings.

OPTIONS CONSIDERED

16. Two options were considered for the rent increase in 2020/21;
 Option 1 (recommended option) – A 2.7% rent increase which is in accordance with Government policy. This keeps rents in Doncaster the lowest in South Yorkshire and ensures that there are sufficient resources available to deliver day to day services and the investment/capital programme which includes significant expenditure on energy efficiency works, health & safety improvements and new build council houses. Each 1% rent increase generates just over £0.7m per year. Over a four year period rent increases based on CPI plus 1% generate additional rent income of £7.6m.

Option 2 – A rent increase which is lower than 2.7%. Over the last four years costs have increased by approximately 10% while rent income has reduced by 1% each year. The last four years have also seen higher expectations in terms of the standard of properties and in relation to Health & Safety and compliance. A rent increase of less than 2.7% could result in reductions in services to tenants at a time when the demand for services and investment is higher than ever before.

REASONS FOR RECOMMENDED OPTION

17. The Authority is required to approve the Housing Revenue Account budget for each financial year and monitor spending throughout the year. HRA budget information is reported quarterly to Cabinet. The HRA must make a provision for depreciation on Council dwellings as specified by the Government (as a minimum). It must also pay the necessary charges due on all its loans (loan charges - interest), any expenditure over and above this is discretionary but all expenditure must be funded from rent income. The recommended rent increase of 2.7% allows the Council to fulfill its financial obligations in relation to the HRA in both the short and long term.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

18.

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	<p>All staff employed by SLHD are paid at or above the Living Wage.</p> <p>SLHD has an established apprenticeship programme and all entry level roles are reviewed to see if they can be converted to an apprenticeship role.</p>
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good 	<p>All Council homes are improved and maintained to the Doncaster Decency standard. Resources have been identified to build new Council houses and to improve the energy efficiency of the existing ones.</p>

	<p>quality, affordable home</p> <ul style="list-style-type: none"> • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	<p>A safe and warm living environment is an excellent foundation from which children, young people and adults can prosper.</p>
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	<p>SLHD works closely with the Council's stronger families team. A tenancy sustainment team has recently been established.</p> <p>A significant amount of investment is made each year in aids and adaptations to people's homes to enable them to live there in a safe and comfortable environment.</p>
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	<p>Housing services in Doncaster are excellent value for money with 92.8% of tenants saying that they are satisfied that their rent provides value for money. St Leger Homes is a key partner in Team Doncaster and in delivering Doncaster Growing Together.</p>

RISKS AND ASSUMPTIONS

19. The table below identifies the main quantifiable risks, which might result in the actual income and expenditure in 2020/21 being significantly different from the estimates and proposed actions to manage/mitigate them;

Risk/Assumption	Probability	Impact	Proposed Action
Increase in rent arrears as a result of welfare benefit reform (under occupation criteria)	Medium	£1.04m of direct housing benefit payments will be lost by tenants during 2020/21.	Increased focus on rent collection and financial advice. Bad debt provision of £1.1m and £0.411m assistance fund.
Increase in rent arrears as a result of the introduction of universal credit.	Medium	Estimated that 1,612 new tenants will receive universal credit in 2020/21 (£5.2m), instead of housing benefit paid direct to the landlord.	Increased focus on rent collection and financial advice. Bad debt provision of £1.1m and £0.411m assistance fund
Interest rates increase by 0.5%	Medium	Increased costs of £1.3m	A prudent estimate has been assumed for interest rates, a large proportion of loans are at fixed rates of interest.
Dwelling rent voids exceed the assumed level of 1.25% of the rent debit (£0.936m income reduction for the year) by 0.25% of rent debit.	Medium	Income reduction £0.187m	Regular monitoring of voids, reduce re-let periods, review strategy for long term voids. Demand for most properties remains high.
Dwelling rent voids exceed the assumed level of 1.25% of the rent debit (£0.936m income reduction for the year) by 1.0% of rent debit	Low	Income reduction £0.749m	Regular monitoring of voids, reduce re-let periods, review strategy for long term voids. Demand for most properties remains high.
Inflation in future years is higher than anticipated. An additional 1% on CPI would create cost pressures.	Medium	£0.056m of potential inflationary costs.	Inflationary projections for future years are expected to remain low, the figures will be monitored on a regular basis.

LEGAL IMPLICATIONS [Officer Initials: SRF Date: 21.01.20]

20. The Council is required by s74 of the Local Government and Housing Act 1989 to keep a Housing Revenue Account (HRA), which records all revenue expenditure and income relating to the provision of council dwellings and related services. This includes formulating proposals relating to income from rent and charges,

expenditure on repairs, maintenance, supervision and management, capital expenditure and any other prescribed matters in respect of the HRA. In formulating these proposals using best estimates and assumptions, the Authority must set a balanced account. In its role as landlord, the Council has statutory and contractual obligations to maintain the structure of, and installations in, its housing stock. The HRA Budget will assist the council in fulfilling those obligations.

The decision maker must be aware of their obligations under section 149 Equality Act 2010, the Public Sector Equality Duty (PSED). It obliges public authorities, when exercising their functions, to have 'due regard' to the need to:

- a. Eliminate discrimination, harassment and victimisation and other conduct which the Act prohibits;
- b. Advance equality of opportunity; and
- c. Foster good relations between people who share relevant protected characteristics and those who do not.

The relevant protected characteristics under the Equality Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnerships, but only in respect of eliminating unlawful discrimination.

The decision maker must ensure that they have seen the due regard statement. The duty must be exercised in substance, with rigour, and with an open mind and is not a question of ticking boxes. It is for the decision-maker to decide how much weight should be given to the various factors informing the decision, including how much weight should be given to the PSED itself. The duty is a continuing one and there should be a record/audit trail of how due regard has been shown. It is not sufficient for due regard to be a "rear-guard action" following a concluded decision. The decision maker must also pay regard to any countervailing factors and decide the weight to be given to these, which it is proper and reasonable to consider; budgetary pressures, economics and practical factors will often be important.

FINANCIAL IMPLICATIONS [Officer Initials: AW Date: 07.01.20]

21. These are contained within the body of the report.

HUMAN RESOURCES IMPLICATIONS [Officer Initials: AC Date: 24.01.20]

22. There are no HR implications specific to this recommendation. Any future changes as a result of the efficiencies that impact on the workforce will require HR engagement and would involve separate approval as appropriate.

TECHNOLOGY IMPLICATIONS [Officer Initials: PW Date: 24.01.20]

23. There are no direct technology implications as a result of this report. SLHD are represented on the Council & Partners Technology Governance Board (TGB) and submit any technology requirements to be considered to ensure wise investment, maximisation of existing systems across partners and rationalisation where possible and appropriate. As outlined in Appendix B, the total management fee for 2020/21 reflects an increase in the ICT SLA.

HEALTH IMPLICATIONS [Officer Initials: KH Date: 20.1.20]

24. This report sets out the Mayor's proposals for the 2020/21 Housing Revenue Account (HRA) Budget, including a 2.7% rental increase and some increases in other charges, such as district heating. The choices the Council makes in both raising and allocating budgets will impact on the health of the population. In general 20% of what contributes to health is due to clinical care, 30% due to behavioural factors, 40% due to socio-economic factors and 10% due to the built environment (including housing).

The decisions within this budget report have mixed implications for health. Providing secure, good quality and affordable housing can help to reduce poverty and inequality locally. Raising sufficient resources to ensure all Council homes are improved and maintained to the Doncaster Decency standard, build new Council housing stock and improve the energy efficiency of the existing stock will have a positive impact on the health and wellbeing of tenants.

In light of the continued changes in welfare benefits that will already be having a direct impact on the incomes of tenants, increases in rents and other charges may also contribute to the financial pressures facing some households. The Health Foundation (2018) states that an inadequate income can cause poor health because it is more difficult for people to avoid stress and feel in control, access experiences and material resources, adopt and maintain healthy behaviours and invest in their future. The impact of the changes to household rent should be monitored, not only to identify and support those at risk, but to also ensure that the impact is fully understood and mitigated, especially for our most vulnerable residents. It is important to ensure that tenants continue to have access to preventative and supportive tenancy services to enable them to manage and maximise their finances in light of these changes and to support them if they struggle or fall into arrears.

Where further cabinet reports are required report authors should consider the need for formal health impact assessments or early involvement of the public health team to minimise unintended impacts on health. Health impacts should also be addressed in the due regard statements that are developed alongside these further reports. Consideration could also be given to further utilising the considerable guidance on Housing for Health (<https://www.gov.uk/government/collections/housing-for-health>).

EQUALITY IMPLICATIONS [Officer Initials: JC Date: 07.01.20]

25. A Public Sector Equality Duty assessment is attached at Appendix C. There will be implications for individuals as a result of increasing rents but fundamentally rents are set based on the type and location of the property not with regard to the tenant.

CONSULTATION

26. Members have been consulted at meetings between November 2019 and February 2020; this included Labour Group, Overview & Scrutiny Management Committee (OSMC) and representatives from other parties.
27. The proposed HRA budget and changes to rent and service charges have been the subject of formal consultation with members of the Tenants and Residents

Involvement Panel (TRIP), SLHD Tenant Board Members and representatives from Tenants and Residents Associations (TARAs) on 27th January, 2020.

28. Tenants think that Council rents in Doncaster are excellent value for money (and this is reflected in Tenant surveys 92.8% are satisfied that their rent provides value for money). They thought that the increases in rents and fees & charges were reasonable and that the increases were very small weekly changes and they also responded to say that many tenants were seeing decreases in their fuel bills following investment in energy efficiency improvements.
29. Tenants are happy with the condition of their homes and the services that they receive, they could not identify any service improvements or investment needs which were not being met by the proposed budgets. They were particularly pleased to see the resources to be invested in fire safety work and felt that the Council had acted quickly to address fire safety issues.
30. Tenants were pleased to hear that the Council is investing significantly in additional Council houses as they know that there are many people that would benefit from homes of an excellent standard with good services.
31. SLHD consult with their staff and unions on the proposals within the HRA budget which directly affect them.

This report has significant implications in terms of the following:

Procurement	N/A	Crime & Disorder	N/A
Human Resources	N/A	Human Rights & Equalities	N/A
Buildings, Land and Occupiers	N/A	Environment & Sustainability	N/A
ICT	N/A	Capital Programme	Yes

BACKGROUND PAPERS

- Welfare Reform and Work Act 2016
- Housing and Planning Act 2016
- Policy statement on rents for social housing, February 2019. Issued by Ministry of Housing, Communities and Local Government (MHCLG)
- Cabinet report 19th November, 2019 – 2019/20 Quarter 2 Finance and Improvement Performance Report and Delivering for Doncaster Booklet.

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

CIPFA – Chartered Institute of Public Finance and Accountancy

CPI – Consumer Price Index

GIG – Get involved group

HB – Housing Benefit

HCA - Homes and Communities Agency

HE – Homes England

HRA – Housing Revenue Account

ICT – Information Communication Technologies

IT – Information Technology

MHCLG - Ministry of Housing, Communities and Local Government

SLA – Service Level Agreement

SLHD – St Leger Homes of Doncaster

SYPA – South Yorkshire Pension Authority

TARA – Tenants and Residents Association

TRIP – Tenants and Residents Involvement Panel

UC – Universal Credit

VAT – Value Added Tax

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Director of Corporate Resources

Housing Revenue Account Budget 2020/21 to 2023/24

Description	Annual Budget OE	Annual Budget OE	Annual Budget OE	Annual Budget OE
	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s
Expenditure				
Management and Maintenance				
Insurances	767	780	800	820
General Management	3,344	3,410	3,478	3,548
Special Services	250	250	250	250
Management Fee to St Leger Homes	31,931	32,497	33,450	34,622
Tenancy Sustainment Fund	411	111	111	111
Debt Management Expenses	15	15	15	15
Rent, Rates, Taxes & Other Charges	142	142	142	142
Capital Charges				
Depreciation on Council Dwellings	17,224	17,224	17,224	17,224
Depreciation on non dwellings	963	963	963	963
Provision For Bad or Doubtful Debts	1,100	1,700	1,700	1,700
Total Expenditure	56,147	57,092	58,133	59,395
Income				
Rent Income				
Dwelling Rents	-73,973	-75,651	-77,382	-79,365
Non-dwelling Rents	-826	-815	-790	-765
Charges For Services and Facilities	-123	-123	-123	-123
Contributions Towards Expenditure	-214	-214	-214	-214
Income from Solar Panels	-208	-212	-216	-220
Total Income	-75,344	-77,015	-78,725	-80,687
Net Income from Services	-19,197	-19,923	-20,592	-21,292
Capital Charges				
Loan Charges - Interest	12,450	12,299	12,255	12,096
Interest Receivable	-83	-83	-83	-83
Net Operating Income	-6,830	-7,707	-8,420	-9,279
Appropriations				
Revenue Contribution To Capital Outlay	10,442	7,707	8,420	9,279
Transfer to / from Reserves	-3,612	0	0	0
Surplus (-) / Deficit for Year	0	0	0	0
HRA A/C BALANCE BF	7,612	4,000	4,000	4,000
Transfer to/from balances	-3,612	0	0	0
HRA A/C BALANCE CF	4,000	4,000	4,000	4,000

SLHD Management Fee

	Note	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s
Management fee		30,921	31,931	32,497	33,450
Growth items					
Inflationary increases					
Pay award	1	774	664	681	700
Superannuation	2	429	0	0	200
Increments	3	66	40	40	40
Inflation	4	450	250	250	250
Increase in ICT SLA	5	127			
Arboriculture	6		-120		
Removal of 5 year temporary funding	7	-100			
Efficiencies delivered	8	320	-250		
Reinvestment in services		-320			
Pension Adjustment	9	-736	-18	-18	-18
Total Management Fee		31,931	32,497	33,450	34,622

Details of the growth bids are;

1. Pay award - 3.0% pay award with effect from 1 April 2020 and then 2.5% in each of the following years.

2. Superannuation - The pension fund was revalued in 2019. Employers contribution increased from 13.9% in 2019/20 to 16.0% in 2020/21. It has been assumed that there will be a further 1% increase in 2023/24.

3. Increments - the costs of annual pay increments paid to employees who are not at the top of their grade.

4. Inflation - the increase costs for contracted goods and services. Inflation is calculated on individual budget lines and the vast majority of budgets have not been inflated, examples of some of the inflationary increases are vehicles at 11.7% (£183k), materials at 1% (£57k), gas at 15.56% (£41k) and service level agreements (SLAs) at 3% (£97k).

5. ICT SLA - increased as a result of additional servers and complexities due to the rollout of Office 365.

5. Arboriculture - It was agreed at Cabinet on 18 June 2019 that £240k of the surplus from 2018/19 would be returned to SLHD to be spent on Arboriculture, this funding was split over two years to enable the Council to be able to deliver the work.

6. Removal of 5 year temporary funding - on 18 June 2014 Cabinet agreed a five year increase of £160k (split over two years £60k then £100k) per annum in resources to fund the refurbishment costs of St Leger House (formerly Concorde House). This funding has been removed from the management fee as the refurbishment costs are written off.

7. Efficiencies Delivered - efficiencies have been found to fund additional posts within the Health, Safety & Compliance team to deal with the challenges facing the sector following the Grenfell tragedy and the increased focus on H&S and being able to demonstrate compliance and the Tenancy Sustainment Team to deal with the ongoing roll out of Universal Credit.

HRA Budget Report

1	<p>Name of the ‘policy’ and briefly describe the activity being considered including aims and expected outcomes. This will help to determine how relevant the ‘policy’ is to equality.</p>	<p>HOUSING REVENUE ACCOUNT BUDGET 2020/21 The Impact of Increasing Dwelling Rents for the Council’s Housing Stock.</p> <p>Doncaster Council is landlord to 20,421 properties of which 20,150 are socially rented and 271 are leasehold. The Housing Management responsibility for the stock has been delegated to St Leger Homes of Doncaster (SLHD) under a management agreement. In February, 2019 the Government published “Policy Statement on Rents for Social Housing” which regulates rent increases from 1st April 2020 for the next five years. For 2020/21 the rent increase will be 2.7% for all tenants meaning that the average rent will be £71.63 per week.</p> <p>This due regard statement seeks to identify those groups noted in the protected characteristics (section 3) that may be affected positively or negatively by the increasing of rents and sets out the measures to mitigate the impact on those groups. The rent increase of 2.7% will be applied to all tenancies irrespective of the tenant.</p>
2	<p>Service area responsible for completing this statement.</p>	<p>St Leger Homes of Doncaster.</p>
3	<p>Summary of the information considered across the protected groups.</p> <p>Service users/residents</p> <p>Doncaster Workforce</p>	<p>Age The rent increase of 2.7% will apply to all tenancies, regardless of the resident’s age. However, other specific welfare reform measures may have an impact as a result of the age of the tenant , these are as follows;</p> <p>Social Sector Size Criteria (bedroom tax); Introduced 1st April, 2013, this welfare reform only applies to working age households and currently affects 1,675 tenants who are claiming Housing Benefit*. 1,319 tenants have to make up a 14% shortfall for their rent and 356 have a shortfall of 25% to make up. The average age of tenants affected by under occupation charge is 50. We are not aware of the number of households who under occupy but do not claim housing benefit.</p> <p>*Bedroom tax still applies to tenants that claim Universal Credit however, we are unable to</p>

obtain accurate information as to how many are affected so the figures quoted above do not provide the full picture of the impact.

Benefits Cap: A cap on the total amount of benefits a household can receive was introduced in July 2013, which affected 20 DMBC tenants. A further, lower cap was fully implemented on 9th January, 2017 (£20k for families and £13,400 for single claimants). The lower cap currently affects 49 families in Council accommodation. For DMBC tenants, the reduced cap will largely apply to single parent households with 4 or more children or couples with 3 or more children.

*Benefits cap still applies to tenants that claim Universal Credit however, we are unable to obtain accurate information as to how many are affected so the figures quoted above do not provide the full picture of the impact.

Full Service roll out of Universal Credit from October 2017

Universal Credit '*Full Service*' was implemented in Doncaster on 11th October, 2017 and replaced the Universal Credit *Live Service* which had been operational since September 2015. From this point all new claims from working age tenants for any of the 6 former benefits (Job Seeker's Allowance, Employment and Support Allowance, Income Support, Child Tax Credit, Working Tax Credit and Housing Benefit) will automatically go onto Universal Credit and these former benefits will be closed to new claims. In January 2019 the total number of cases claiming UC was 2,826. By January 2020 the number of tenants claiming UC now stands at 4,361 cases, an increase of 1,535. From 1st February, 2019 the rate of transfer on to Universal Credit increased as claimants with 3 or more children will then be able to claim Universal credit.

As at January 2020, there are approximately 34% pension age tenants and 66% working age. Of these, 4,736 pension age tenants and 4,384 working age tenants are in receipt of Housing Benefit or the equivalent Housing Element of Universal Credit. Currently there are 4,361 tenants claiming Universal Credit, all of which are working age.

