

10 January 2018

STRATEGY AND RESOURCES COMMITTEE

A meeting of the Strategy and Resources Committee will be held on **THURSDAY 18 JANUARY 2018** in the Council Chamber, Ebley Mill, Ebley Wharf, Stroud at **7.00 pm.**



David Hagg
Chief Executive

Please Note: This meeting will be filmed for live or subsequent broadcast via the Council's internet site (www.stroud.gov.uk). By entering the Council Chamber you are consenting to being filmed. The whole of the meeting will be filmed except where there are confidential or exempt items, which may need to be considered in the absence of the press and public.

AGENDA

- 1 **APOLOGIES**
To receive apologies for absence.
- 2 **DECLARATIONS OF INTEREST**
To receive declarations of interest.
- 3 **MINUTES**
To approve the Minutes of the meeting held on 5 December 2017.
- 4 **PUBLIC QUESTION TIME**
The Chair of the Committee will answer any questions from members of the public, submitted in accordance with the Council's procedures.
DEADLINE FOR RECEIPT OF QUESTIONS
Noon on MONDAY 15 JANUARY 2018.
Questions must be submitted in writing to the Chief Executive, Democratic Services, Ebley Mill, Ebley Wharf, Stroud, and sent by post or by Email: democratic.services@stroud.gov.uk.
- 5 **WORK PROGRAMME**
To consider the work programme.
- 6 **MEMBER REPORTS**
 - a) Performance Monitoring
 - b) Investment and Development Panel
 - c) Subscription Rooms Task and Finish Group

7 CAPITAL PROJECT MONITORING

To receive updates on the following projects

- a) Littlecombe Business Units, Dursley
- b) Brimscombe Port Development
- c) Homes for Rent
- d) ICT Investment Plan

8 FINANCIAL REPORTS

- a) Housing Revenue Account (HRA) Budget 2018/19 and Medium Term Financial Plan 2018/19-2021/22.
- b) General Fund Revenue Estimates – Revised 2017/18 and Original 2018/19.
- c) The General Fund Budget 2018/19, Capital Programme and Medium Term Financial Plan.

9 TASK AND FINISH GROUP REVIEW OF PERFORMANCE MANAGEMENT

To receive a report on the review.

10 THE FAIR PAY AND SENIOR PAY POLICY STATEMENT 2018/19

To recommend approval to Council of The Fair Pay and Senior Pay Policy Statement for 2018/19.

11 LEADERSHIP GLOUCESTERSHIRE UPDATE

The Chief Executive will provide an oral update on Leadership Gloucestershire business. (Copy of the Leadership Gloucestershire action notes attached).

12 MEMBER QUESTIONS

See Agenda Item 4 for deadline for submission.

Members of Strategy and Resources Committee

Councillor Doina Cornell (Vice-Chair)
Councillor Nigel Cooper
Councillor Stephen Davies
Councillor Nick Hurst
Councillor Keith Pearson
Councillor Simon Pickering

Councillor Steve Robinson
Councillor Mattie Ross
Councillor Tom Skinner
Councillor Ken Tucker
Councillor Martin Whiteside
Councillor Debbie Young
1 vacancy

STRATEGY AND RESOURCES COMMITTEE

5 December 2017

7.00 pm – 10.14 pm
 Council Chamber, Ebley Mill, Stroud

3

Minutes

Membership:

Councillor Steve Lydon(Chair)	A	Councillor Steve Robinson	P
Councillor Doina Cornell (Vice-Chair)	P	Councillor Mattie Ross	P
Councillor Nigel Cooper	P	Councillor Tom Skinner	P
Councillor Stephen Davies	P	Councillor Ken Tucker	P
Councillor Nick Hurst	A	Councillor Martin Whiteside	P
Councillor Keith Pearson	P	Councillor Debbie Young	P
Councillor Simon Pickering	P		

P = Present A = Absent

Officers Present:

Chief Executive	Elections Manager
Director of Customer Services	Head of Property Services
Director of Tenant & Corporate Services	Property Manager
Head of Legal Services	Principal Accountant
Solicitor	Democratic Service Officers
Business Projects Manager	

Members also Present:

Councillors Martin Baxendale, Chris Brine, George Butcher, Jim Dewey, John Jones, Norman Kay, Darren Loftus, John Marjoram, Karen McKeown, Skeena Rathor, Nigel Studdert-Kennedy, Haydn Sutton and Tom Williams.

SRC.040

APOLOGIES

Apologies for absence were received from Councillors Steve Lydon and Nick Hurst.

SRC.041

DECLARATIONS OF INTEREST

Councillor Simon Pickering declared a disclosable pecuniary interest in agenda item 6, as he is employed by one of the bidders to purchase the Subscription Rooms. Councillor John Marjoram declared an interest under the Code of Conduct as a Stroud Town Councillor, in the same item.

SRC.042 **MINUTES**

RESOLVED **To approve as a correct record the Minutes of the meeting held on 12 October 2017.**

SRC.043 **PUBLIC QUESTION TIME**

Questions were submitted by the following people:

Peter Cluer	Julie Wickham	Emily Cluer
Richard House	Seb Bacon	Jacqui Stearn
Rosalinde Scott-Hodgetts	David Lambert	Mark Nurse
Jackie Garner	Brian Oosthuysen	Sym Roe
Anna Powell-Smith	Robin Phillips	Eva Ward
Alix Boon	Sarah Phaedre Watson	Paul Halas
Sheila Munnoch	Kate Kay	

Submitted questions and answers can be found on the [Committee page](#).
Supplementary questions and answers can be viewed on the [Council's webcast](#).

SRC.044 **PARLIAMENTARY BOUNDARY REVIEW REVISED PROPOSALS**

The Chief Executive explained that the revised proposals to changes in parliamentary boundaries, as set out in the report, had been published in October and the 8 week consultation period ends on 11 December 2017. Individual Councillors or political groups could respond to the changes. The Committee noted the report and the need for consultation responses to be provided to the Boundary Commission by the stated deadline.

SRC.045 **SUBSCRIPTION ROOMS, STROUD**

Councillor Simon Pickering left the Council Chamber prior to the consideration of this item and took no further part in the meeting.

The Chair confirmed that Committee had received updated financial figures. The Director of Customer Services confirmed that the website had been updated following various meetings. From communications she had received the strong view from members of the public was that the Subscription Rooms should remain within public ownership on a leasehold basis. The Chair also recorded the receipt of a second petition on the matter.

Members of the Task and Finish Group and the Council, who did not sit on this Committee, were all given the opportunity to provide their comments on the matter. Councillors Baxendale, Studdert-Kennedy, Kay and Rathor subsequently set out their views to the Committee.

Motion to suspend standing order 8.1 in accordance with constitution section 3 paragraph 8.2(q)

In response to a Member question, officer advice was provided on why the motion was published on the agenda.

In the absence of the Leader, Councillor Steve Lydon, Councillor Martin Whiteside proposed and Councillor Steve Robinson seconded the motion.

Upon the vote, 5 members voted for the motion and 5 against. The Chair used her casting vote in favour of the motion.

To consider the notice of Motion

Councillor Whiteside introduced the motion as printed on the agenda.

Members debated the contents of the motion and thanked the Task and Finish Group (Subscription Rooms) for its work on the matter over the last 12 months. A detailed discussion ensued on the merits of a sub-committee as opposed to a Task and Finish Group and the need for the committee to ensure its resolution was in line with the legal duty to secure best consideration or otherwise establish a valid exemption from that requirement.

At 9.00 pm the meeting adjourned and reconvened at 9.37 pm.

Taking account of advice provided to the Committee and concerns expressed regarding the proposal to sell the freehold of the building, Councillor Nigel Cooper moved an amendment to the motion (in particular paragraphs 1 to 4) to reflect the current bids not being fully acceptable; to renegotiate terms including a lease with interested parties; and to secure independent assessment of the bids received by, for example an reputable accountancy firm. The amendment was seconded by Councillor Stephen Davies.

The amendments were discussed and upon the vote 5 members voted for the motion and 5 against. The Chair used her casting vote against the amendment. The motion was LOST.

Further to public concerns about the sale of the asset, Councillor Whiteside proposed amendments to his original motion (affecting paragraphs 2 to 4), including establishing a new Task and Finish Group rather than a sub-committee to consider future bids for a circa 30 lease of the Subscription Rooms and to clarify the purposes for changing the committee's approach to the future of the Subscription Rooms which were seconded by Councillor Steve Robinson:

- Paragraph 2(iii) be amended to read, "promote and enhance" the availability of the venue to the public for public arts, community use and education.
- Paragraph 3 provide for the information listed to be "ideally" provided rather than required.
- Paragraph 4 be amended to ensure that the proposal for a sub-committee be replaced with a new Task and Finish Group and in respect to the latter part of that paragraph the group instead required to use all reasonable endeavours to promote public participation.