	<p>Disability Out of the main tenants on our Universal Housing system, 6,729 have identified as disabled – which equates to 33.45%. This compares to a national figure of 22% across the whole population in England (data supplied by ONS, questions were changed in 2015 which has now given a more accurate figure). Data shows that the number of people declaring as disabled in Yorkshire and Humber is roughly in line with the national figure. It is not anticipated that the increase in rents will adversely affect individuals based on their disability. The Housing Revenue Account also has a specific budget of £2.2m for adaptations to the homes of tenants that need adaptations.</p> <p>Ethnicity 16,771 of our tenants identify as White British – which equates to 83.62%. 1,285 (6.41%) identify as belonging to black, Asian or minority ethnic groups. A report by Department for Work and Pensions in June 2012 also tells us that working age adults living in households headed by someone from an ethnic minority were more likely to live in low-income households. This was particularly the case for households headed by someone of Pakistani or Bangladeshi ethnic origin. Translation services are offered in exceptional cases, but every effort is made to ensure that tenants understand their tenancy agreements and any other legal documents.</p> <p>Gender It is not anticipated that the increase in rents or under occupation charge will adversely affect individuals based on their gender. Male and Female residents will be equally affected. 12,683 of our tenants have identified as Female (63.23%) and 7,327 (36.53%) as Male.</p> <p>Sexual Orientation It is not anticipated that the increase in rents will adversely affect individuals based on their sexual orientation.</p>
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		<p>Religion and Belief It is not anticipated that the increase in rents will adversely affect individuals as a result of any specific religion or belief they may have.</p> <p>Maternity and Pregnancy It is not envisaged that those residents who happen to be pregnant or on maternity leave will be adversely affected by the rent increase as a result of their pregnancy or maternity leave.</p> <p>Gender Reassignment It is not anticipated that the increase in rents will adversely affect individuals who have undergone gender reassignment.</p> <p>Marriage and Civil Partnership It is not anticipated that the increase in rents will adversely affect individuals if they are married or in civil partnerships, more so than non-married residents or those not in civil partnerships.</p>
4	<p>Summary of the consultation/engagement activities</p>	<p>Members have been consulted at meetings between November 2019 and February 2020; this included Labour Group, Overview & Scrutiny Management Committee (OSMC) and representatives from other parties.</p> <p>The proposed HRA budget and changes to rent and service charges have been the subject of formal consultation with members of the Tenants and Residents Involvement Panel (TRIP), SLHD Tenant Board Members and representatives from Tenants and Residents Associations (TARAs) on 27th January, 2020.</p> <p>Tenants think that Council rents in Doncaster are excellent value for money (and this is reflected in Tenant surveys 92.8% are satisfied that their rent provides value for money). They thought that the increases in rents and fees & charges were reasonable and that the increases were very small weekly changes and they also responded to say that many tenants were seeing decreases in their fuel bills following investment in energy efficiency improvements.</p>

		<p>Tenants are happy with the condition of their homes and the services that they receive, they could not identify any service improvements or investment needs which were not being met by the proposed budgets. They were particularly pleased to see the resources to be invested in fire safety work and felt that the Council had acted quickly to address fire safety issues.</p> <p>Tenants were pleased to hear that the Council is investing significantly in additional Council houses as they know that there are many people that would benefit from homes of an excellent standard with good services.</p> <p>SLHD consult with their staff and unions on the proposals within the HRA budget which directly affect them.</p> <p>Once a decision has been made by Council on 5th March 2020, a letter will be sent to all Council tenants which will give details of the rent change with effect from 6th April 2020.</p>
5	<p>Real Consideration:</p> <p>Summary of what the evidence shows and how has it been used</p>	<p>All Council tenants will be impacted from the rent increase. However, some tenants will continue to be impacted by the under occupation charge and/or benefit cap, however it is likely that some groups will be affected to a greater extent because of their lower income. The changes to welfare reform currently only affect tenants that are deemed to be of “working age”.</p> <p>SLHD have a tenancy sustainment team to help assist tenants in financial difficulties and to help to sustain tenancies. This team was reconfigured and significantly strengthened to 24 staff members during 2019/20 to help the increasing numbers of tenants in rent arrears as a result of welfare reform changes. SLHD staff and staff from the Council’s benefit team work together with tenants to assist them to claim discretionary housing benefit (DHP) where this is appropriate. The Council has identified a budget of up to £0.411m to assist tenants impacted by welfare reform, a revised policy was approved which detailed how this money could be spent in August 2017, as further welfare benefit reform changes are made this policy may need to be updated again.</p> <p>The rent increase is the same percentage increase for all tenancies, the rent is calculated based on the characteristics of the property and not with regard to the tenant.</p>

6	Decision Making	This due regard statement has been made available to Members in advance of making any decisions on rent increases. The HRA Budget 2020/21 report to Council on 5 th March, 2020 asks the Council to agree the rent increase for the 2020/21 financial year with effect from 6 th April, 2020.
7	Monitoring and Review	The HRA budget is monitored on a quarterly basis by Cabinet, performance information for SLHD is monitored every 3 months by Cabinet and includes information on rent arrears. SLHD management team and Board monitor performance on a regular basis and there is a focus on rent arrears as a result of the recent welfare reform changes. Financial assistance is offered to all tenants who are in rent arrears, the number of evictions due to rent arrears is also monitored in detail to identify if any trends are emerging. Payments made from the welfare benefit reform fund are monitored and these details include the protected characteristics of the tenants.
8	Sign off and approval for publication	Julie Crook, Director of Corporate Services, St Leger Homes of Doncaster.



Doncaster Council

Date: 11.02.2020

**To the Chair and Members of
Cabinet**

CAPITAL STRATEGY AND CAPITAL BUDGET 2020/21 – 2023/24

EXECUTIVE SUMMARY

Capital Strategy

1. The Capital Strategy outlines the principles and decision making process involved when approving new bids and the monitoring of Doncaster Council's capital programme. The aim is to contribute to the achievement of the Council's priorities and objectives, through the regeneration of the borough, improved infrastructure, improved efficiency and effective operation of services. This is to be delivered via an affordable programme of capital investment consistent with the Council's financial strategy.
2. The Capital and Major Projects Board (CAMP Board) was established during the year and has a cross directorate membership. CAMP Board has the purpose of scrutinising and prioritising the capital bids received during the budget setting process.
3. The Council needs to change the way it funds its capital programme. Funding of the current programme relies largely upon capital receipts, however sales have not been realised at both the level and within the timeframes previously estimated. The disposals programme is also decreasing in size so the level of capital receipts available in the future will greatly diminish.
4. Due to the lack of capital receipts there will be greater borrowing requirements to fund the capital programme in the future. This will create a requirement for increased revenue budget to pay for the cost of borrowing. There is more information within the Capital Strategy and paragraphs 29 to 34.
5. The Capital Strategy is set out in paragraphs 38 to 76; this has been used to produce the Capital Budget Proposals set out in paragraphs 15 to 37.

Capital Programme Budget Proposal

6. Doncaster Council continues to invest in the future of the Borough despite the tough economic climate with an estimated £309.6m of capital investment over 2020/21 to 2023/24 that will continue to stimulate growth and prosperity, with £113.1m of spend estimated for 2020/21. The Council is investing in projects to further improve core services such as Education, Housing, Infrastructure, Leisure and Culture, as well as attracting investors and visitors to the Borough. Prime examples of this investment are the new Central Library and Museum, DN7 Hatfield Link Road and the construction of a new Special School.
7. £135.1m will be invested in the Councils social housing stock over the next four years. This will include maintenance, adaptations and the start of a 10 year new build programme. It is estimated that 560 new homes will be built over 10 years with an overall budget of £100m. This investment will be the largest council house investment in Doncaster for many years.
8. The additional bids received which are to be taken into consideration for inclusion in the capital programme total £33.0m with £13.8m in 2020/21.
9. The existing capital programme and new bids where financing is in place for the four years 2020/21 to 2023/24 is detailed in Appendices 1a to 1e and the paragraphs below. There is also further information on some of the schemes that will have wide-ranging benefits for Doncaster.
10. In the following sections, unless stated otherwise, the value for 2020/21 is shown first and then the total for the four year programme is in brackets (2020/21 to 2023/24).

EXEMPT REPORT

11. This report is not exempt.

RECOMMENDATIONS

12. Cabinet will be asked to recommend to Council to approve:
 - a. The Capital Strategy at paragraphs 38 to 76;
 - b. Capital Programme Budget for 2020/21 to 2023/24 at paragraphs 15 to 37; and
 - c. Directors in consultation with the portfolio holder take responsibility for agreeing any significant changes to the Schools Condition Programme and the Local Transport Plan funding and that they are agreed in consultation with the relevant Portfolio Holder.
 - d. Note that capital bids will be approved as in year additions to the capital programme in line with the Council's financial procedure rules.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

13. Doncaster citizens will benefit from the continued capital investment in public facilities such as schools, leisure centres, roads, markets and affordable housing, and also from the Council facilitating growth by working with a range of partners. Work will also continue on the new Central Library and Museum

an iconic 21st century building, which will transform how library and heritage resources are provided in the borough.

BACKGROUND

14. Capital spending is something that is bought or built that generally lasts more than one year, such as a road or building. Most capital funding is allocated for spending on specific projects. Capital spending is different from revenue spending, which covers the day to day costs of running council services but capital investment can assist the revenue budget by helping to reduce running costs by providing more efficient facilities and equipment.

Capital Programme Summary

15. The current Capital Programme includes £309.6m of capital investment over 2020/21 to 2023/24, with £113.1m in 2020/21. A summary of the Capital Programme by Directorate is provided below: -

Directorate	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	Total £m
Adults, Health and Well-Being	6.155	4.794	4.617	4.630	20.196
Corporate Resources	23.271	13.098	12.905	12.850	62.124
Learning and Opportunities – Children and Young People	18.498	4.814	4.435	0.255	28.002
Economy and Environment	65.160	45.218	50.748	38.118	199.244
Total	113.084	67.924	72.705	55.853	309.566

16. The value of capital bids received as part of budget setting that require funding from council resources (capital receipts and borrowing) are set out in the table below. The CAMP board has reviewed all the bids received. Due to the shortfall of capital receipts, these bids will have to be funded by borrowing. Due to the associated costs of borrowing impacting upon the revenue budget no bids will be put forward for approval until it is decided what level of borrowing is affordable.

Directorate	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	Total £m
Adults, Health and Well-Being	2.603	2.863	2.863	2.863	11.193
Corporate Resources	2.595	2.017	2.158	0.200	6.969

Economy and Environment	8.564	3.268	2.820	0.210	14.862
Total	13.762	8.148	7.841	3.273	33.024

17. Additional budget of £0.50m will be allocated in the revenue budget for the additional cost of borrowing. Based on an average asset life of 20 years and interest rate of 2.75%, £6.45m of the capital bids received could be funded. An affordable borrowing block budget will be put in place and a process for allocating it to the prioritised bids will be established through the CAMP Board.
18. In addition to the borrowing block budget there may be Service Transformation Fund available that could be used to finance some of the capital bids. If made available this funding will be used in line with the borrowing block budget and will be allocated through the CAMP Board.
19. The CAMP Board will undertake further review and analysis of the bids in conjunction with relevant portfolio holders in order to get a better understanding of the relative importance of each bid.

Economy and Environment: -

20. The programme managed by this Directorate is the largest part of the Council's budget in terms of project numbers and value at an estimated total investment of £65.2m in 2020/21 (£199.2m), a further analysis is provided in Appendix 1e of the Appendix pack.
21. Bids totalling £8.6m (£14.9m) were received during budget setting for this Directorate that would need to be funded with council resources.

Development

- a) **New Central Library and Museum** – £0.5m 2020/21 – £15.7m for the overall programme including 2018/19. A new, combined Central Library, Museum and Art Gallery, along with other social and learning facilities (e.g. a Core Education Space, rail heritage centre, conference and training facilities, micro-business incubation space, café, retail, etc.). The building work started in late 2018 on the site of the former Girls' School on Waterdale, adjacent to the Civic Office and is scheduled for completion in August 2020. The building will contribute to wide-ranging skills, economic, and learning-related outcomes for Doncaster's residents.
- b) **Civic and Cultural Quarter (CCQ) Cinema Infrastructure** - £3.0m 2020/21 (funded from borrowing) – £10.6m for the overall project from 2019/20. CCQ cinema development with the Council acting as landowner, funder, developer and landlord of the completed development. The CCQ project seeks to regenerate the area around the Cast Theatre to increase footfall and attract further investment. The project aims to make the area more accessible and in turn attractive to occupiers, developers and investors, further assisting our aims of securing further jobs and Gross Value Added (GVA) to this part of the region. This development land will be more effectively connected to the core CCQ uses delivered in earlier phases (Cast Theatre and Civic Office) and offer the

potential to accommodate up to 47,882 sqm (515,000 sqft) of mixed use development incorporating retail, office and residential uses. The improved connectivity to these sites provided by the proposed public realm and infrastructure works will increase the attractiveness of these plots to investors for further commercial and residential development, in turn continuing the momentum achieved to date within the core CCQ area.

In tandem with the public realm and infrastructure works, the associated delivery of the new cinema (6 screens) and family restaurants (5) will lever in £7.8m of finance, providing 102 new jobs, adding to local employment opportunities for Doncaster and the wider City Region. Once completed it will create an annual rent, generate additional business rates and an enhanced CCQ leisure offer. The site is due to open May 2020.

- c) **DN7 Unity Hatfield Link Road** - £4.6m 2020/21 (funded from Council resources, Sheffield City Region grant and developer contributions) – £17.6m for the overall project from 2017/18. Delivery of 3km new road from J5 M18 to unlock Unity mixed use development comprising 3,100 houses, 395,000m² of commercial floor space and local centre, retail and educational facilities over a 30 year timeframe. The Link Road is due to be completed in late 2020.
- d) **A630 Westmoor Link** - £0.4m 2020/21 – £10.7m for the overall project from 2017/18. This scheme sets out to deliver infrastructure improvements, including high capacity junctions and removal of a classified arterial route pinch point by widening a narrow railway overbridge over the A18. This scheme future-proofs infrastructure so that it is able to accommodate a number of planned developments in the area. This will cater for identified developments delivering 3,383 houses and 227,328 sqm of commercial development. Asset protection dialogue has already commenced with Network Rail. Construction to be completed 2020/21.
- e) **Transport IT programmes** - £1.3m in 2020/21 (LTP) for a range of schemes relating to Safer Roads, Network Management, Cycling and Sustainable Choices (Dropped crossings, Footways, Bus Partnership, Minor Works Package, etc.).
- f) **Strategic Acquisitions Fund** - £3.8m 2020/21 (funded with Council resources) – £5.0m for the overall fund from 2019/20. To be used for the strategic acquisition of assets. Initial allocations for one purchase confirmed and one other under review. Remainder available for identified strategic prioritisation and subject to general capital resource planning.
- g) **Transforming Cities Fund** - £8.5m 2020/21 (£42.7m) (£2.5m of Council resources, £40.2m external grant) - The TCF aims to drive up productivity through improved connections between urban centres and suburbs with investment and improvements local transport infrastructure and public transport. This investment by the Council is estimated to secure £40.2m of grant funding.

Housing

- a) **Council House Building Programme (Committed)** – £8.98m (2020/21-2021/22). The scheme on the former Askern Colliery site to deliver 12 new homes (8 modular units and 4 traditional construction) will be completed in 2020/21.

On 3rd December, 2019 Cabinet approved future developments as part of its Affordable Homes Programme. The approval will deliver an estimated 60 new homes in the Borough by spring 2021.

- b) **Council House Building Programme (New Major Investment)** - £100m with £8.9m in 2020/21. The Government's decision in October 2018 to remove the Housing Revenue Account (HRA) borrowing cap will mean the Council is no longer constrained by government controls over borrowing for house building and is able to borrow against expected rental incomes, in line with the Prudential Code.

As a result, the Council will be able to continue an ambitious programme of housing development over a 10 year period; delivering a substantial number of new homes to meet the needs of our residents.

The lifting of the cap will enable:-

- Accelerated delivery of additional new homes across the Borough
- The purchase of additional land for housing development
- The acquisition of additional affordable housing through S106 agreements
- Opportunities for additional investment in older persons accommodation provision
- The provision of bespoke accommodation to include the following sectors:-
 - Looked after children and care leavers.
 - Physical and learning disabilities.

For Doncaster this means investment totalling £100m will be available subject to approval, for future housing. £20m of approved resources will be boosted by an additional £80m borrowing.

- c) **Council House Improvement and Maintenance Programme** - Funding totalling £19.4m in 2020/21, will be spent on improving and maintaining the existing Council housing stock to the Doncaster decency standard. The main focus will be on improvements to communal areas, heating conversions/upgrades, refurbishment of void properties and roof, fascia and soffit replacements. The programmed works will include the following:-

- **Fire Safety Improvements** - Fire suppressant & sprinkler installations to nine high rise blocks of flats and the replacement of both lifts at Silverwood house have already been completed. Fire risk assessments have now been carried out on all the high risks properties. The existing stock will be closely monitored to ensure any future fire safety improvements are carried out.

- **Electrical Works** – Electrical works totalling £4.0m across the four year programme will be invested into exchanging consumer units and introducing surge and arc protection equipment to existing stock where required, in order to comply with new regulations.
- **Energy Efficiency Works** - Funding totalling £4.0m in 2020/21 (£12.6m across the four year programme) will be spent on investment in Energy Efficiency Works to help reduce fuel poverty. The main focus will be on hard to treat properties where there is either no cavity (sometimes classed as solid wall) or a narrow cavity, where standard cavity wall insulation is not possible or viable due to the nature of the construction.

Environment

a) Highway Maintenance Programmes – £4.9m 2020/21 (LTP)

An estimated £4.9m of LTP capital funded works programmes for highways, bridges and street lighting maintenance schemes in 2020/21.

The highways works comprise of the structural, preventative and routine maintenance of the classified and unclassified road, footway and bridges infrastructure.

This funding will support on average per year approximately; surface dressing around 25km (15.5miles) of road network, strengthening/resurfacing around 10km (6.2 miles) of local roads and reconstruction/resurfacing around 8km (5miles) of footways in 2020/21.

In addition it is anticipated that around 15,000m² of permanent patching repairs will be undertaken in 2020/21 in support of pothole repairs, pothole prevention measures and routine maintenance.

Schemes will be undertaken based on a prioritised selection of classified and unclassified roads and footways aimed at stabilising and improving the condition performance status of the highway network in order to promote user safety and efficient travel and to support the local economy, investment, growth and regeneration initiatives within the borough.