Upon the vote 5 members voted for the motion and 5 against. The Chair used her casting vote in favour of the motion and the amendments were CARRIED.

Officer advice was provided in response to further questions raised about the amendments, which were subsequently debated.

In debate, concerns were expressed about the amended substantive motion before the Committee did not ensure that an independent outside body was involved with the evaluation process. The Chief Executive Officer gave an assurance to use an external body to audit the process. There had been one financial error, which had been corrected, and was the subject of an audit investigation.

At 10.00 pm, in accordance with the Council's Constitution, the Committee voted unanimously to continue with the meeting.

Debate ensued on the amended substantive motion, including the failure to consider the Task and Finish Group's report which reflected the brief it was given. In response to questions raised, about the need to start the review process again and bookings for the Subscription Rooms pending the resolution of the matter, the Committee was advised that decisions would be made by management as to the appropriateness of accepting new bookings depending upon progress made over the coming months; and a relevant disposal such as a circa 30 year lease would need to be completed by the end of August 2018, to avoid the need to re-advertise.

In summing up the seconder confirmed members had listened to what the people of Stroud and the district had wanted. There was time for a good bid to come forward. The proposer reminded members of the importance of the Subscription Rooms and its forecourt which should continue to be in public ownership. He considered work would continue with groups and private businesses to deliver services.

Upon the vote 5 members voted for the motion and 5 against. The Chair used her casting vote in favour of the amended motion and the said motion was CARRIED:

1. That the Committee does not accept any of the bids considered by the Group. The Group has now finished its task and we thank the members and supporting officers for their work.
2. To enable the Subscription Rooms:
 - (i) freehold to be retained in public ownership;
 - (ii) ensure that the level of Council cost is significantly reduced; and
 - (iii) to promote and enhance the availability to the public as a venue for public arts, community use and education

the Council will advertise the lease on the Subscription Rooms (excluding the forecourt) for a circa 30 full repairing lease. Such lease option also to be raised with the current external bidders.
3. Bids for the lease will ideally:
 - (i) illustrate whether and if so, how, the bidder has engaged the local community in its bid;
 - (ii) set out implications for existing Council employees working at the Subscription Rooms; and
 - (iii) show how they will develop the venue for public arts; community use; and education, including a community use strategy and pricing policy.
4. Group Leaders (or their nominees), in consultation with the Head of Property Services will be constituted as a task and finish group to guide the process. This task and finish group shall:
 - (i) report to the next meeting of the Strategy and Resources Committee on progress;

- (ii) to the Strategy and Resources Committee on 12 April on any offers received as a result of any advertisement (including discussions with the current external bidders) and if possible, with a recommendation for the future of the Subscription Room service; and
- (iii) ensure adequate consultation with staff, service users, the local community and existing bidders is done concerning the future of the services provision and the building (any additional consultation to be concluded by the end of February 2018).

The task and finish group will use all reasonable endeavours to encourage public participation.

5. The Council shall establish a community forum to meet with the successful bidder at least twice a year to advise on the management of the Subscription Rooms. Such a forum to be chaired by a member appointed by the Community Services and Licensing Committee and the forum will report to this committee at least once a year.
6. If it is not possible, to identify any alternative options for the future of the Subscription Rooms then the matter will be referred to a meeting of the Strategy and Resources Committee for further consideration.
7. The Community Services and Licensing Committee will determine the future of the Tourist Information Centre currently provided within the Subscription Rooms in the light of the decision of the Strategy and Resources Committee on the matter.

SRC.046 MEMBER QUESTIONS

There were none.

The meeting closed at 10.14 pm.

Chair

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

18 JANUARY 2018

5

WORK PROGRAMME

Date of meeting	Matter to be considered	Reporting Member/Officer
12.04.18	Work Programme	All the committee
	Member reports on: a) Performance Monitoring b) Investment and Development Panel	a) Cllrs Cooper & Pearson b) Chair
	Capital Project Monitoring a) Littlecombe Business Units, Dursley b) Brimscombe Port Redevelopment c) Homes for Rent d) ICT Investment Plan	Head of Property Services Head of Property Services Chief Executive Head of Business Service Planning
	Financial Reports	Acting Section 151 Officer
	Leadership Gloucestershire (verbal) Update	Chief Executive
	Corporate Delivery Plan: End of Year Review of Implementation	Corporate Team
	Brimscombe Port	Head of Property Services
	Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy	Revenue and Benefits Manager
	Subscription Rooms	Task and Finish Group
	24.05.18	Annual Work Programme
Stroudwater Connected (Phase 1B)		Canal Project Manager
Delivering Homes for Rent		Chief Executive

Information sheets sent to Members 2017/18

Date sent and ref no.	Topic
30.5.17 SR-2017/18-001	ICT Infrastructure Investment Plan 2017/18 to 2019/20
12.6.17 SR-2017/18-002	Brimscombe Port Redevelopment
04.10.17 SR-2017/18-003	Property Review Update
05.11.17 SR-2017/18-004	The Voice of the Councillor

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

18 JANUARY 2018

7

Report Title	CAPITAL PROJECT MONITORING
Purpose of Report	To inform Committee of progress on capital projects within its remit. 1. Littlecombe Business Units 2. Brimscombe Port Development 3. Homes for Rent 4. ICT Investment
Decision(s)	The Committee RESOLVES to note the report
Consultation and Feedback	Details are contained within the body of the report.
Financial Implications	There are no direct financial implications as this report is for information only. The General Fund Budget 2018/19, Capital Programme and Medium Term Financial Plan report to the committee proposes an updated Capital Programme. This report should be read in conjunction with section 6 and Appendices C and D of the budget report. David Stanley – Accountancy Manager (Section 151 Officer) Tel: 01453 754100 Email: david.stanley@stroud.gov.uk
Legal Implications	The report is provided for information only; legal implications will be considered when the particular projects require decisions of the committee. The committee (via its Performance Monitoring Champions and responsible Corporate Team members) may wish to review implications for the strategic risks (e.g. CCR7, CCR13, CCR14, CCR4) as part of this update. (Ref:r5118/c8118/d4118) Karen Trickey, Head of Legal Services Tel: 01453 754369 Email: karen.trickey@stroud.gov.uk

Report Author	<p>Jill Fallows – Property Manager Tel: 01453 754433 Email: jillfallows@stroud.gov.uk</p> <p>Leonie Lockwood – New Homes and Redevelopment Manager Tel: 01453 754153 Email: leonielockwood@stroud.gov.uk</p> <p>David Hagg – Chief Executive Tel: 01453 75429 Email: david.hagg@stroud.gov.uk</p> <p>Tim Power – Head of Business Service Planning Tel: 01453 754155 Email: timpower@stroud.gov.uk</p>
Options	This report is for information only
Performance Management Follow Up	Update reports are to be brought to Committee on a regular basis
Background Papers/ Appendices	None

1. Littlecombe Business Units – Dursley

- 1.1. Construction is well underway and the project programme is on track. Commercial agents, ASH Chartered Surveyors, have been appointed and are actively marketing the units. Several enquiries are being received each week, with most interest in the smaller units. There is also still interest in purchasing long leasehold interests in the units as well. We will continue to liaise closely with the agents and adjust the marketing strategy accordingly.
- 1.2. The construction of the units is due to complete in April 2018.

2. Brimscombe Port Redevelopment

- 2.1. The design engineers, Atkin's, have now developed further their proposed solution for the infrastructure (new bridge, river/canal crossing, new access road into the site, canal and basin), which is supported by the Project Board and SVCC. Consultation with the Parish Council has been arranged to share the proposal with them.
- 2.2. The Highways Authority is in receipt of the proposed plans for their approval and the Environment Agency has commenced its modelling to validate the work that Atkins has done. The current programme is for these approvals to be received, the detailed drawings prepared and budget costings provided by the end of January. This will then enable the planning application to be prepared for the infrastructure for the whole site with the submission of the application due to be made in April 2018. This is subject to third parties providing their approvals within the agreed timescales.

- 2.3. There are still a couple of options for the route of the canal beyond the basin and the architects are considering how each of these options will affect the developable area, service runs and hence the viability of the site.
- 2.4. Ground investigations have now been completed, an ecological survey of the whole site carried out and an archaeological report provided, which all aid with the de-risking of the site.
- 2.5. The Council has submitted a bid to the HCA's Housing Infrastructure Fund and to the GFirst LEP for their Growth Deal Funding. The outcome of these bids is due to be announced early in the New Year.
- 2.6. The procedure for the procurement of a development partner is now being considered and advice being sought. Commencing the formal OJEU process needs to wait until we know the outcome of the bids and so this may cause a delay to the programme depending upon when the announcements are made.
- 2.7. Many of the next steps and decisions that need to be taken are still very much dependent upon the outcome of the design work and also the outcome of these funding bids
- 2.8. The agreed terms for the freehold transfer of the site from SVCC are now with SVCC's solicitors and valuer.