The Bridges allocation is taken from the £4.9m LTP capital highways funding, this will be approximately £0.85m with another £0.50m to be allocated for the Newton Ings Footbridge replacement scheme. It is anticipated that around 6-8 highways structures schemes (bridges and retaining walls) will be delivered in 2020/21 alongside the design for a number of culvert renewal schemes which shall be delivered over the following few years subject to external grant/levy funding.

b) Street Lighting Column Replacement - £0.6m 2020/21 (funded with Council resources) – for the continuation of the scheme for the replacement of existing street lighting columns, re-using the existing LED light fittings.

Adults, Health and Well Being: -

22. The total investment managed by this Directorate is estimated to be (£20.2m) over the four year programme, with £6.2m in 2020/21. The largest areas are Housing Adaptations £5.0m (£18.8m) and Leisure Centre improvements £0.75m. A further analysis is shown in Appendix 1b of the Appendix pack.

23. Bids totalling £8.6m (£14.9m) were received during budget setting for this Directorate that would need to be funded with council resources. There is also an additional £6.1m required in later years in relation to these bids.

- a) **DFG/Adaptations** - 1,830 housing adaptations for the disabled are estimated to be completed per year (230 DFG adaptations to private properties and 1,600 on SLH properties). There are also 1,300 private minor adaptations estimated to be completed each year. The estimated funding package is £18.8m.
- b) **Doncaster Culture and Leisure Trust** - This is the third year of a new 3 year programme (£3.0m). £0.75m is estimated to be used on fabric maintenance and system replacement in 2020/21, mainly at Adwick, Dearne Valley and the Dome.

Corporate Resources: -

24. Corporate Resources are estimated to manage (£62.1m) of funds over the four year programme, with £23.3m in 2020/21. The major area of spend managed is investment in ICT £1.9m (£2.2m). The balance for the Investment and Modernisation Fund allocation, which is to be increased to £12.5m (£50m), is held within this directorate. Also within this directorate is the borrowing block budget of £6.5m which will be allocated as and when the capital bids received are approved. A Further analysis is shown in Appendix 1c of the Appendix pack.

25. Bids totalling £2.6m (£7.0m) were received during budget setting for this Directorate that would need to be funded with council resources.

- a) The Council cannot operate effectively and efficiently without technology. Technology needs to be continually refreshed to be fit for purpose and so it will still operate as technology continually evolves and to ensure all information is kept safe and secure. This particular scheme is to replace absolutely essential key infrastructure such as connectivity between buildings, further improved security, system upgrades and device refresh.
- b) Electric pool cars, charging infrastructure and pool car relocation - £0.85m (funded with council resources). This scheme includes the replacement of 25 diesel pool cars with full battery electric vehicles. This will reduce the amount of harmful vehicle emissions and contribute towards the achieving the aims of the Climate and Biodiversity emergency declared by the Council.
- c) £12.5m (£50.0m) IMF available to fund projects which deliver more efficient services and enable further revenue savings; further detail is provided in paragraph 37.

Learning and Opportunities – Children and Young People: -

26. The total investment via this Directorate is estimated to be £28.0m over the four year programme, with £18.5m in 2020/21. The major areas of investment are creating additional School Places, including a new special school £9.9m (£14.8m). It is important to note that these programmes are in development and so are subject to change, if for example cost estimates change or schools leave the Council's control. A further analysis is shown in Appendix 1d of the Appendix pack.

27. Considerable amounts of effort and investment are being made to improve the condition of our schools and create new school places. The main outcomes for this Directorate and more detail on the school building improvements is below:-

a) **Schools Condition Programme** - Overall fourteen schools are estimated to have a range of improvements works completed in 2020/21, a single school may have more than one type of improvement work carried out, including roof replacement, electrical and lighting upgrades and heating system improvements, investing £1m

- Six schools will have a range of electrical work completed including mains and lighting upgraded £0.3m;
- Seven schools will have a range of heating, boiler and pipework improvements at an estimated cost of £0.3m;
- Three schools will have roofing works completed, investing £0.3m;

A contingency of £0.1m is allocated within the budget to allow for any unforeseen costs.

The Schools Condition Programme will be refined and the values and locations are subject to change once detailed design has been completed. Any significant amendments will be agreed with the Portfolio Holder / Cabinet for this area and updates will be available through the quarterly Finance and Performance Improvement report to Cabinet and Overview and Scrutiny Management Committee.

b) **School Places** - Investment in Armthorpe Academy following redevelopment of the site is subject to agreement of the Secretary of State to release land (valued at £0.8m) back to the Council. A full business case needs to be produced and reviewed before this scheme progresses further.

Social, Emotional, Mental Health (SEMH) Provision and Alternative Provision allocation remaining balance has been identified for various projects following the inclusion transformation plan.

Investment in Don Valley academy to facilitate an increase in Pupil Admission Number (PAN). This will enable an additional 30 pupils to be admitted to Don Valley.

Investment in and expansion of Outwood Academy Adwick to provide additional teaching and dining space to facilitate an increase in PAN. This will enable an additional 60 pupils to be admitted.

Expansion of The Hayfield School, providing 5 additional classrooms to facilitate an increase in PAN. This will enable an additional 150 pupils to be admitted.
Completion of The Bader Academy, a communication and interaction needs school which will provide 100 places for students aged between 5 and 19. This is scheduled to complete Q3 2020 and is being delivered as part of a Free School project in conjunction with the Department for Education.

Expansion of Hatchell Wood Primary to a three form-entry school. This will create space for an additional 210 pupils to address increasing demand in the pyramid.

Expansion of Rossington All Saints Academy to provide space for an additional 180 pupils to alleviate pupil place pressures.

All the school expansions are funded with DfE New Pupil Places grant.

- c) **Doncaster Children's Services Trust** – Doncaster Children's Service Trust has funding of £2.3m over the four-year period, with £1.5m in 2020/21. The schemes will produce a semi-independent living home, a 16+ home and homes for children with disabilities.

Links to the Medium-term Financial Strategy (MTFS)

28. All capital investment must be sustainable in the long term through revenue support by the Council or its partners. All capital investment decisions consider the revenue implications, both in terms of servicing the finance and running costs of the new assets. The impact of the revenue implications is a significant factor in determining approval of projects. The use of capital resources has been fully taken into account in the production of the Council's MTFS.

Asset Sales and Capital Receipts

29. To deliver the priorities, the Council needs to generate income by selling assets to generate capital receipts. Over the next four years, the Council has estimated £52.1m will be received from sales of land and buildings via the general fund disposal programme. It is currently projected that there will be a shortfall in general fund capital receipts of £12.4m in 2019/20 caused by delayed delivery in the current and previous years (this shortfall could increase further if the current estimated sales for 2019/20 are not achieved). There is also a predicted shortfall of £6.9m in 2020/21 therefore there are no receipts available to fund the new capital schemes.

30. Funding of the current programme relies largely upon capital receipts, however sales have not been realised at both the level and within the timeframes previously estimated. The disposals programme is also decreasing in size so the level of capital receipts available in the future will greatly diminish.

31. It is proposed that capital receipts are only used to fund the existing capital programme and if any capital receipts are generated beyond that they could be used to fund transformational and regeneration schemes. An example of such a scheme could be investment in the Council's leisure centres.

32. The value in the current capital programme to be financed with capital receipts totals £15.6m.

33. The tables below show the existing capital receipts and commitments for 2020/21 to 2023/24: -

	20/21 £m	21/22 £m	22/23 £m	23/24 £m	Total £m
Current Capital Programme Requirement	12.657	1.255	1.268	0.400	15.580
Estimated Capital Receipts:					
Carried forward	(12.427)	(6.884)	7.543	17.037	(12.427)
In-year capital receipts	18.200	15.682	10.762	7.500	52.144
Total Est. Capital Receipts	5.773	8.798	18.305	24.537	39.717
Cumulative Balance (to c/f)	(6.884)	7.543	17.037	24.137	24.137

34. The disposal programme is dependent upon a low number of high value assets. If any of these assets were to fail to sell, slip to another financial year or not achieve the estimated sale price it would be detrimental to the amount of capital receipts available. As these are estimates the sale price may vary as well as the timings of the sales.

Future Capital Allocations and Funding

35. Funding allocations will continue to be used in line with the relevant legislation or funding guidance. For funding that allows the Council discretion on how it is used and any new funding allocations made during the year, the Chief Financial Officer will confirm to which part of the capital programme it will be applied.
36. The Chief Financial Officer will also approve requests to amend the use of capital receipts during the year after consultation with the Mayor and these will be reported quarterly to Cabinet as part of the Finance and Performance Improvement report.

Investment and Modernisation Fund (IMF)

37. The IMF allocation is being increased back up to £50.0m to be available over the four year programme. Examples of projects to be funded over the four year programme include: -
- a) Fleet and Plant replacement programme;
 - b) Civic and Cultural Quarter cinema development.
 - c) Electric Pool Cars and charging Infrastructure and Pool Car Relocation

Capital Strategy

38. The Capital Strategy outlines the principles and decision making process involved when approving Doncaster Council's capital programme explaining how the Council prioritises, finances and manages capital schemes.
39. Spending is included within the capital programme where the Council expects it to result in future economic (asset value) or service (asset performance or life) benefits. This covers both purchase of new long-term assets and improvements to existing ones, and is consistent with the approach required in the CIPFA Code of Practice in Local Authority Accounting. Some of the Council's spending allocations are to either purchase or improve an asset belonging to another organisation or individual, such as housing adaptations for the disabled, in these circumstances, we include the expenditure in the capital programme for budget setting and monitoring processes, but follow the Code of Practice's requirements for accounting treatment to ensure it does not increase the net worth shown on our Balance Sheet.
40. A prudent low risk approach is taken with the capital programme; spend needs to be aligned to council objectives e.g. through the regeneration of the borough, improved infrastructure and effective operation of services. This is achieved by ensuring the Council:
- a. Maximises the use of assets over their useful life ensuring they are kept in appropriate operational condition for continual delivery of services;
 - b. Strategic projects that deliver our ambitions as a Council to improve education, housing, infrastructure, retail, leisure and culture, as well as attracting investors and visitors to the borough; and
 - c. Improves the revenue budget position through maximising the use of capital funding e.g. rationalisation of buildings and investment in Care Leavers Housing Provision to reduce on-going costs.
 - d. If designed to yield returns a capital scheme must be within the borough, deliver regeneration and meet the criteria set out in paragraphs 46 to 50.
41. Further information is provided below on the overall priorities and key strategies that influence the capital programme:

The Council's Corporate Objectives and Priorities

42. The Council's priorities are summarised by five themes in both the Corporate Plan and four year Borough Strategy, Doncaster Growing Together. The five themes are:
- a) Doncaster Learning – Learning that prepares all young people and adults for a life that is fulfilling;
 - b) Doncaster Working – More people are able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future
 - c) Doncaster Caring – A borough that cares together for its most vulnerable residents
 - d) Doncaster Living – Doncaster's people live in a borough that is vibrant and full of opportunity, where people enjoy spending time
 - e) Connected Council - A Connected Council, ready for the future.

43. The strategies and plans influencing the capital programme include:

- a) **Medium-term Financial Strategy (MTFS)** - All capital investment must be sustainable in the long term through revenue support by the Council or its partners. All capital investment decisions consider the revenue implication both in terms of servicing the finance and running costs of the new assets. The impact of the revenue implications is a significant factor in determining approval of projects. The use of capital resources has been fully taken into account in the production of the Council's MTFS.
- b) **Asset Management Strategy 2017-2022** - Sets out actions to be taken to the Council's property portfolio to ensure it stays relevant and retains its financial and organisational value with clear guidance about how assets will be used, maintained and where appropriate, disposed of.
- c) **Housing Strategy** - A clear strategy for responding to current and future housing needs is an essential requirement for borough growth and improvement. The availability and quality of housing has a direct impact on health, educational attainment, economic prosperity and community safety and cohesion – all of which are critical to Doncaster's success and to the wellbeing of our residents and visitors.
- d) **Treasury Management Strategy Statement** - details the strategy for management of the Council finances and provides a framework for the operation of the treasury management function within the Council. Treasury management makes sure that sufficient cash is available to meet service delivery in line with the approved Capital and Revenue Budgets.

The Minimum Revenue Provision (MRP) policy adopted by the Council is outlined within the Treasury Strategy

Maintenance and review of current Assets

44. The Council must ensure that its assets remain at an appropriate level of condition in order for them to be used for the delivery of services, in accordance with the Council priorities.

45. The following programmes of maintenance, replacement and acquisition are used for the review of current assets and future requirement:

- a) **School condition programme** – planned maintenance across Doncaster's Maintained Schools. The programme will cover schemes for mechanical (heating and ventilation), electrical (lighting and Mains upgrades) and building fabric improvements (windows etc.). The work is identified through the annual building surveys and a review of any data that has been collected through call outs or emergency repairs as well comments from regulatory inspections (OFSTED and Safeguarding).

By delivering the programme the Council will ensure the school buildings remain open and ensure pupil places are not at risk due to condition issues within the premises. The lighting, mechanical and mains upgrades will ensure all statutory requirements as set out in the condition reports held by the Council are met.

- b) **Highways** - supports the ongoing permanent repair and structural maintenance of all of the adopted highway assets including carriageways, footways, street lighting and bridges. Works to be carried out are based on condition surveys which are carried out annually.

Planned structural schemes will be selected and funding allocated on a priority basis reflective of condition, usage, risk and affordability in order to ensure the Council meets its statutory duty and obligations in safely maintaining the highway network and in providing safe passage for highway users.

- c) **Responsive Asset Management Plan (RAMP)** – development of directorate specific plans to inform decision making and bring asset use further up the agenda. RAMPs provide information used to identify and prioritise the maintenance requirements of current assets and to support longer term decision making based on service priorities and available assets.
- d) **Investment Portfolio Review** – a reporting mechanism to allow robust and informed management decision making relating to;
- Asset performance
 - Investment, acquisition and disposal opportunities
 - Benchmarking against other authorities
- e) **Fleet replacement** – factors such as condition, age, mileage and current utilisation levels are all taken into consideration when deciding if vehicles which currently form part of the Council's fleet should be disposed of, maintained or replaced.
- f) **Retained Buildings Improvement** - Investment to address condition related projects to ensure buildings remain fit for purpose, in operation and safe.
- g) **Housing** - improvements and maintenance of the existing Council housing stock to maintain the Doncaster decency standard. The main focus will be on improvements to communal areas, heating conversions/upgrades, refurbishment of void properties and roof, fascia and soffit replacements. There will be further investment in Energy Efficiency Works to help reduce fuel poverty.

Non-Financial Investments

46. The Council holds some assets to primarily or partially generate rental income and appreciation in value.
47. All investment assets are revalued annually at fair value to give an accurate indication of the receipt that could be generated to recover any capital investment.
48. It is anticipated that the properties will increase in value over the long term providing an increase in the capital value of the investment as well as the investment return. There is a risk the capital value could fall reducing the capital returned on disposal depending upon market conditions.
49. The key considerations when purchasing a property for investment purposes are:
 - a) Targeted Returns of 7%
 - b) Investment range between 5% & 12% (hurdle rate for consideration 5%)
 - c) When weighing up an investment the rental yield will be used to ensure the hurdle rate is reached i.e. an investment property with a capital value of £1m should return at least £50k pa after costs to meet the criteria. This will take into account any costs of management of the property.
 - d) Reporting will also outline the expected capital appreciation for the property and the overall IRR (Internal Rate of Return).
 - e) Clear risk management through a balanced portfolio approach and link with the Treasury Management Strategy Statement as a whole;
 - f) Due diligence will be carried out on all potential properties. This will include:
 - Full Survey and valuation of the buildings;
 - Review of leases ensuring they are FRI (Full repair and insuring) and there is a clear service charge where needed covering 100% of all costs of maintenance;
 - Review of tenant covenants including credit checks to ensure tenants are a low risk category and yields are appropriately set;
 - Full book appraisal of service charge accounts to ensure these have been managed appropriately;
 - Review of all contracts in place for the management of service charge contracts.
50. The investment portfolio review will be used to monitor the performance and value of the existing investment properties held by the Council.

Funding Sources

51. The capital programme budget is financed using the most appropriate funding sources to maximise the overall financial position for the Council. Throughout the year this is continuously monitored and the Section 151 officer will update capital financing accordingly to ensure the most advantageous financial position is achieved. The strategy seeks to maximise external funding as a priority, followed by internal capital funding sources i.e. capital receipts, with the least preferred option being borrowing. This protects the limited corporate resources available and maximises the revenue budget position.

52. The resources used for the delivery of the capital programme are:

- a) **Grants/Contributions** - Some capital projects are financed wholly or partly through external grants and contributions e.g. grants from central government and developer contributions.

Grants from external sources are a valuable source of capital finance for the Council and have enabled the Council to realise a substantial number of capital developments that would otherwise have been unable to progress.

- b) **Capital Receipts** – generated through the sale of surplus land and building assets.

There is a disposal programme in place which was approved at Cabinet on 5th November 2019 . Reviews account for legal and planning restrictions and include ward member consultation.

The timing of the receipts takes into account, where possible, other Council led disposals (Strategic Housing) and known local private sector supply. An example of this is at Lakeside where a number of competing Council owned sites programmed to be marketed simultaneously, with on-going developer activity in the area, risked low demand and reduced receipts. The programme also aims to create a spread of disposals in terms of scale as well as geographical location, to promote development across the borough.

Strategic Asset Management continues to review smaller scale disposals and will bring these sites forward on a continuing basis for approval.

Funding of the current programme relies largely upon capital receipts, however sales have not been realised at both the level and within the timeframes previously estimated. The disposals programme is also decreasing in size so the level of capital receipts available in the future will greatly diminish.

Capital receipts therefore will only used to fund the existing capital programme and that if any capital receipts are generated beyond that they could be used to fund transformational and regeneration schemes.

- c) **Borrowing** - borrowing is where the debt costs have to be funded from the Council's revenue resources. The impact upon the revenue budget and affordability has to be taken into consideration for the MTFS due to the MRP and interest charges involved. The capital schemes to be borrowed against are reviewed and the use of resources will be changed to ensure the MRP charges to be incurred maximise the revenue budget.

Due to the lack of capital receipts, there will be greater borrowing requirements to fund the capital programme in the future. This will create a requirement for increased revenue budget to pay for the cost of borrowing.

Borrowing limits and policies are covered in the Treasury Management Strategy Statement.

- **Investment and Modernisation Fund (IMF)** – the fund was set-up in 2013/14 to assist the Council to deliver better and more efficient services; without the initial capital investment these types of projects quite often do not develop. The IMF is funded by borrowing and is available for regeneration or efficiency projects where capital investment is required up front. The schemes must be proven to be affordable within the revenue budget (cover the revenue borrowing costs).

The IMF Board, is responsible for the overall control and management of the IMF and has responsibility and authority for the approval and allocation of funds to projects in line with Council policy. All projects must be evaluated and approved by the Board on the following criteria:

- Be aligned to and contribute to Council priorities;
- Be self-financing through for example: generating revenue savings or additional income or from asset disposals;
- Carry an acceptable level of risk;
- To fit into the borrowing level approved; and
- Be within the Councils control, or where the Council has significant influence

- d) **Revenue Contribution to Capital Outlay** – the use of revenue resources to fund capital schemes. This is the least preferred option of financing due to the additional pressure it could cause upon the revenue budget. If it is to be used the impact will be taken into consideration within the MTFs.

Approval and Prioritisation of the Capital Programme

53. Relevant approval is required before a project can commence or in some circumstances commit to capital spend.
54. As part of a more robust and transparent approach to the setting of the capital programme, the Capital and Major Projects Board (CAMP Board) was established. The CAMP Board's membership is cross-directorate. One of the purposes of the CAMP Board is to prioritise schemes within the capital programme.
55. With the implementation of CAMP Board, it is hoped there will be a greater visibility of the Council's property portfolio so efficient plans for the required responsive and programmed repairs and maintenance can be put in place.
56. The majority of new additions to the capital programme are approved in the annual capital budget setting report. To be included in the budget setting process a Capital 1 form is completed which will be scrutinised by the CAMP Board who will ensure a robust business case is in place to support all proposed capital scheme.
57. The capital process and guidance are distributed to Directors, Assistant Directors and Heads of Service to ensure that no areas are missed and all have the opportunity to submit bids. To help ensure they are priorities, the bids are supported by the relevant Director before being passed to Financial Management
58. Bids are made by the completion and submission of a Capital 1 Form. The Capital 1 form aims to capture the relevant information to prove the scheme is required and if so, determine its level of priority.
59. The Capital 1 form records the Council priorities the proposed scheme will help to achieve, measurable outcomes and the potential impact if the scheme is rejected or delayed. How the scheme is expected to be financed is also required with additional scrutiny taking place on the use of capital receipts.

60. Future impact upon revenue budget requirements is also captured in order to ensure the scheme is affordable and sustainable in the long term following implementation. The pressures this could cause upon revenue budgets are taken into consideration within the MTFS.
61. The CAMP Board rank bids by priorities met, health and safety issues resolved, necessity for service continuation, financial implications.
62. The bids are categorised as being business critical, having political mandate or as having neither. Red business critical need immediate attention as if the works do not happen a service may no longer be able to be provided, there could be health and safety issues, etc. Amber business critical need to happen at some point in the future but there is no immediate risk. Dark green Political Mandate have a level of approval, the lighter green are yet to have approval
63. The bids are then considered by all the Directors, the Mayor and Cabinet, and then if supported, included in the proposed Capital Programme considered by Full Council in March. This is as per Financial Procedure Rule B.3.
64. Additions in year require the completion of a Capital 1 form; which must be followed by an Officer Decision Record 1 which will need to be signed off by the Chief Finance Officer to gain specific project approval before spend can be committed to. A full report will be needed for projects meeting the definition of a key decision. This is as per Financial Procedure Rule B.9.

Monitoring of the Capital Programme

65. Capital projects are formally monitored as part of the quarterly Finance and Performance Improvement report by Directors and Cabinet, with updates and amendments being made on a project by project basis in-between quarterly reports, with higher value and profile projects often reviewed monthly. Budgets for projects funded by capital receipts, borrowing and ear-marked reserves are project specific and cannot be moved by Directors.
66. Project officers work with Financial Management to provide information which is collated and analysed. Exceptions (problems with delivery or spend for example) are then included in the quarterly report for information and action. The information is considered by the relevant Directorate Management Team, Directors, Executive Board and Cabinet.
67. The outturn position for capital schemes is collated at year end. Financing of the schemes is finalised and any unused budget is either rolled forward or removed.
68. Capital CP shows the original approved budget and total scheme spend. When a scheme is complete this allows the financial aims of the scheme to be assessed. Where the aims were not met, lessons can be learned, which can inform future projects and may lead to revisions in either the budgeting or monitoring processes.
69. As well as the financial aims the project outcomes should also be reviewed e.g. construction of facilities to encourage the uptake of sport and physical activity within a community has had the desired effect.

Flexible use of Capital Receipts

70. Guidance was issued by the Secretary of State under section 15 (1)(a) of the Local Government Act 2003, effective from 1st April 2016 in respect of the Flexible Use of Capital Receipts.
71. This allows the Council to fund expenditure with capital receipts that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery in such a way that reduces costs or demand for services in future years.
72. The option to use capital receipts for revenue transformation purposes is currently available up to 2021/22.
73. The Council does not intend to use capital receipts this way from 2020/21 onwards.
74. In 2019/20 capital receipts are to be used to finance the cost of Voluntary Redundancy and Voluntary Early Retirement. It is currently estimated the costs will amount to £2.4m with an estimated annual saving of £0.9m. These figures will be subject to change.

Skills and Knowledge

75. The Council has many years' experience of delivering capital programmes and uses this experience to evaluate new proposals, monitor on-going capital investment and manage any risks that may arise.
76. Capital investments are reviewed under a robust approval process that receives input from appropriately qualified and skilled finance professionals and receives scrutiny from Elected Members.

If additional skills and knowledge requirements are identified, the Council will source appropriate specialist skills and knowledge to supplement and, where possible, upskill Members and in-house staff

OPTIONS CONSIDERED

77. Option 1 – Do not support the Capital Strategy and proposal for the 2020/21 to 2023/24 Capital budget.

78. Option 2 – Cabinet support the Capital Strategy and proposal for the 2020/21 to 2023/24 Capital budget.

REASONS FOR RECOMMENDED OPTION

79. Option 2 has been adopted, approving the Capital Strategy and allowing the Council to carry out the four year Capital programme financed with available resources. This will bring about the investment required for the regeneration and improvements highlighted within the report.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

80. These are detailed in the table below: -

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	<p>Council budget therefore impacts on all outcomes</p>
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or 	

	<p>better</p> <ul style="list-style-type: none"> • Learning in Doncaster prepares young people for the world of work 	
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	

RISKS AND ASSUMPTIONS

81. Specific risks and assumptions have been detailed in the report. Specific risks to highlight are: -
- a. the risk of asset sales being delayed or being delivered at a lower value than estimated.
 - b. Should the funding for Education be lower than estimated, this would mean that programmes of work would have to be reviewed and revised.
 - c. The risk that interest rates rise causing additional pressure to the revenue budget or reducing the amount of capital schemes that can be afforded.

LEGAL IMPLICATIONS [Officer Initials: SRF Date: 20/1/20]

82. In accordance with the provisions of the Local Government Act 2003, a local authority may borrow money – (a) for any purpose relevant to its functions under any enactment, or (b) for the purposes of the prudent management of its financial affairs.
83. Further, specific legal advice will be required as each project progresses.

84. Advice will be required when utilising external funding streams in order to ensure that the council's best interests are protected. Each individual project should be procured in accordance with Contract Procedure Rules and EU Procurement Regulations as appropriate

FINANCIAL IMPLICATIONS [Officer Initials: RS Date: 21.01.2020]

85. Financial implications are contained within the body of the report. Specific project approval will be required for each project as they are developed as per the Financial Procedure Rules. These will help to ensure that the capital programme remains affordable as projects will not start until the required funding has been identified.

86. The use of borrowing to fund projects such as the Investment and Modernisation Fund will be managed within the prudential indicators as approved in the Council's Treasury Management Strategy Statement. The Chief Finance Officer and Assistant Director of Finance have delegated powers through this policy to make the most appropriate form of borrowing from approved sources. The borrowing will therefore be incorporated within the Council's four year capital programme for 2019/20 to 2022/23.

HUMAN RESOURCES IMPLICATIONS [Officer Initials: KG Date: 23/01/20]

87. There are no immediate HR implications to this report.

TECHNOLOGY IMPLICATIONS [Officer Initials: PW Date: 23/01/20]

88. The capital programme includes essential investment in technology that has been informed by the Council's Technology Forward Plan agreed by the Council's Technology Governance Board. The report covers many other areas and activity of work for the Council. For the majority of the items listed in the report there are no technology implications. However, as part of the implementation of the individual projects any requirements for new, enhanced or replacement technology to support the delivery of proposals outlined in the report will need to be considered and prioritised by the Technology Governance Board.

HEALTH IMPLICATIONS [Officer Initials: RS Date: 21.01.2020]

89. The choices the council makes in prioritising capital budgets will impact upon the health of the population. In general, 20% of what contributes to health is due to clinical care, 30% due to behavioural factors, 40% due to socio-economic factors and 10% due to the built environment. The investments in capital projects will bring many benefits to Doncaster for example, contribute to economic growth, the reduction in social isolation, increase physical activity and improve mental health. They should also improve working conditions for staff and help reduce our carbon footprint. With sustained long-term lack of investment in capital expenditure, there is likely to be implication on potentially increasing health inequalities. This needs to be considered during the decision making process so that inequalities and health inequalities are at the least not increased, at best improved. As part of the decision-making process report authors for each should consider the need for formal health impact assessments or early involvement of the public health team to minimise

unintended impacts on health. Health impacts should also be addressed in the due regard statements that are developed alongside these reports. The health impact assessments and due regard statements should highlight the positive and negative effects of the proposal and should provide information that will assist in the decision making process as outlined.

EQUALITY IMPLICATIONS [Officer Initials: RS Date:03/02/2020]

90. In taking this decision, elected members are reminded of their obligations under section 149 Equality Act 2010. This section contains the Public Sector Equality Duty (PSED) which obliges public authorities, when exercising their functions, to have 'due regard' to the need to: -

- a. Eliminate discrimination, harassment and victimisation and other conduct which the Act prohibits;
- b. advance equality of opportunity between people who share relevant protected characteristics and those who do not; and
- c. foster good relations between people who share relevant protected characteristics and those who do not.

Protected characteristics are age, gender, disability, race, sex, sexual orientation, gender reassignment, religion or belief and pregnancy and maternity. Only the first aim of the PSED set out in paragraph (a) above applies to a further protected characteristic of marriage and civil partnership.

Having due regard to advancing equality involves: -

- Removing or minimising disadvantages suffered by people due to their protected characteristic;
- taking steps to meet the needs of people from protected groups where they are different to the needs of other people; and
- encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

Elected members must consciously consider and have due regard to the three aims of the general equality duty when dealing with the recommendations contained within this report. The Council uses a simple due regard process to ensure due regard is considered and to support a transparent, effective process that is accountable to users and residents. Amongst others, the "due regard" will be informed by: -

- **Establishing the key equality issues across Doncaster (Equality Analysis)** – Our Equality, Diversity and Inclusion Framework 2018-2021 has been developed alongside our financial planning process and includes a significant analysis of equality information to identify the key equality issues across Doncaster. We have used the equality information to inform our planning and saving prioritisation process. Our budget proposals seek to limit the impact of budget cuts on the most vulnerable; and
- **Prioritisation and Planning** – Our key strategic budget themes specifically prioritise the needs of the most disadvantaged in our communities.

Each new project may have an equality impact and therefore require a due regard assessment prior to implementation. Some of these proposals may

require further specific consultation exercises and review in light of the PSED and be subject to further decisions taken by Cabinet or other authorised decision maker prior to implementation..

CONSULTATION

91. The specific proposals have been considered and reviewed by CAMP Board throughout the process and have been presented to both Directors and Executive Board.

92. Where required, specific consultation will take place on individual projects prior to implementation.

BACKGROUND PAPERS

- Cabinet Report – Finance and Performance Improvement Report: 2019-20 Quarter 1
<https://doncaster.moderngov.co.uk/ieListDocuments.aspx?CId=131&MId=2887>
- Cabinet Report – Finance and Performance Improvement Report: 2019-20 Quarter 2
<https://doncaster.moderngov.co.uk/ieListDocuments.aspx?CId=131&MId=2893>

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Appendices Contents

Title	
Appendix 1a to 1e	Capital Schemes by Directorate

CAPITAL PROGRAMME 2020/21 TO 2023/24 - DIRECTORATE SUMMARY

DIRECTORATE & SERVICE AREAS	2020/21	2021/22	2022/23	2023/24	FOUR YEAR
	PROJECTION	PROJECTION	PROJECTION	PROJECTION	PROGRAMME
	£'000s	£'000s	£'000s	£'000s	TOTAL
					£'000s
ADULTS, HEALTH & WELL-BEING					
ADULT SOCIAL CARE	4,983	4,617	4,617	4,630	18,847
COMMUNITIES	245	0	0	0	245
MODERNISATION AND COMMISSIONING	177	177	0	0	354
PUBLIC HEALTH	750	0	0	0	750
ADULTS, HEALTH & WELL-BEING TOTAL	6,155	4,794	4,617	4,630	20,196
CORPORATE RESOURCES					
CUSTOMERS, DIGITAL & ICT	1,940	248	0	0	2,188
FINANCE	19,100	12,500	12,500	12,500	56,600
TRADING SERVICES	2,231	350	405	350	3,336
CORPORATE RESOURCES TOTAL	23,271	13,098	12,905	12,850	62,124
LEARNING & OPPORTUNITIES - CHILDREN & YOUNG PEOPLE					
CENTRALLY MANAGED	200	200	200	0	600
COMMISSIONING & BUSINESS DEVELOPMENT	16,099	3,835	4,235	255	24,424
PARTNERSHIPS & OPERATIONAL DELIVERY	701	0	0	0	701
CHILDREN'S TRUST	1,498	779	0	0	2,277
LEARNING & OPPORTUNITIES - CHILDREN & YOUNG PEOPLE TOTAL	18,498	4,814	4,435	255	28,002
ECONOMY & ENVIRONMENT					
ECONOMY & DEVELOPMENT	22,546	13,761	20,509	0	56,816
ENVIRONMENT	7,169	50	50	50	7,319
STRATEGIC HOUSING	35,445	31,407	30,189	38,068	135,109
ECONOMY & ENVIRONMENT TOTAL	65,160	45,218	50,748	38,118	199,244
TOTAL DMBC CAPITAL PROGRAMME WITH NEW PROPOSALS	113,084	67,924	72,705	55,853	309,566
CAPITAL FUNDING					
CAPITAL RECEIPTS - GF	12,407	1,255	1,268	400	15,330
EARMARKED RESERVES	103	0	0	0	103
GRANTS & CONTRIBUTIONS	36,043	19,390	26,009	2,588	84,030
BORROWING	30,011	20,206	19,619	20,377	90,213
REVENUE CONTRIBUTION - GENERAL FUND	2,831	1,382	1,455	255	5,923
REVENUE CONTRIBUTION - HRA	10,442	7,707	8,420	9,279	35,848
USABLE CAPITAL RECEIPTS (HOUSING)	8,513	2,654	1,291	2,185	14,643
MAJOR REPAIRS RESERVE (HOUSING)	12,734	15,330	14,643	20,769	63,476
TOTAL CAPITAL FUNDING	113,084	67,924	72,705	55,853	309,566

ADULTS, HEALTH & WELL-BEING CAPITAL PROGRAMME 2020/21 TO 2023/24

CAPITAL INVESTMENT	2020/21	2021/22	2022/23	2023/24	FOUR YEAR
	PROJECTION	PROJECTION	PROJECTION	PROJECTION	PROGRAMME
	£'000s	£'000s	£'000s	£'000s	TOTAL
ADULTS SOCIAL CARE	4,983	4,617	4,617	4,630	18,847
ADAPTATIONS FOR THE DISABLED	1,900	1,900	1,900	1,900	7,600
DISABLED FACILITIES GRANTS	3,076	2,717	2,717	2,730	11,240
BRAIN IN HAND - AUTISM GRANT	7	0	0	0	7
COMMUNITIES	245	0	0	0	245
CUSWORTH HALL IMPROVEMENTS	184	0	0	0	184
BENTLEY COMMUNITY LIBRARY IMPROVEMENTS	61	0	0	0	61
MODERNISATION AND COMMISSIONING	177	177	0	0	354
COMMUNITY INFRASTRUCTURE - CUSTOMER JOURNEY	177	177	0	0	354
PUBLIC HEALTH	750	0	0	0	750
DONCASTER LEISURE TRUST	750	0	0	0	750
ADULTS, HEALTH & WELL-BEING CAPITAL PROGRAMME	6,155	4,794	4,617	4,630	20,196

ADULTS, HEALTH & WELL-BEING CAPITAL SOURCES OF FUNDING	2020/21	2021/22	2022/23	2023/24	FOUR YEAR
	PROJECTION	PROJECTION	PROJECTION	PROJECTION	PROGRAMME
	£'000s	£'000s	£'000s	£'000s	TOTAL
CAPITAL RECEIPTS - GF	995	0	0	0	995
EARMARKED RESERVES	28	0	0	0	28
GRANTS & CONTRIBUTIONS	2,459	2,452	2,452	2,465	9,828
BORROWING	-28	0	0	0	-28
REVENUE CONTRIBUTION - GENERAL FUND	177	177	0	0	354
USABLE CAPITAL RECEIPTS (HOUSING)	624	265	265	265	1,419
MAJOR REPAIRS RESERVE (HOUSING)	1,900	1,900	1,900	1,900	7,600
TOTAL ADULTS, HEALTH & WELL-BEING CAPITAL PROGRAMME FUNDING	6,155	4,794	4,617	4,630	20,196

CORPORATE RESOURCES CAPITAL PROGRAMME 2020/21 TO 2023/24

CAPITAL INVESTMENT	2020/21	2021/22	2022/23	2023/24	FOUR YEAR
	PROJECTION	PROJECTION	PROJECTION	PROJECTION	PROGRAMME
	£'000s	£'000s	£'000s	£'000s	TOTAL
CUSTOMERS, DIGITAL & ICT	1,940	248	0	0	2,188
ICT DESKTOP & MOBILE UPGRADE	480	0	0	0	480
NETWORKING (WAN)	140	0	0	0	140
PHYSICAL SERVERS	236	0	0	0	236
ICT CORPORATE STORAGE (SAN)	102	0	0	0	102
VMWARE VIRTUAL SERVERS	77	0	0	0	77
DONCASTER INTEGRATED PEOPLE SOLUTIONS DIPS	111	0	0	0	111
COUNCIL WIDE SYSTEMS	584	98	0	0	682
INTEGRATED PEOPLE SOLUTION - PHASE 2 New Bid	210	150	0	0	360
FINANCE	19,100	12,500	12,500	12,500	56,600
ERP (FINANCIAL SYSTEMS)	150				150
INVESTMENT & MODERNISATION FUND	12,500	12,500	12,500	12,500	50,000
BORROWING BLOCK BUDGET	6,450	0	0	0	6,450
TRADING SERVICES	2,231	350	405	350	3,336
GRAVEYARD BOUNDARY WALLS	23	0	0	0	23
MARKETS SCHEDULED MAINTENANCE	350	350	350	350	1,400
CLEANING EQUIPMENT PROGRAMME	0	0	55	0	55
2 YEAR FLEET/PLANT REPLACEMENT	708	0	0	0	708
PURCHASE OF GULLEY EMPTIERS	300	0	0	0	300
ELECTRIC POOL CARS & CHARGING INFRASTRUCTURE & POOL CAR RELOCATION <i>New</i>	850	0	0	0	850
CORPORATE RESOURCES CAPITAL PROGRAMME	23,271	13,098	12,905	12,850	62,124

CORPORATE RESOURCES CAPITAL SOURCES OF FUNDING	2020/21	2021/22	2022/23	2023/24	FOUR YEAR
	PROJECTION	PROJECTION	PROJECTION	PROJECTION	PROGRAMME
	£'000s	£'000s	£'000s	£'000s	TOTAL
CAPITAL RECEIPTS - GF	2,077	448	405	350	3,280
BORROWING	20,113	12,500	12,500	12,500	57,613
REVENUE CONTRIBUTION - GENERAL FUND	1,081	150	0	0	1,231
TOTAL CORPORATE RESOURCES CAPITAL PROGRAMME FUNDING	23,271	13,098	12,905	12,850	62,124

LEARNING & OPPORTUNITIES - CHILDREN AND YOUNG PEOPLE'S CAPITAL PROGRAMME 2020/21 TO 2023/24

CAPITAL INVESTMENT	2020/21 PROJECTION	2021/22 PROJECTION	2022/23 PROJECTION	2023/24 PROJECTION	FOUR YEAR PROGRAMME TOTAL
	£'000s	£'000s	£'000s	£'000s	£'000s
CENTRALLY MANAGED	200	200	200	0	600
LO-CYP SERVICE IMPROVEMENTS & LIABILITY	200	200	200	0	600
PARTNERSHIPS & OPERATIONAL DELIVERY	701	0	0	0	701
SPECIAL EDUCATIONAL NEEDS AND DISABILITY (SEND) ASD DEVELOPMENT	701	0	0	0	701
COMMISSIONING & BUSINESS DEVELOPMENT	16,099	3,835	4,235	255	24,424
AHDC SHORT BREAKS PROGRAMME	100	100	100	0	300
SAFEGUARD & SECURE MINOR PROJECT	80	80	80	0	240
SCHOOL PLACES-BLOCK ALLOCATION	2,500	200	200	0	2,900
SURPLUS PLACES ARMTHORPE	0	2,000	2,500	0	4,500
NEW SPECIAL SCHOOL	3,961	0	0	0	3,961
SCHOOL PLACES HATCHELL GRANGE	1,900	0	0	0	1,900
SCHOOL PLACES ROSSINGTON PRIMARIE	1,500	0	0	0	1,500
ARMTHORPE ACADEMY LAND PURCHASE	800	0	0	0	800
SCHOOLS CONDITION PROGRAMME	1,000	900	800	0	2,700
NEW PASTURES UPPER LIGHTING	40	0	0	0	40
1920 WOODLANDS FABRIC WORKS	38	0	0	0	38
1920 NEW PASTURES TOILETS	115	0	0	0	115
DFC - GENERAL - PRIMARY	400	300	300	0	1,000
BRANTON ST WILFRED'S (SECTION 106) <i>New bid</i>	24	0	0	0	24
DUNSVILLE PRIMARY SCHOOL EXPANSION <i>New bid</i>	255	255	255	255	1,020
PLOVER PRIMARY (SECTION 106) <i>New bid</i>	61	0	0	0	61
THORNE KING EDWARD SLC (SECTION 106) <i>New bid</i>	73	0	0	0	73
WARMSWORTH PRIMARY SCHOOL (SECTION 106) <i>New bid</i>	61	0	0	0	61
COUNCIL CAPITAL CONDITION PROGRAMME (SCHOOLS) <i>New bid</i>	1,000	0	0	0	1,000
DON VALLEY ACADEMY EXTENSION <i>New bid</i>	150	0	0	0	150
OUTWOOD ACADEMY ADWICK EXPANSION <i>New bid</i>	541	0	0	0	541
HAYFIELD SCHOOL CLASSROOM EXPANSION <i>New bid</i>	1,500	0	0	0	1,500
CHILDREN'S TRUST	1,498	779	0	0	2,277
CARE LEAVERS HOUSING PROVISION SHELTERED ACCOMMODATION	675	119	0	0	794
CARE LEAVERS HOUSING PROVISION 16 -18YEAR OLDS	0	660	0	0	660
1920 REFURB BEECHFIELD FAM CEN	223	0	0	0	223
FUTURE PLACEMENTS STRATEGY (CIC HOMES)	600	0	0	0	600
LEARNING & OPPORTUNITIES - CHILDREN & YOUNG PEOPLE CAPITAL PROGRAMME	18,498	4,814	4,435	255	28,002

LEARNING & OPPORTUNITIES - CHILDREN & YOUNG PEOPLE CAPITAL SOURCES OF FUNDING	2020/21 PROJECTION	2021/22 PROJECTION	2022/23 PROJECTION	2023/24 PROJECTION	FOUR YEAR PROGRAMME TOTAL
	£'000s	£'000s	£'000s	£'000s	£'000s
GRANTS & CONTRIBUTIONS	16,200	3,780	4,180	0	24,160
REVENUE CONTRIBUTION - GENERAL FUND	823	255	255	255	1,588
CAPITAL RECEIPTS - GF	800	660	0	0	1,460
USABLE CAPITAL RECEIPTS (HOUSING)	675	119	0	0	794
TOTAL LEARNING & OPPORTUNITIES - CHILDREN & YOUNG PEOPLE PROGRAMME FUNDING	18,498	4,814	4,435	255	28,002

ECONOMY & ENVIRONMENT CAPITAL PROGRAMME 2020/21 TO 2023/24

CAPITAL INVESTMENT	2020/21	2021/22	2022/23	2023/24	FOUR YEAR
	PROJECTION	PROJECTION	PROJECTION	PROJECTION	PROGRAMME
	£'000s	£'000s	£'000s	£'000s	TOTAL
					£'000s
ECONOMY & DEVELOPMENT	22,546	13,761	20,509	0	56,816
DONCASTER CULTURE & LEARNING CENTRE	482	0	0	0	482
CCQ CINEMA INFRASTRUCTURE	3,043	0	0	0	3,043
DONCASTER GROWING TOGETHER TOWN CENTRE FOOTWAY ENHANCEMENT	137	0	0	0	137
DN7 HATFIELD LINK ROAD PROJECT	4,589	0	0	0	4,589
SCRIF-A630 WEST MOOR LINK	395	0	0	0	395
PROPERTY INVESTMENT FUND	690	0	0	0	690
STRATEGIC ACQUISITION FUND	3,835	0	0	0	3,835
RETAINED PUBLIC BUILDING INVESTMENT PROGRAMME	514	97	13	0	624
MARY WOOLLET KITCHEN VENTILATION	71	0	0	0	71
TRANSFORMING CITIES FUND <i>New Bid</i>	8,540	13,664	20,496	0	42,700
ADWICK SEC (SPECIAL EDUCATION CENTRE) <i>New Bid</i>	250	0	0	0	250
ENVIRONMENT	7,169	50	50	50	7,319
BRIDGES STRUCTURAL MAINTENANCE	58	0	0	0	58
WEST MOOR DRAIN BRIDGE 2.057	145	0	0	0	145
BENTLEY MOOR LANE RETAINING WALL	10	0	0	0	10
RAILWAY CJS/2 TILTS HILL VEHICLE CONTAINMENT - CRASH BARRIERS	130	0	0	0	130
SPROTBROUGH FLOOD ARCHES REPAIRS	10	0	0	0	10
MAINTENANCE BLOCK	4,910	0	0	0	4,910
ADD MAINTENANCE - ROAD REPAIRS	1,000	0	0	0	1,000
REPLACE AIR QUAL MONITORING STATIONS	50	50	50	50	200
WOODFIELD PLANTATION & HUXTERWELL WOODS	75	0	0	0	75
ELMFIELD PARK IMPROVEMENT SCHEME	197	0	0	0	197
STREET LIGHTING IMP PROGRAMME	584	0	0	0	584
STRATEGIC HOUSING	35,445	31,407	30,189	38,068	135,109
VOIDS CAPITAL WORKS	2,730	2,769	2,769	2,706	10,974
MECHANICAL & ELECTRICAL	4,972	3,244	3,172	3,126	14,514
HEATING CONVERSIONS/UPGRADES	2,248	2,303	2,327	2,297	9,175
ELECTRICAL PLANNED WORKS	75	77	78	77	307
NEW ELECTRICAL WORKS	2,350	733	635	621	4,339
MECHANICAL PLANNED WORKS	128	131	132	131	522
LIFTS	171	0	0	0	171
INTERNAL WORKS	1,258	1,289	1,302	1,285	5,134
PLANNED WORKS FOLLOWING 20 YEARS SINCE DECENT HOMES WORK	0	0	0	7,427	7,427
EXTERNAL WORKS	11,800	9,639	9,719	9,576	40,734
EXTERNAL PLANNED MAINTENANCE	5,141	5,047	5,095	5,027	20,310
THERMAL EFFICIENCY - ECO WORKS	4,336	3,060	3,079	3,028	13,503
FIRE DOORS	428	0	0	0	428
STRUCTURAL	321	329	332	328	1,310
FIRE SAFETY WORKS	589	874	880	865	3,208
SHOPS/FLATS	214	219	222	219	874
COMMUNAL HALLS	182	110	111	109	512
COMMUNAL HALLS CONVERSIONS	589	0	0	0	589
ENVIRONMENTAL WORKS	1,980	2,014	2,019	1,978	7,991
ENVIRONMENTAL / FENCING PROGRAMME	482	494	499	493	1,968
ASBESTOS SURVEYS & REMOVAL	749	760	760	743	3,012
GARAGE SITE IMPROVEMENTS	428	434	434	424	1,720
ESTATE ROADS & PATHS	321	326	326	318	1,291
IT SYSTEMS/INVESTMENT	518	0	0	0	518
ADAPTATIONS FOR THE DISABLED	300	300	300	300	1,200
ACQUISITIONS/BUY BACKS	836	182	182	50	1,250
COUNCIL HOUSE BUILDING PROGRAMME (COMMITTED)	327	0	0	0	327
COUNCIL HOUSE BUILDING PROGRAMME (UNCOMMITTED)	6,306	10,000	10,000	10,000	36,306
COUNCIL HOUSE BUILDING PROGRAMME (FUNDED WITH 141)	2,349	0	0	0	2,349
AFFORDABLE HOUSING GOODISON BOULEVARD	30	0	0	0	30
EMPTY HOMES / FLOOD LOANS AND GRANTS	220	220	220	220	880
RESIDENTIAL SITE INVESTMENT	231	400	400	1,400	2,431
DEMOLITIONS	108	0	0	0	108
HOUSING INVESTMENT	1,480	1,350	106	0	2,936
REGENERATION & ENVIRONMENT CAPITAL PROGRAMME	65,160	45,218	50,748	38,118	199,244

ECONOMY & ENVIRONMENT CAPITAL SOURCES OF FUNDING	2020/21	2021/22	2022/23	2023/24	FOUR YEAR
	PROJECTION	PROJECTION	PROJECTION	PROJECTION	PROGRAMME
	£'000s	£'000s	£'000s	£'000s	TOTAL
					£'000s
CAPITAL RECEIPTS - GF	8,535	147	863	50	9,595
EARMARKED RESERVES	75	0	0	0	75
GRANTS & CONTRIBUTIONS	17,384	13,158	19,377	123	50,042
BORROWING	9,926	7,706	7,119	7,877	32,628
REVENUE CONTRIBUTION - GENERAL FUND	750	800	1,200	0	2,750
REVENUE CONTRIBUTION - HRA	10,442	7,707	8,420	9,279	35,848
USABLE CAPITAL RECEIPTS (HOUSING)	7,214	2,270	1,026	1,920	12,430
MAJOR REPAIRS RESERVE (HOUSING)	10,834	13,430	12,743	18,869	55,876
TOTAL REGENERATION & ENVIRONMENT CAPITAL PROGRAMME FUNDING	65,160	45,218	50,748	38,118	199,244



Doncaster Council

**To the Chair and Members of the
CABINET**

Date: 11th February 2020

THE TREASURY MANAGEMENT STRATEGY STATEMENT 2020/21 – 2023/24

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Mayor Jones	All	Yes/No

EXECUTIVE SUMMARY

1. This report details the strategy for management of the council finances and provides a framework for the operation of the treasury management function within the Council. Treasury management seeks to optimise the council's cash flow and secure the most effective arrangements to support long term funding requirements. Key prudential indicators relating to borrowing limits are contained in the body of the report, with the prudential indicators relating to affordability in **Appendix A**. The key messages are:
 - a. Borrowing – total borrowing requirement will increase during the period covered by this report but the Council will remain under-borrowed against its total borrowing requirement to avoid the higher cost of carrying debt (Capital Financing Requirement 2020/21 £602m). As borrowing rates are forecast to rise gently over the next 3 years, the primary borrowing strategy for new and replacement debt will be to take cheaper short-term loans to maximise interest savings over the period of the report. The borrowing strategy is detailed in **paragraphs 18 – 62**.
 - b. Investments – securing the return of investment funds remains paramount when selecting counterparties and the strategy reflects this. The Investment Strategy will continue to manage the balances available and support cash flow requirements. The Investment Strategy is a low risk policy with minimal returns in value; this protects the Council from losses caused by financial institutions failing to repay investments when due. This policy allows the Council to spread the risk amongst a number of approved lenders, and financial instruments as outlined in **paragraphs 63 – 102**.
2. The Council has to approve the local policy for approach to debt repayment (Minimum Revenue Provision – MRP) which is detailed in **Appendix B**.

EXEMPT REPORT

3. Not applicable.

RECOMMENDATIONS

4. Cabinet is asked to recommend to Council, the Treasury Management Strategy Statement 2020/21 – 2023/24 report and the Prudential Indicators included.
5. Cabinet is asked to recommend to Council the Minimum Revenue Provision (MRP) policy as set out in paragraphs 29 - 30 (details in Appendix B).
6. Cabinet is asked to note the Treasury Management Annual review report for 2018/19, at Appendix F.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

7. This Strategy ensures that the Council's Capital Programme borrowing requirement is affordable and takes advantage of low short term interest rates to deliver savings for the Council. By ensuring that the treasury management function is effective we can ensure that the right resources are available at the right time to enable the delivery of services.

BACKGROUND

8. 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 function is to ensure that this cash flow is planned, with cash being available when it is needed. Surplus monies are invested in low risk financial institutions and instruments in line with the Council's low risk appetite, providing liquidity before considering investment return. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
9. The second main function of treasury management is the funding of the Council's Capital Programme. The Capital Programme provides a guide to the borrowing need of the Council and the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any existing debt may be restructured to reduce Council risk or generate savings.
10. The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity, or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget.
11. Chartered Institute of Public Finance and Accounting (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”.

For the Council to produce a strategy that is compliant with the statutory guidelines, a number of acts and guidance have to be taken into account.
12. The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:-
 - A high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services

- An overview of how the associated risk is managed
- The implications for future financial stability

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

13. The Treasury Management strategy for 2020/21 – 2023/24 covers two main areas:

Capital Issues

- a) the capital expenditure plans and the associated prudential indicators;
- b) the minimum revenue provision (MRP) policy.

Treasury Management Issues

- a) the current treasury position;
- b) treasury indicators which limit treasury risk and activities of the Council;
- c) prospects for interest rates;
- d) the borrowing strategy;
- e) policy on borrowing in advance of need;
- f) debt rescheduling;
- g) the investment strategy;
- h) creditworthiness policy; and
- i) policy on use of external service providers.

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

The Capital Programme Prudential Indicators 2020/21 – 2023/24

15. The Council's Capital Programme is the key driver of treasury management activity. The Prudential Indicators are designed to assist members' overview and confirm capital expenditure plans.

Capital Expenditure

16. The first prudential indicator is a summary of the Council's Capital Programme expenditure plans and funding. It includes existing expenditure commitments, and those included in the 2020/21 – 2023/24 budget cycle.

	Actual	Estimates				
	2018/19 £k	2019/20 £k	2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k
Capital Expenditure						
General Fund (GF)	49,360	94,501	75,739	34,617	40,616	15,885
HRA	37,469	24,695	37,345	33,307	32,089	39,968
Total	86,829	119,196	113,084	67,924	72,705	55,853

17. The following table summarises the above capital expenditure plans and how capital or revenue resources are financing these plans. Any shortfall of resources results in a funding borrowing need.

	Actual	Estimates				
	2018/19 £k	2019/20 £k	2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k
Financing of Capital Expenditure						
Capital Receipts	3,765	22,727	20,920	3,909	2,559	2,585
Capital Receipts Shortfall *	0	-12,219	6,924	0	0	0
Capital Grants	31,494	37,968	36,043	19,390	26,009	2,588
Capital Reserves	528	1,928	103	0	0	0
Revenue	31,764	22,556	26,007	24,419	24,518	30,303
Sub Total	67,551	72,960	89,997	47,718	53,086	35,476
Net Financing Need	19,278	46,236	23,087	20,206	19,619	20,377

*Some Capital schemes are financed by capital receipts. The timing of the receipts varies and may result in some expenditure showing as unfinanced at the year-end until the receipts are generated. The forecast figures above reflect this.

Borrowing

The Council's borrowing need (the Capital Financing Requirement (CFR))

18. The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply total historic outstanding capital expenditure which has not been fully funded. It is a measure of the Council's underlying borrowing need.
19. The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI, PPP lease provider and so the Council is not required to separately borrow for these schemes. As at 31/03/19, the Council had £46.7m of such schemes.
20. The CFR does not increase indefinitely, as minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

	Actual	Estimates				
	2018/19 £k	2019/20 £k	2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k
Capital Financing Requirement						
GF	301,489	327,467	334,946	337,733	340,020	331,790
HRA	267,069	267,069	275,020	283,020	291,020	299,020
Total CFR	568,558	594,536	609,966	620,753	631,040	630,811
Movement in CFR	16,984	25,978	15,430	10,787	10,288	-230
Represented by						
Net Financing Need (table above)	19,278	46,236	18,085	20,206	19,619	20,377
Less MRP/Other financing adjustment	-2,294	-20,258	-2,655	-9,419	-9,331	-20,607
Movement in CFR	16,984	25,978	15,430	10,787	10,288	-230

21. The Council is forecast to have borrowed £515.7m as at 31/03/20 against a CFR (borrowing requirement) of £594.5m which means that the Council is currently

forecast to be under-borrowed (see paragraphs 22 to 25) by £78.8m. This minimises external interest costs, but may not be sustainable long term.

Under- Borrowing

22. As detailed above, the Council is currently maintaining an under-borrowed position. This means that the level of actual debt is below the Capital Financing Requirement (the amount the authority needs to borrow for capital purposes) and therefore the Council has to use internal resources such as earmarked reserves, unapplied grants and capital receipts, cash balances, etc. to fund some of its unfinanced capital expenditure.
23. This strategy is beneficial because external debt interest payments are minimised and funds available for investments are reduced at a time when investment returns remain low.
24. This position cannot be sustained in the long term. The reserves and balances may be needed and as a consequence the need to borrow will increase. This could be short-term or long-term borrowing. The Council have used short-term borrowing opportunities from other authorities as they have restricted lending lists which means they lend at rates much lower than PWLB rates.
25. The Council is currently reviewing whether to pre pay its pension liabilities, at a discounted rate, for the coming 3 years. Provided value for money can be proven the prepayment will be funded through borrowing. This will reduce the under borrowed position for the next 3 years, until the pension prepayment loans are repaid.

Short-Term Borrowing

26. The use of short-term borrowing can make the borrowing portfolio volatile in terms of interest rate and refinancing risk. The benefit to the Council is low interest costs which has enabled the treasury management function to generate savings, which have been re-prioritised to service delivery. The risk inherent to using this approach has to be balanced against the need to find savings and produce a balanced budget.
27. There is a risk associated with a short-term borrowing strategy. As interest rates are likely to rise in future years, long-term borrowing will be more expensive than it is currently. By deferring long term borrowing until later years it is likely that additional costs will be incurred. We are balancing long term stable interest costs against short term interest savings.
28. Unless new resources are identified e.g. grants, asset sales, etc. funding the Capital Programme from balances will decrease investment balances and hence reduce investment income levels, but the loss, is currently, more than offset by the interest savings generated by not taking on the full borrowing requirement.

The Minimum Revenue Provision (MRP)

29. The Council is required by statute to charge MRP to the General Fund Revenue Account each year for the repayment of debt. The MRP charge is the means by which capital expenditure which has been funded by borrowing is paid for by council tax payers.
30. The Council's MRP policy is detailed at **Appendix B**. The selected methods are those which are most beneficial in each case and comply with Ministry of Housing, Communities & Local Government (MHCLG) regulations.

Core funds and expected investment balances

31. 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.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances. It should be noted that the use of resources is difficult to predict and a cautious approach is taken.

Year End Resources	Actual	Estimates				
	2018/19 £k	2019/20 £k	2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k
Reserves balances	81,930	81,930	81,930	81,930	81,930	81,930
Capital receipts	15,619	18,210	16,151	13,497	12,206	10,021
Provisions	12,332	14,544	14,544	14,544	14,544	14,544
Capital Grants Unapplied	21,737	21,737	21,737	21,737	21,737	21,737
Total core funds	131,618	136,421	134,362	131,708	130,417	128,232
Working capital	27,465	27,465	27,465	27,465	27,465	27,465
Under/over borrowing	47,635	78,800	70,331	60,322	56,737	48,694
Expected investments	56,518	30,156	36,566	43,921	46,215	52,073

Current Portfolio Position

32. There are a number of key prudential indicators to ensure that the Council operates within well-defined limits. One of these is that the Council needs to ensure that its total borrowing does not, except in the short term, exceed the total of the Capital Financing Requirement (CFR). This helps to ensure that over the medium term borrowing is not undertaken for revenue purposes.

33. The Chief Financial 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 report. As previously stated the Council's external borrowing at 31 March 2020 is expected to be £515.7m. Split across two pools as below. The borrowing need (total CFR) is £594.5m, which highlights that the Council will be under-borrowed by £78.8m (see paragraphs 22 to 25 above).

Portfolio Position	Actual	Estimates				
	2018/19 £k	2019/20 £k	2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k
CFR General Fund	301,489	327,467	334,946	337,733	340,020	331,790
External Borrowing	257,956	249,674	265,621	278,417	284,289	284,103
Under-borrowed Position	43,533	77,794	69,325	59,315	55,731	47,688
Ave. Interest Rate	3.04%	2.82%	2.99%	2.91%	3.00%	2.95%

Portfolio Position	Actual	Estimates				
	2018/19 £k	2019/20 £k	2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k
CFR HRA	267,069	267,069	275,020	283,020	291,020	299,020
External Borrowing	244,267	266,063	274,014	282,014	290,014	298,014
Under-borrowed Position *	22,802	1,006	1,006	1,006	1,006	1,006
Average Interest Rate	4.78%	4.67%	4.63%	4.51%	4.44%	4.33%
Total CFR	568,558	594,536	609,966	620,753	631,040	630,811
Total External debt	502,223	515,736	539,635	560,431	574,303	582,117
Total Under-borrowing	66,335	78,800	70,331	60,322	56,737	48,694

*As there is no requirement to apply MRP to HRA borrowing, its under-borrowed position would only change because of a strategic change in the Councils borrowing pool makeup or external borrowing position, e.g. increase/decrease in external debt.

34. Both debt pools have relatively low interest rates, which are expected to stay flat between 2020/21 and 2023/24. The average interest rate on HRA debt is higher than the GF debt as the pool contains a higher proportion of older, or longer term, debt taken out at higher interest rates.

Treasury management decisions on the structure and timing of borrowing will be made independently for the GF and HRA. Interest on loans will be calculated in accordance with proper accounting practices. This will require interest expenditure on external borrowing attributed to HRA loans being allocated to the HRA. Interest expenditure on external borrowing attributed to the GF will be allocated to the GF.

35. Following changes to the MHCLG guidance the council needs to report debt relating to commercial activities/non-financial investments separately. The council confirms that we do not currently have any debt relating to commercial activities/non-financial investments and there are no plans for this to change during the term of this report.

Treasury Indicators: Limits to Borrowing Activity

36. These are the 2 overall controls for treasury management external borrowing:

- The 'operational boundary' for external borrowing; and
- The 'authorised limit' for external borrowing.

Operational Boundary for external borrowing

37. This is the normally expected limit for external borrowing. For 2020/21 the limit is **£612.3m**. In most cases, this would be a similar figure to the Capital Financing Requirement (CFR). However, Doncaster Council's operational boundary adds our 'other long term liabilities' (which is Metropolitan Debt transferred from South Yorkshire County Council).

Operational Boundary	Actual	Estimates				
	2018/19 £k	2019/20 £k	2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k
CFR/Borrowing	568,558	594,536	609,966	620,753	631,040	630,811
Other long-term liabilities Met. Debt	6,926	4,762	2,381	0	0	0
Total	575,484	599,298	612,347	620,753	631,040	630,811

The Authorised Limit for external borrowing

38. A further key prudential indicator is a control on the maximum level of borrowing. This represents the statutory legal limit, determined under section 3 of the Local Government Act 2003, beyond which external borrowing is prohibited, and this limit needs to be set or revised by the full Council.
39. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.
40. This allows the Council to borrow in advance (up to 3 years) of need for future planned expenditure – relating solely to unfinanced capital expenditure in any future 3 year period. Doncaster Council do not borrow in advance and this would only be considered where interest rates were preferential and to avoid future interest rate risk. For 2020/21 the limit is **£672.5m**.

Authorised limit	Actual	Estimates				
	2018/19 £k	2019/20 £k	2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k
Borrowing	568,558	594,536	609,966	620,753	631,040	630,811
Other long-term liabilities – 'Met. Debt'	6,926	4,762	2,381	0	0	0
Theoretical amount *	0	57,910	60,202	39,996	0	0
Total	575,484	657,208	672,549	660,749	631,040	630,811

* This figure includes an allocation for the Improvement and Modernisation Fund, which will only be taken as and when individual schemes receive separate approval.

41. Previously, the Council used to be limited to a maximum HRA Capital Financing Requirement (CFR) through the self-financing regime. This was called the HRA debt limit which was abolished during 2018/19.

Treasury Management Limits on activity

42. There are three debt related treasury activity limits, see **Appendix A**, The purpose of these are to keep the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance.

Prospects for Interest Rates

43. Link Asset Services Treasury Solutions, are the Councils treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. **Appendix D** draws together a number of current City forecasts for short term (Bank Rate) and longer term fixed interest rates.

44. Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The Link forecasts will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Within a benign interest rate environment, the overall balance of risks to economic recovery in the UK is probably to the downside, particularly with the current level of uncertainty over the speedy completion of new trade deals as part of the Brexit transition period.
45. There are a number of downside risks to current forecasts for UK gilt yields and PWLB rates e.g. an increase in the Bank Rate causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
46. There is also the potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates e.g. the bank rate raises too slowly and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.

Borrowing Strategy

47. Effective treasury management makes sure that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet the Council's service activity in line with the Capital Programme. This will involve both the organisation of the cash flow and, where capital plans require, the arrangement of borrowing facilities. Total borrowing at the beginning of 2020/21 is forecast to be £515.7m. During 2020/21 the council estimates that it will borrow an additional £34.1m for the Capital Programme and replace £88.5m GF and HRA loans expiring during the year. The Council also has £39m of loans, which potentially, we could be asked to repay during the financial year. However, based on the current and forecast levels of interest rates this risk is considered very low and replacement of the loans has not been included within this strategy. The Council's current Loans and Investment portfolios are shown in **Appendix C**.
48. The borrowing strategy is a continuation of the recent successful strategy that has generated large interest savings. The savings are generated in two ways, being under-borrowed (see paragraphs 22 to 25) and borrowing short term (see paragraphs 26 to 28). As interest rates are forecast to increase gently over the term of this strategy we propose to continue to borrow short term rather than lock into the historically low long term interest rates. Where the Chief Financial Officer considers it is prudent to do so borrowing may be taken over a longer period.
49. The savings, which are very sensitive to a movement in interest rates, assume that the under-borrowing will continue. There remains risks associated with the under-borrowing, but these will probably be eroded over time through the application of MRP.
50. The strategy delays some borrowing as long as possible to generate interest saving. For example at today's interest rates, if we were to borrow the £78.8m (forecast under-borrowed amount as at 31st March 2020) from the Public Works Loan Board (PWLB) over 5 years interest would cost £1.9m per annum and over 25 years to 50 years it would cost £2.4m per annum.
51. It is normally prudent to borrow long term to support the Capital Programme; however, we have had unusual market conditions that we have used to generate short term savings. Those market conditions are forecast to normalise gradually during the strategy term, however, the new normal is forecast to be much lower borrowing rates than in previous economic cycles. Also, 49% of the

Councils borrowings are for terms between 30 and 50 years, which brings certainty of cost and minimises interest rate risk on almost half the portfolio.

52. It is possible that the Municipal Bond Agency will be offering loans to local authorities in the future. The Agency hopes that the borrowing rates will be lower than those offered by the PWLB. This Authority may make use of this new source of borrowing as and when appropriate. We will also consider any other sources of borrowing, which shows better value for money compared to the PWLB.

Risk Strategy

53. The strategies of internal and short-term borrowing generate immediate savings but are not sustainable in the long term given the level of interest rate risk within the portfolio. Three distinct risks have been identified:

- a) The increased use of reserves and provisions reduces the funds currently financing the under-borrowing. To mitigate this risk the Council will monitor its use of resources and if necessary undertake additional external borrowing, within approved limits.
- b) Short-term interest rates increase making the short-term borrowing strategy more expensive than a long-term alternative.
- c) There is an on-going risk that long-term interest rates rise significantly so that the switch from short-term borrowing becomes very costly.

54. Against this background and the risks within the economic forecast, caution will continue to be adopted with the 2020/21 treasury operations. The Chief Financial 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. In addition, longer-term investments would be considered, subject to cash flow requirements.
- if it was felt that there was a significant risk of a much sharper, than currently forecast, rise in long and short term rates, perhaps due to a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that long term fixed rate funding will be drawn whilst interest rates were still relatively cheap.

Transfer of Loans between Debt Pools

55. The Council's policy on transferring loans between the HRA and GF debt pools is as follows:

- In the case of the HRA/General Fund having a requirement to fund its Capital Financing Requirement (CFR), then one debt pool may be used to subsidise another to reduce either the GF or the HRA external borrowing requirement.
- If this happens, then loans will be transferred between the pools without the need to recognise an internal premium or discount.
- Similarly, if the HRA and General Fund wish to swap loans as a result of strategic decisions, this loan swap would also be undertaken at no internal premium or discount.

56. Where the HRA or General Fund has surplus cash balances which allow either account to fund internal, the rate charged on this internal borrowing will be based

on the average external rate of interest on the applicable pool at the end of the financial year. This is a reasonable approach providing certainty of charging, protection against short term increases in market rates and reflects the fact that strategic borrowing decisions will generally be made on an annual basis.

Policy on Borrowing in Advance of Need

57. 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. At present Doncaster Council do not borrow in advance.

58. Borrowing in advance will be made within the constraints that:

- It will be limited to no more than 100% of the expected increase in borrowing need (Capital Financing Requirement) over a three year planning period; and
- Would not look to borrow more than 36 months in advance of need.

59. 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.

Debt Rescheduling

60. Rescheduling of current borrowing is unlikely to occur as the 1% increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates, effectively wiping out the benefits of rescheduling.

61. Consideration will be given to identify if there is any residual potential for making savings by running down investment balances to repay debt as it matures as short term rates on investments are likely to be lower than rates paid on current debt.

62. Any rescheduling activity will be reported in the next Finance & Performance Report to Cabinet.

Annual Investment Strategy

Investment Policy

63. The Council's investment policy has regard to the Government MHCLG's Guidance on Local Government Investments ("the Guidance"), the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the CIPFA Code") and the CIPFA Treasury Management Guidance Notes 2018. The Council's investment priorities will be security first, portfolio liquidity second, then return.

64. In order to minimise the risk to investments, the Council has stipulated the minimum acceptable credit quality of financial institutions for inclusion on its lending list. The methodology used to create the lending list takes account of the ratings and watches published by all three ratings agencies, Fitch, Moody's and Standard & Poor's, with a full understanding of what the ratings reflect in the eyes of each agency. Using the Link Asset Services Treasury Solutions, ratings service, banks' ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

65. The aim of the policy is to generate a list of highly creditworthy financial institutions/products which will also enable diversification and thus avoidance of concentration risk.
66. The primary intention of the policy is to provide security of investment and minimisation of risk.
67. Where the HRA or GF has surplus cash balances invested the interest shall be credited based on the relative proportions of the balances. Where an investment is impaired the charge shall also be shared based on the relative proportions of the balances.
68. Long Term Credit Rating Equivalents and Definitions:-

Fitch	Moody's	Standard and Poor's
AAA Highest credit quality. "AAA" ratings denote the lowest expectation of credit risk. They are assigned only in the case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.	Aaa Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.	AAA An obligator rated "AAA" has extremely strong capacity to meet its financial commitments. "AAA" is the highest issuer credit rating assigned by S&P.
AA (+/-) Very high credit quality. "AA" ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.	Aa (1/2/3) Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.	AA (+/-) An obligator rated "AA" has very strong capacity to meet its financial commitments. It differs from the highest rated obligators only by a small degree.
A (+/-) High credit quality. "A" ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.	A (1/2/3) Obligations rated A are considered upper-medium grade and are subject to low credit risk.	A (+/-) An obligator rated "A" has strong capacity to meet its financial commitments but is more susceptible to the adverse effects of changes in circumstances and economic conditions than obligators in higher rated categories.
There are 1 investment grade and 18 sub investment grade ratings below this level but this Council will not deal in financial instruments rated below the above levels, or equivalent.		

69. Further, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial markets in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets.
70. 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 investments.
71. As a result of the change in accounting standards for 2018/19 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant

charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18.)

72. Investment instruments identified for use within the financial year are listed in **Appendix E** under the “Specified” and “Non-specified” investment categories.

73. The MHCLG Guidance defines Specified Investments as those:

- Denominated in sterling
- Due to be repaid within 12 months of the arrangement
- Not defined as Capital Expenditure by legislation and invested with one of:-
 - I. The UK Government
 - II. A UK local authority, parish council, or community council, or
 - III. A body or investment scheme of “high credit quality”

74. Non-Specified Investments are any that do not meet the above criteria.

75. The above criteria is unchanged from last year.

Credit Risk Policy

76. The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating equal to the UK’s sovereign rating (minimum rating as confirmed by at least two agencies). The list of countries that qualify using this credit criteria as at the date of this report are shown in **Appendix E**. This list will be amended by officers should ratings change in accordance with this policy. Any changes will be approved by the Chief Financial Officer. Not all counterparties will be active in the market at all times, therefore it is important to have a good spread of available organisations.

77. The Council applies the credit risk assessment service provided by Link Asset Services Treasury Solutions.

78. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies. The credit ratings of financial institutions are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select financial institutions from only the most creditworthy countries.

79. The end product of this is a series of bands which indicate the relative creditworthiness of financial institutions. This is used by the Council to determine the duration of investments. The model will also be used to select institutions with a high level of creditworthiness, based on the following bands. The Council will therefore use financial institutions within the following durational bands.

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

Colour	Maximum Term
Yellow	5 Years
Dark pink	5 years for Enhanced money market funds (EMMFs) with a credit score of 1.25
Light Pink	5 years for Enhanced money market funds (EMMFs) with a credit score of 1.5
Purple	2 Years
Blue	1 year (applies to nationalised or semi nationalised UK Banks)
Orange	1 Year
Red	6 Months
Green	100 Days
No Colour	Not to be used

	Colour (and long term rating where applicable)	Money and/or % Limit	Time Limit
Banks	Yellow	£50m	5 years
Banks	Purple	£40m	2 years
Banks	Orange	£30m	1 year
Banks – part nationalised	Blue	£30m	1 year
Banks	Red	£20m	6 months
Banks	Green	£10m	100 days
Banks	No colour	Not to be used	
Council's banker (Lloyds Bank)	One colour band upgrade	As per relevant band	As per relevant band
Other institutions limit	-	£20m	1 year
DMADF	UK sovereign rating	unlimited	6 months
Local authorities	n/a	£30m	5 years
	Fund rating	Money and/or % Limit	Time Limit
Money market funds (CNAV/LVNAV or VNAV)	AAAmf	£20m per category	liquid
Ultra –Short dated Bonds Funds with a credit score of 1.25	Dark pink / AAA	£10m	liquid
Ultra –Short dated Bonds Funds with a credit score of 1.5	Light pink / AAA	£10m	liquid

80. This methodology is even more cautious than the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy financial institutions. The Link Asset Services Treasury Solutions, creditworthiness service uses a wider array of information in addition to the primary ratings and by using a risk weighted scoring system, does not give undue weighting to one agency's ratings.

81. 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 another rating agency's counterparty ratings may be used that are marginally lower than Fitch's counterparty ratings, but in such instances

consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

82. All credit ratings are monitored daily and changes to ratings are notified to us by Link Asset Services Treasury Solutions, creditworthiness service.
83. If a downgrade results in the financial institution/ investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
84. In addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

UK banks – ring fencing

85. The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), were required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as "ring-fencing". Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.
86. Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and "riskier" activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.
87. While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

Investment Strategy

88. 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).
89. On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase only slowly over the next few years.
90. Bank Rate is forecast to stay flat at 0.75% before starting to rise from quarter 4 of 2020 and are unlikely to rise above 1.25% by quarter 4 2023. Bank Rate forecasts for financial year ends (March) are:

Financial Year	Rate
2019/20	0.75%
2020/21	1.00%
2021/22	1.00%
2022/23	1.25%
Estimates beyond 2022/23 are not available	

91. The suggested budgeted investment earnings rates for returns on investments placed for periods of up to 3 months during each financial year for the next 3 years are as above. These rates, plus a small margin to stretch performance, have been used to estimate investment interest, over the strategy term.
92. The Council will pursue value for money with its investments and to measure this will use the 7 day London Interbank Bid Rate (LIBID) as its investment benchmark. We will also continue to use the investment benchmarking service offered by Link Asset Services Treasury Solutions, to compare our performance against our peers.
93. The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.
94. The balance of risks to increases in Bank Rate and shorter-term PWLB rates are broadly similarly to the downside. The Bank of England's forward guidance should be a good indicator of where interest rates are going.
95. To bring balance to the portfolio funds generated through the Council's cash flow will be invested on the following basis:-

Liquid Funds (approx. £15m)

This part of the portfolio should be managed at around £15m. This allows for the payment of payroll on dates within the year when grants are delayed due to the 15th being on a weekend (August 2020, November 2020, December 2019, February 2021 and March 2021).

For example this part of the portfolio should be invested in:-

- bank deposits (main accounts, call accounts, notice accounts); and
- potentially Money Market Funds (subject to due diligence and selection process).

Other Specified Investments (approx. £25m)

Once the liquid funds are in place the Council should continue to invest in other slightly less liquid, but still secure assets, up to a maximum of 1 year. Examples of these assets are:-

- UK Government Treasury Bills, which will have a maturity date of less than 6 months (the maximum term).
- High quality Certificates of Deposit (rank equally with bank deposits re bail in) which provides access to a wider range of higher rated banks.
- High quality bonds issued by banks, with a maturity date of less than 1 year.
- Other Corporate Bonds that meet its minimum investment criteria, with a maturity of less than 1 year.
- Collateralised Deposits (repurchase/Reverse Repurchase) arrangements utilising its existing custodial arrangements with King & Shaxson brokers. This is a method of secured deposit with a bank.

Repo/Reverse Repo is accepted as a form of securitised lending and should be based on the GMRA 2000 (Global Master Repo Agreement). Should the

counterparty not meet our senior unsecured rating then a 102% collateralisation would be required. The acceptable collateral is as follows:

- Index linked Gilts
- Conventional Gilts
- UK Treasury bills
- Corporate bonds

Non-Specified Investments (Maximum £20m)

Any core funds that are identified as being available longer term, e.g.reserves could continue to be invested in suitable longer term assets, examples of which are:-

- fixed deposits with banks in excess of 12 months.
- High quality Certificates of Deposit with a maturity date in excess of 12 months.
- High quality bonds issued by banks, with a maturity date in excess of 12 months.
- Other Corporate Bonds that meet the Councils minimum investment criteria, with a maturity in excess of 12 months.

96. A full list of Specified and Non-Specified investments is in **Appendix E**.

97. Any new Non-Specified investment will require authorisation by the Chief Financial Officer. Details of minimum criteria and any additional due diligence required can also be seen in **Appendix E**.

98. 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.

	Maximum principal sums invested > 1 year			
£m	2020/21	2021/22	2022/23	2023/24
Principal sums invested > 1 year	£20m	£20m	£20m	£20m

End of year investment report

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

Policy on the use of external service providers

100. Following a competitive tender process the Council has re-awarded its Treasury Consultancy contract to Link Asset Services Treasury Solutions, as its external treasury management advisors until December 2021.

101. 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.

102. 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.

103. The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury

management. Training has been provided in the past and further training will be arranged as required. The training needs of treasury management officers are periodically reviewed.

OPTIONS CONSIDERED

104. Other options that have been considered and members need to be aware of, when compiling this report, that would affect the investments and borrowing decisions are as follows:-

Options	Likely impact on Income and Expenditure	Likely impact on risk management
1. Invest in a narrower range of institutions and shorter terms	Interest income will be lower	Reduced risk of losses from credit related defaults, but any single loss could be magnified.
2. Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income. Premium to be paid if debt paid down (avoided if the reduction is done, as planned, by not replacing maturing debt).	Reduced investment balance leading to a lower impact in the event of default, however long term interest costs become less certain.
3. Borrow additional sums at long term fixed interest rates	Debt interest costs will rise, this is unlikely to be offset by higher investment income	Reduced interest rate risk. But higher investment balance could lead to a higher impact in the event of a default.
4. Increase level of borrowing	Additional cost of debt interest is likely to exceed additional investment income received.	Under-borrowing uses a combination of reserves and working capital. Any adverse changes to either could lead to cash not being available to fund expenditure. Leading to increased levels of borrowing.
5. Borrow sufficient funds for under-borrowed position	Additional interest costs of up to £2.4m per annum. It should be noted that a proportion of the under-borrowed position has been used to prepay the pension contribution.	Reduced interest rate risk, but significantly higher costs. In addition the higher investment balance could lead to a higher impact in the event of a default.

REASONS FOR RECOMMENDED OPTION

105. Options 1 is the recommended option to maximize external interest savings without introducing unacceptable risk.

106. The strategy provides a good balance between our existing, predominantly long maturity profile, to produce additional savings to support front line budgets and service provision. Remaining under-borrowed also reduces the risk of losses from failed investments.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	<p>Treasury Management impacts on all the outcomes; it makes sure that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet the Council's service activity in line with the Capital Programme.</p>
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	

	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	
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RISKS AND ASSUMPTIONS

107. This strategy report along with the Council's Treasury Management Practice Statements seeks to limit as far as possible the risks associated with the Council's Treasury function. However, the economic climate and financial markets are dynamic, and, can be prone to sharp unexpected movements. The Chief Financial Officer and the Council's advisors will continually monitor the environment and act as necessary to limit risk and achieve best value for the Council.

108. Key risks and the actions taken to mitigate those risks are:-

- a. The Council could be unable to borrow when funding is required due to adverse market conditions and/or budgetary restraints. This risk is mitigated by maintaining sufficient easily accessible funds. Further mitigating actions could be scaling back or re-profiling capital expenditure plans if necessary.
- b. There could be an increased use of reserves and working capital which is currently used to finance the under borrowed position. This risk is mitigated by regular monitoring of the use of reserves and having a robust cash flow forecast, which is monitored on a daily basis.
- c. Interest rates for borrowing could be higher than forecast. This risk is mitigated by regular monitoring of economic forecasts, consulting with the Councils treasury advisers and reducing the borrowing term. Other sources of borrowing will also be identified if possible.
- d. The Council could receive a lower than forecast return on its investments. This risk is mitigated by regular monitoring of economic forecasts, consulting with the Councils treasury advisers and regular benchmarking. Investment strategies would then be adjusted by the Chief Financial Officer, as appropriate.
- e. An institute with whom the Council has investments could become insolvent. This risk is mitigated by only investing in financial institutions that meet the Councils minimum criteria. The Council will also continually monitor the credit ratings of approved institutions and spread investments across a number of financial institutions and assets.
- f. A financial institution may not repay an investment at maturity date due to an administration error (not insolvency). This is mitigated by maintaining accurate records of all investments placed, including confirmation from the counterparty. Adequate borrowing sources are available to cover any

temporary cashflow shortfalls. In addition a proportion of the investments placed will always be instantly accessible.

LEGAL IMPLICATIONS [Officer Initials SF Date 30/01/20]

109. The Council's Treasury Management activities are regulated by a variety of professional codes, statutes and guidance:-

- a. Chapter 1 Part 1 of the Local Government Act 2003 (the Act) provides the powers to borrow as well as providing controls and limits on such capital finance and accounts;
- b. the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended, develops the controls and powers within the Act;
- c. the Regulations require local authorities to have regard to the code of practice entitled the Prudential Code for Capital Finance in Local Authorities published by CIPFA when determining their affordable borrowing limit;
- d. the Regulations also require local authorities to operate its overall treasury function having regard to the code of practice contained in the document entitled Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes published by CIPFA;
- e. the Regulations require local authorities, for each financial year, to make a minimum revenue provision, which they consider to be prudent, in respect of the financing of capital expenditure incurred in that and previous years.

The Treasury Management function is included in the Chief Financial Officer's duties under Section 151 of the Local Government Act 1972 to administer the Council's financial affairs.

FINANCIAL IMPLICATIONS [Officer Initials AT Date 24/01/2020]

110. The treasury management budget required for 2020/21 has been reviewed and analysed over the following headings:

	General Fund £'m	HRA £'m
Costs		
Total Borrowing Costs	7.452	12.529
Other treasury management expenditure	0.089	0.000
Total Costs	7.541	12.502
Income		
Investment Interest	-0.615	0.000
Net Costs	6.926	12.529

The 2019/20 general fund budget was £6.172m for Treasury Management and after £0.754m of pressures that have been included in the 2019/20 revenue budget proposals, the £6.926m referenced in the above table is available for these costs. The HRA interest costs are included in the separate HRA budget report that will be presented to Full Council in March 2019. Specific financial information is included in the body of the report.

HUMAN RESOURCES IMPLICATIONS [Officer Initials KG Date 2301/2020]

111. There are no specific Human Resources implications to this report

TECHNOLOGY IMPLICATIONS [Officer Initials...PW Date...23/01/20]

112. There are no technology implications in relation to this report.

HEALTH IMPLICATIONS [Officer Initials RS Date 23/01/2020]

113. Treasury management is unlikely to have direct health impacts. However both the borrowing and the investment strategies should take account of any indirect or unintended health impacts. These may arise from investing or borrowing in or from ventures that themselves have health impacts or are linked with other organisations that impact health. The most obvious case is that the council should protect its tobacco control work from the commercial and vested interests of the tobacco industry by not accepting any partnerships, payments, gifts and services, monetary or in kind or research funding offered by the tobacco industry.

EQUALITY IMPLICATIONS [Officer Initials CY Date 09/01/20]

114. The Council must consider and have due regard to the three aims of the general equality duty, when developing and implementing the Treasury Management Strategy. By ensuring that the Treasury Management function is effective we can ensure that the right resources are available at the right time to enable the delivery of services. The equality implications for the revenue and capital budgets are detailed in the respective reports within the agenda papers.

CONSULTATION

115. The Council obtains advice from specialist organisations in respect of its treasury management activities. The impact of this is then assessed for its effect on the Council and appropriate action taken as necessary. Consultation has taken place with key financial managers and Executive Board.

116. This report has significant implications in terms of the following:

Procurement		Crime & Disorder	
Human Resources		Human Rights & Equalities	
Buildings, Land and Occupiers		Environment & Sustainability	
ICT		Capital Programme	X

BACKGROUND PAPERS

C.I.P.F.A. Code of Practice on Treasury Management (Revised 2017).

C.I.P.F.A. Treasury Management in the Public Services Guidance Notes 2018.

C.I.P.F.A. Prudential Code for Capital Finance in Local Authorities (Revised 2017).
Localism Act 2011.

MHCLG Statutory Guidance Local Government Investments (3rd edition), April 2018.
The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2010 [SI 2010/454].

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THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2020/21 – 2023/24

- 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.

Capital Expenditure	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
£m	Actuals	Estimates				
Adults, Health & Wellbeing	5,265	5,770	4,255	2,894	2,717	2,730
Finance & Corporate	3,178	28,136	16,821	13,098	12,905	12,850
Learning & Opportunity – Children	6,559	7,651	18,498	4,814	4,435	255
Economy & Environment	34,358	52,944	23,123	947	1,263	50
Non-HRA	49,360	94,501	62,697	21,753	21,320	15,885
HRA	37,469	24,695	37,345	33,307	32,089	39,968
TOTAL	86,829	119,196	100,042	55,060	53,409	55,853

2) Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

a. Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Non-HRA	5.33%	5.23%	4.84%	3.49%	3.57%	3.56%
HRA	15.68%	17.00%	16.70%	16.58%	16.65%	16.83%

The estimates of financing costs include current commitments and the proposals in this budget report.

b. HRA ratios

	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
HRA debt £k	244,267	266,063	274,014	282,014	290,014	298,014
HRA revenues £k	74,547	73,727	73,515	74,799	76,466	78,172
Ratio of debt to revenues %	30.52%	27.71%	26.83%	26.52%	26.37%	26.23%

	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
HRA debt £k	244,267	266,063	274,014	282,014	290,014	298,014
Number of HRA dwellings	20,100	20,110	20,041	19,961	19,881	19,801
Debt per dwelling £	12,153	13,230	13,673	14,128	14,587	15,050

4. Maturity Structure of Borrowing

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- 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.

£m	2019/20	2020/21	2021/22	2022/23	2023/24
Interest rate exposures					
	Upper	Upper	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%	100%	100%
Limits on variable interest rates based on net debt	30%	30%	30%	30%	30%
Maturity structure of fixed interest rate borrowing 2020/21					
	Lower	Upper	Actuals £k	Actuals %	
Under 12 months	0%	30%	94,728	18.37%	
12 months to 2 years	0%	50%	28,350	5.50%	
2 years to 5 years	0%	50%	42,288	8.20%	
5 years to 10 years	0%	75%	23,160	4.49%	
10 years and above	10%	95%	327,214	63.44%	
Total			515,740	100.00%	
Maturity structure of variable interest rate borrowing 2020/21					
	Lower	Upper	Actuals £k	Actuals %	
Under 12 months	0%	30%	0	0	
12 months to 2 years	0%	50%	0	0	
2 years to 5 years	0%	50%	0	0	
5 years to 10 years	0%	75%	0	0	
10 years and above	10%	95%	0	0	
Total			0	0%	

Minimum Revenue Position (MRP) Policy Statement

The Council has an annual duty to charge an amount of MRP to the General Fund Revenue Account which it considers to be a prudent provision. The MRP charge is the means by which capital expenditure which has been funded by borrowing is paid for by council tax payers. The guidance on MRP allows different options for the calculation of MRP as below:

- 1) Regulatory method
- 2) CFR method
- 3) Asset Life method, using either
 - a) Equal instalment method
 - b) Annuity method
- 4) Depreciation method

Doncaster Council 2020/21 MRP Policy

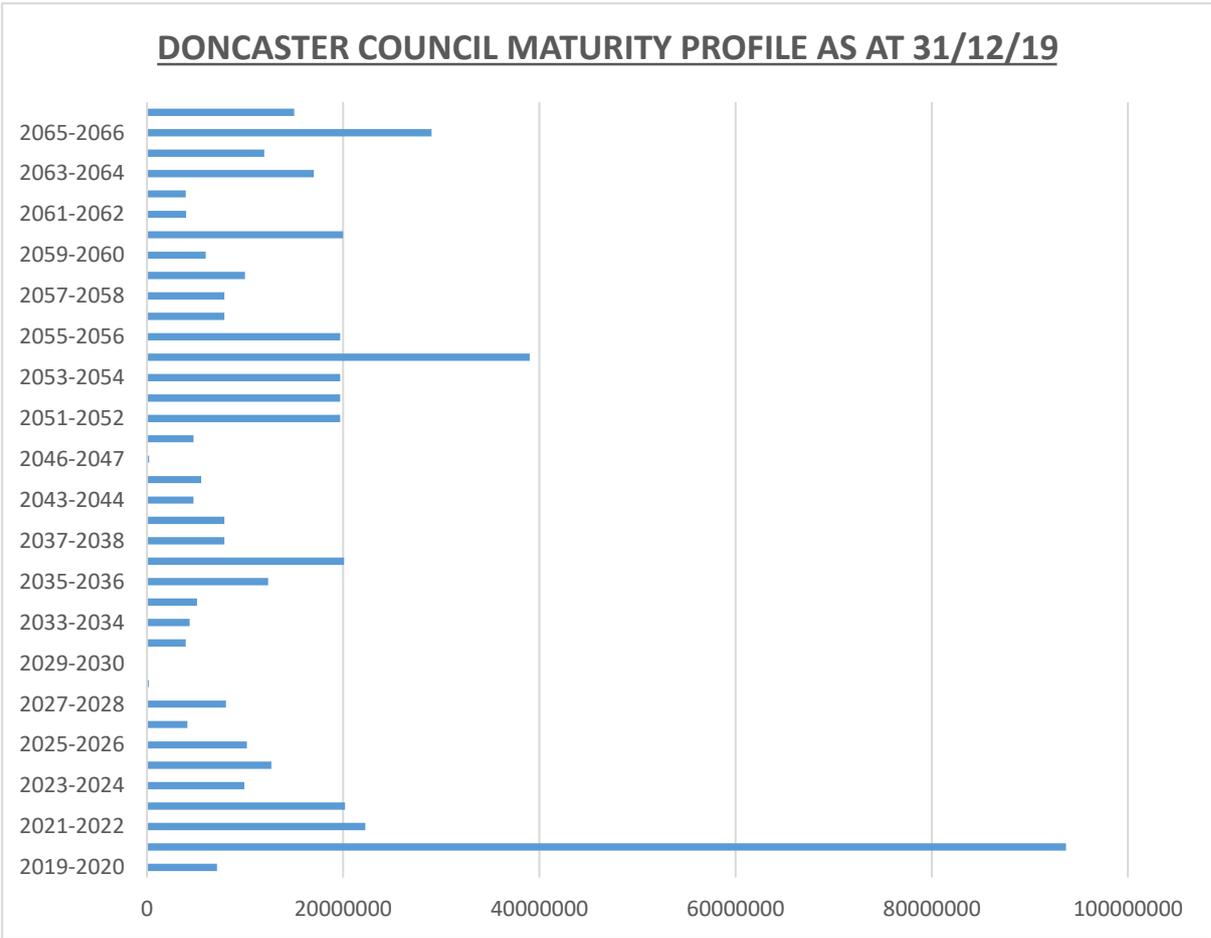
The Council adopts the most appropriate method of calculating and charging MRP for the specific asset. Methods used include either:

- **Asset Life method – Equal instalment method** (option 3a); or
- **Asset Life method - Annuity method** (option 3b); or
- **Depreciation method** (option 4).

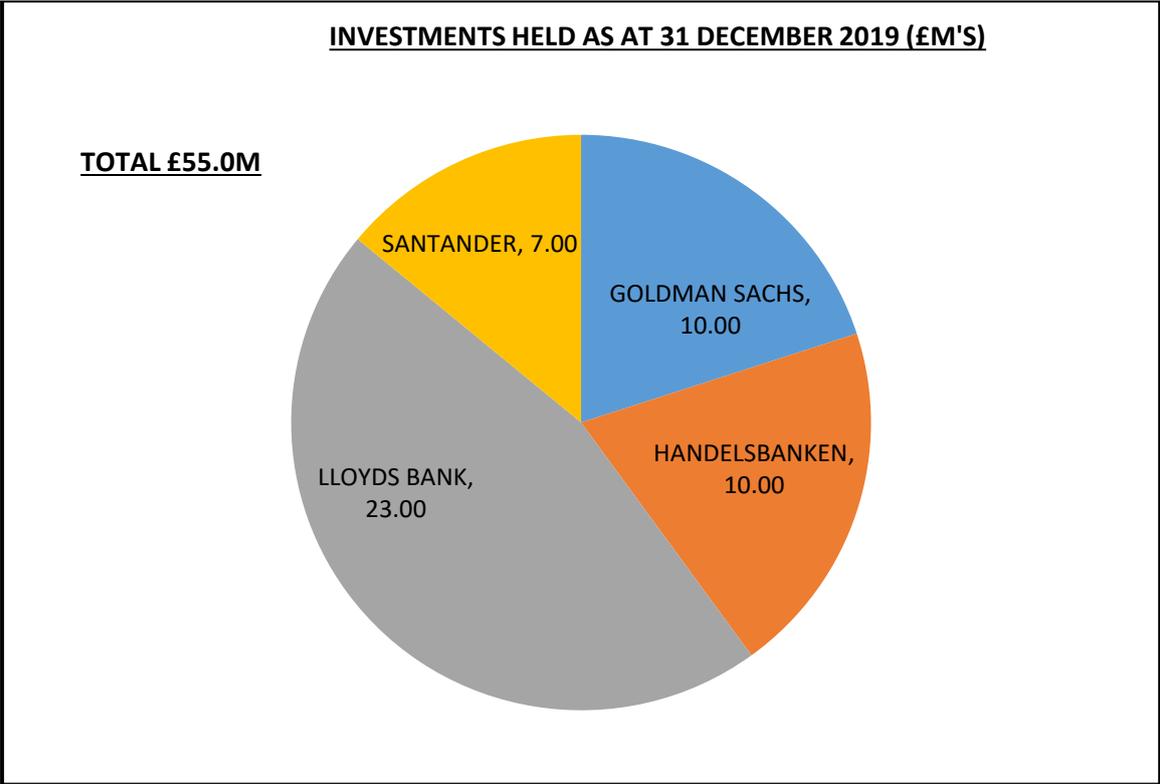
MRP Overpayments - A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2020 the total MRP overpayments are estimated to be £29.997m.

Analysis of Debt as at 31/12/19

Total £515,740,000



Analysis of Investments as at 31/12/19



Interest Rate Forecasts

Bank Rate	Now	Mar 2020	Mar 2021	Mar 2022
Actual DEC 19	0.75%	-	-	-
Link Asset Services view.	0.75%	0.75%	1.00%	1.25%
Capital Economics(CE)	0.75%	0.75%	0.75%	-
5Yr PWLB Rate	PWLB rates and forecasts below take into account the 0.20% Certainty rate deduction effective as of 01/11/12.			
Actual DEC 19	2.30%	-	-	-
Link Asset Services view.	2.30%	2.40%	2.60%	3.10%
Capital Economics(CE)	2.30%	2.40%	2.60%	-
10Yr PWLB Rate	PWLB rates and forecasts below take into account the 0.20% Certainty rate deduction effective as of 01/11/12.			
Actual DEC 19	2.60%	-	-	-
Link Asset Services view.	2.60%	2.70%	2.90%	3.30%
Capital Economics(CE)	2.60%	2.60%	2.80%	-
25Yr PWLB Rate	PWLB rates and forecasts below take into account the 0.20% Certainty rate deduction effective as of 01/11/12.			
Actual DEC 19	3.20%	-	-	-
Link Asset Services view.	3.20%	3.30%	3.60%	4.00%
Capital Economics(CE)	3.00%	3.10%	3.30%	-
50Yr PWLB Rate	PWLB rates and forecasts below take into account the 0.20% Certainty rate deduction effective as of 01/11/12.			
Actual DEC 19	3.10%	-	-	-
Link Asset Services view.	3.10%	3.20%	3.50%	3.90%
Capital Economics(CE)	3.00%	3.00%	3.20%	-

TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT OPTION 1

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 30% of the investment pool will be held in aggregate in non-specified investment

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

SPECIFIED INVESTMENTS:

(All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum ‘high’ rating criteria where applicable)

	Minimum ‘High’ Credit Criteria	Maximum % of total investments or maximum Amount per institution	Max. maturity period
Term deposits and other instruments with local authorities	N/a	£30m (maximum of £5m per authority)	12 months
Term deposits with banks and building societies	Yellow Purple Orange Red Green No Colour	£50m £40m £30m £20m £10m nil	12 months 12 months 12 months 6 months 100 days Not for use
Term Deposits with UK part nationalised banks	Blue	£30m	12 months
Certificates of Deposit or corporate bonds with banks and building societies	Yellow Purple Orange Blue Red Green No Colour	£50m £40m £30m £30m £20m £10m nil	12 months 12 months 12 months 12 months 6 months 100 days Not for use
Bonds issued by multilateral development banks	UK sovereign rating	100%	12 months
UK Government Gilts	UK sovereign rating	100%	12 months
UK Government Treasury Bills	UK sovereign rating	100%	6 months

Debt Management Agency Deposit Facility	--	100%	6 months
Collateralised deposit (Reverse Repurchase) (see note 2)	UK sovereign rating	100%	12 months
Bond issued by a financial institution which is explicitly guaranteed by the UK Government e.g. National Rail	UK sovereign rating	100%	12 months
Sovereign bond issues (other than the UK govt)	UK sovereign	100%	12 months
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -			
Government Liquidity Funds	AAA MMF rating	100%	Liquid
Money market funds (CNAV/LVNAV or VNAV)	AAA MMF rating	100%	Liquid
Enhanced Cash Funds with a credit score of 1.25	Fitch rating Short term F1, long Term A- or equivalent	100%	Liquid
Enhanced Cash Funds with a credit score of 1.5	Fitch rating Short term F1, long Term A- or equivalent	100%	Liquid
Bond Funds	Fitch rating Short term F1, long Term A- or equivalent	100%	Liquid
Gilt Funds	Fitch rating Short term F1, long Term A- or equivalent	100%	Liquid

Note 1. If forward deposits are to be made, the forward period plus the deal period should not exceed one year in aggregate.

N.B. buy and hold may also include sale at a financial year end and repurchase the following day in order to accommodate the requirements of the Accounting Code of Practice.

Note 2. As collateralised deposits are backed by collateral such as UK Gilts, corporate bonds, etc. this investment instrument is regarded as being a AA rated investment as it is equivalent to lending to the UK Government.

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, we will review the accounting implications of new transactions before they are undertaken.

NON-SPECIFIED INVESTMENTS: A maximum of 30% will be held in aggregate in non-specified investment

Maturities in excess of 1 year

	Minimum 'High' Credit Criteria	Maximum % of total investments or maximum Amount per institution	Max. maturity period
Term deposits and other instruments with local authorities	N/a	£20m (maximum of £5m per authority)	5 years
Term deposits with banks and building societies	Yellow Purple	£50m £40m	5 years 2 years
Term Deposits with UK part nationalised banks	Blue	£30m	5 years
Certificates of Deposit or corporate bonds with banks and building societies	Yellow Purple	£50m £40m	5 years 2 years
Bonds issued by multilateral development banks	UK sovereign rating	£5m	5 years
UK Government Gilts	UK sovereign rating	100%	50 years
Collateralised deposit (Reverse Repurchase)	UK sovereign rating	100%	5 years
Bond issuance issued by a financial institution which is explicitly guaranteed by the UK Government e.g. National Rail	UK sovereign rating	£20m	10 years
Commercial Paper Other	Fitch rating Short term F1, long Term A- or equivalent	£20m	10 years
Corporate Bonds	Fitch rating Short term F1, long Term A- or equivalent	£20m	10 years
Sovereign bond issues (other than the UK govt)	UK sovereign	£20m	5 years
Bond Funds	Fitch rating Short term F1, long Term A- or equivalent	£20m	10 years
Gilt Funds	Fitch rating Short term F1, long Term A- or equivalent	£20m	10 years
Municipal Bonds	UK sovereign rating	£5m	5 years

	Minimum 'High' Credit Criteria	Maximum % of total investments or maximum Amount per institution	Max. maturity period
Floating Rate Notes	Fitch rating Short term F1, long Term A- or equivalent	£5m	5 years
Covered Bonds	Fitch rating Short term F1, long Term A- or equivalent	£5m per bond	10 years
Unrated Bonds	**Non-rated internal due diligence	£5m per bond	10 years
Loans to Third Parties	**Non-rated internal due diligence	£5m	50 years
Churches, Charities and Local Authorities (CCLA) Property Fund	**Non-rated internal due diligence	£5m	10 years
Property Funds*	**Non-rated internal due diligence	£5m	10 years

*The use of these instruments can be deemed capital expenditure, and as such will be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider using. Appropriate due diligence will also be undertaken before investment of this type is undertaken.

**Due Diligence will include the following, if available, however the list isn't intended to be exhaustive:-

- Capitalisation of the organisation,
- Revenue profits and margin trends,
- Competitors and industry,
- Valuation multiples e.g. price/earnings ratio,
- Management and share ownership and track records,
- Balance sheet analysis,
- Examination of future plans and expectations,
- Stock options and dividend policy.

APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings equivalent to the UK or higher (based on two out of three ratings from the agencies Fitch, Moody's and S&P) and have banks operating in sterling markets which have credit ratings of green or above in the Link Asset Services Treasury Solutions credit worthiness service.

AAA	AA+	AA
Australia, Canada, Denmark	Finland	Abu Dhabi (UAE)
Germany, Luxembourg, Netherlands,	USA	France
Norway, Singapore, Sweden		Hong Kong
Switzerland		UK

TREASURY MANAGEMENT ANNUAL REPORT YEAR ENDED 31ST MARCH, 2019**SUMMARY**

1. During the year the Councils borrowing and investments have been managed in line with the treasury management strategy set out for 2018/19 which was approved by Council on 20/02/2018.
2. The borrowing strategy was a continuation of the recent successful strategy that had minimised external interest costs. The savings were generated in two ways, being under borrowed and borrowing short term. As interest rates were forecast to increase only gently over the term of the strategy we proposed to continue to borrow short term rather than lock into the long term interest rates.
3. Thanks to the continued low borrowing interest rates the strategy led to a Treasury Management underspend of £344k for 2018/19. The Council was £60m under-borrowed which is a key contributor to the out turn. If the £60m was borrowed at 2% there would be an additional external interest cost of £1.2m per annum.
4. By minimising external borrowing during the year savings were delivered, whilst at the same time minimising the risk of failure by a third party to meet its contractual obligations under an investment, loan or other commitment.
5. The Council operated within the financial limits set out in the Treasury Strategy and the Borrowing limits and complied with the relevant Regulations and guidance.

BACKGROUND

6. The revised Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2009 was adopted by this Council on 2nd February, 2010, and the Council fully complies with its requirements. This report meets the requirements of the code.
7. During 2018/19 the minimum reporting requirements were that the Council should receive the following reports:
 - a. An annual Treasury Management Strategy in advance of the year (Council 20/02/18).
 - b. A mid-year (minimum) Treasury Management Strategy update report (Included in quarterly Finance/Performance Monitoring Report).
 - c. An annual review following the end of year describing the activity compared to the strategy (this report).
8. Regulations place responsibility on members for the review and scrutiny of treasury management policy and activities. This report is therefore important as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.
9. Treasury Management in this context is defined as:-

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

10. This annual report comments on the delivery of:-

- the Council's Treasury Management position as at 31st March, 2019;
- the strategy for 2018/19;
- the forecast and actual economic activity and interest rates;
- the borrowing activity for 2018/19;
- the investment activity for 2018/19;
- Compliance with treasury limits.

Treasury Portfolio Position

11. The debt and investment position at the beginning and end of the financial year were as follows:-

	As At 01.04.18	Average Interest Rate	As At 31.03.19	Average Interest Rate
	£'m	%	£'m	%
Fixed Rate	441.1		528.9	
Variable Rate	<u>0.0</u>		<u>0.0</u>	
Total Debt	<u>441.1</u>	4.02	<u>528.9</u>	3.66
Investment	57.8	0.61	56.2	0.84

2018/19 Economic Activity

Forecast

12. The treasury management strategy approved by Council in March 2018 contained a forecast that interest rates for 2018/19 anticipated low but rising Bank Rate (starting during 2019), and gradual rises in medium and longer term fixed borrowing rates during 2018/19. It was expected that the recovery for the global economy would be long and drawn out, with many bumps along the way, which was expected to keep interest rates at the same low levels for at least 12 months.

Outturn

13. The financial year 2018/19 continued the challenging investment environment of previous years, namely low investment returns, although levels of counterparty risk continued to subside somewhat. In this scenario, the treasury strategy was to continue to postpone borrowing to avoid the cost of holding higher levels of investment and to reduce counterparty risk. Bank of England increased the Bank Base Rate to 0.75% from 0.5% in July, which provided a welcome boost for investment interest income.

Borrowing Activity

Strategy

14. The amount of new borrowing for 2018/19 was estimated to be £79.8m, which included £60.5m of maturing loans, which required refinancing. The primary strategy was for borrowing activity to be driven by cash flow and to minimise

external debt interest costs by borrowing over shorter terms. The forecast of gentle interest rate increases minimised the refinancing risk.

15. The Council was maintaining an under-borrowed position. This meant that the level of actual debt was below the Capital Financing Requirement (the amount the authority needs to borrow for Capital purposes) and therefore the Council had to use internal resources such as ear-marked reserves, unapplied grants and capital receipts, cash balances, etc. to fund some of its unfinanced capital expenditure.
16. This strategy was beneficial because external debt interest payments are minimised and funds available for investments are reduced at a time when investment returns are low and financial institution risk was moderately high.
17. This position cannot be sustained in the long term. At some point the reserves and balances will be needed and as a consequence the need to borrow will increase. This could be short-term or long-term borrowing. The Council have used short-term borrowing opportunities from other authorities as they have restricted lending lists which means they lend at rates much lower than market rates.

Outturn

18. During the 2018/19 financial year £74m in new external borrowing was taken, against an Original Estimate of £79.8m
19. The timing of borrowing was in line with the Councils cash flow.
20. Short-term loans were taken from other local authorities at interest rates ranging from 0.77% to 1.4%.

Debt Rescheduling

21. Debt rescheduling relates to the early repayment of loans in order to generate a revenue saving or change to the structure of the debt maturity profile.
22. On 1st November, 2007, the PWLB introduced a two tier rate system, which effectively made it more expensive for Councils to repay debt. This precluded any rescheduling opportunities being undertaken during the 2018/19 financial year, which was outlined and planned as part of the strategy; however this situation is constantly reviewed in conjunction with our external Treasury Advisers.

Investment Activity

Strategy

23. The Council's in-house managed funds are mainly cash flow derived such as grants and other income received to be spent later. Therefore investments will be made with reference to the balances and cash flow requirements and the outlook for interest rates.

Outturn

24. The result of the investment activity was as follows:-

Average investment balance throughout the year	£88.3m
Rate of return	0.84%
Benchmark Rate	0.51%
Investment balance as at 31/03/19	£56.2m

25. At £718k actual interest earned was £103k above target, due mainly to higher average balances, slightly higher rates, and additional interest from investments in secondary bonds.

26. The investment portfolio as at 31st March 2019 is summarised in **Appendix 1**.

Compliance with Treasury Limits

27. During the year the Council operated within the limits set out in the Treasury Strategy, Policy and Practice statements and the Treasury Management Prudential Indicators included in **Appendix 1**.

RISKS

28. By its very nature the treasury management function can expose the Council to certain risks, whether these are with respect to the interest rate achievable on new borrowings, or the risk associated with placing an investment with a third party. The Council have in place policies and strategies in order to manage and mitigate these risks.

29. The primary overriding aims are the protection of capital investment sums, and the maintenance of a long term, low fixed rate debt portfolio. In achieving this, the Council abides by the Code of Practice, and, reviews procedures to ensure best practice is implemented at all times to control the risk and achieve the aims.

BUDGET

30. The Council's budget for 2018/19 included the revenue costs of the treasury management activities. The outturn compared with the budget is shown below:

	Budget 2018/19 £m	Actuals 2018/19 £m
External Borrowing	7.074	6.740
Other TM Costs	0.124	0.062
Total Cost	7.198	6.802
Income		
Investment Interest	-0.626	-0.575
Net Costs	6.572	6.227
HRA Borrowing		11.825

PRUDENTIAL INDICATORS 2018/19

	Estimate £'000s	Actual £'000's
Capital expenditure		
Non - HRA	91,736	49,360
HRA	37,226	37,469
Total	128,962	86,829
Capital Financing Requirement (CFR) as at 31/03/19		
Non-HRA	295,980	301,489
HRA	267,069	267,069
Total	574,879	568,558
Ratio of Financing Costs to net revenue stream		
Non-HRA	7.53%	8.03%
HRA	16.22%	15.68%
Authorised Limit for External Debt		
(this limit allows authorities to take borrowing In advance of need as required)	552,863	575,484
Operational Boundary for External Debt		
(this is a key management tool for in-year monitoring)	579,842	575,484
Actual External Debt as at 31st March 2019		
Upper Limit for Fixed Interest Rate Exposure	100%	100%
Upper Limit for Variable Rate Exposure	30%	0%

The following table shows the maturity profile of our existing external debt.

Doncaster Council Debt Portfolio and Maturity Profile as at 31 March 2019				
	Upper Limit %	Lower Limit %	Actual %	Actual £'M
Under 12 Months	30	0	15.47	77.690
12 to 24 Months	50	0	10.69	53.687
24 Months to 5 Years	50	0	4.04	20.288
5 Years to 10 Years	75	0	4.63	23.253
10 Years to 20 Years	95	10	10.71	53.802
20 Years to 30 Years			3.65	18.325
30 Years and above			50.81	255.182
Total			100	502.227

The following table shows the individual investments as at 31st March 2019

Doncaster Council Investment Portfolio as at 31st March 2019		
Institution Name	Maximum Limit £'M	Balance £'M
Lloyds Banking Group	40	15.0
Nat West	30	10.0
Goldman Sachs	20	10.0
Handelsbanken	30	1.2
Local Authorities	30	20.0
Total		56.2

Council investments are made with institutions on our approved list. This is almost exclusively other banks and major financial institutions. The money invested is usually quite short term (up to 1 year) and is placed in order to gain some interest whilst we may have excess funds, following receipt of income/grants etc. until we need to pay those sums out.

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