3. Homes for Rent

The capital project is based on;

- 3.1 Purchase of a property(ies) for use as temporary accommodation for homeless families
This project is being progressed by the Policy Implementation Manager and the Housing Advice Manager. Discussions continue to take place with Gloucester City Homes, a registered provider, about the purchase and conversion of a suitable property using Council resources. Gloucester City Homes would manage the property(ies). Consideration is also being given to HRA properties being made available to the General Fund for these purposes.
- 3.2 Financial modelling has established that the Council cannot repeat the highly successful 'Minchinhampton' scheme under the General Fund. The Minchinhampton development was an HRA scheme with no land acquisition costs. Any 'Homes for Rent' schemes using General Fund resources would involve land acquisition costs, VAT and interest on borrowing.
- 3.3 Officers are investigating whether Homes for Rent funding could be used to enable sites acquired from the HRA to be brought forward by registered providers. Disappointingly, the Homes and Communities Agency do not appear willing to fund affordable rent elements.
- 3.4 Support for Community Land Trusts and Rural Exception Sites
This element of the Homes for Rent programme is unlikely to involve significant capital expenditure. The Council is using revenue resources received from

DCLG to fund the Gloucestershire Rural Community Council to provide a Community Housing Enabler dedicated to Stroud District. The Community Housing Enabler is working with local communities, landowners and parish councils to bring forward schemes that will include affordable rent properties. Officer support is being provided to Eastington Community Land Trust.

4. ICT Investment

- 4.1. A strategic review of our ICT is currently being undertaken by SOCITM (the society of IT managers). They are reviewing our current systems, infrastructure, service needs and the likely future use and demands on our ICT service by the wider council service areas, including associated risks. This report will be available by the end of January, although key recommendations will be available before this time.
- 4.2. This review is being undertaken alongside a wider review which seeks to identify, assess and design even more efficient ways of working including: office provision, systems processes and structures and to address issues related to organisational culture. The outcome from which will be to identify how we can work in a more efficient, flexible and outcome focussed manner; for example: by using ICT to support greater mobile working, automation of processes and customer self-service.
- 4.3. As a result of this and the possibility that investment priorities may change, we have reduced the predicted capital spending for 2017/18, to a level which will support only essential investment, with the remainder carried forward into 2018/19, whereupon, we will be ready to implement the findings of the review and will have a focussed investment plan to meet future priorities, challenges and risks.
- 4.4. We anticipate that the current capital programme will change, possibly significantly, as a result of this wide ranging review and that implementation of it. It is also anticipated that the budget currently set for ICT investment £600K over three years (2017-2020) will need to increase; however, this is expected to partly support an element of invest to save spending. There is an identified need to develop a continuous ICT capital investment programme linked to projected ICT product life cycles.
- 4.5. We should also note that in order to ensure the implementation of our revised ICT investment strategy that we draw upon the best sector based learning and experience. We have worked with the LGA on a project to share information supporting councils to lever the highest levels of productivity from their use of ICT. Through this we have been awarded funding from the LGA to support the employment of an ICT productivity expert, with previous experience in other Local Authorities, who can support us in planning and implementing the delivery of the right ICT infrastructure and systems, drawing on past lessons and the SOCITM review. These projects will be managed so that one leads straight into the other through quarter 4 of the financial year.

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

18 JANUARY 2018

8a

Report Title	HOUSING REVENUE ACCOUNT (HRA) BUDGET 2018/19 AND MEDIUM TERM FINANCIAL PLAN 2018/19 – 2021/22
Purpose of Report	To consider the HRA's financial position over the medium term and set a budget for the HRA for 2018/19.
Decision(s)	<p>The Committee RECOMMENDS to Council:</p> <p>(1) The revised HRA budget for 2017/18 and original budget for 2018/19 are approved; and</p> <p>(2) The movement to and from balances and capital reserves as detailed in Appendices B and C are approved; and</p> <p>(3) That from 1 April 2018:</p> <ul style="list-style-type: none"> i) Social rents and affordable rents are decreased by 1% (equivalent to 81p at the average rent level), as calculated in accordance with legislation ii) Garage rents are increased by 3% iii) Landlord sheltered housing service charges are increased by 3% iv) Other landlord service charges are increased by 3%; and <p>(4) That the HRA Capital Programme for 2017/18 to 2021/22, as detailed in Appendix C, are included in the Council's Capital Programme</p>
Consultation and Feedback	Budget holders and senior managers

<p>Financial Implications and Risk Assessment</p>	<p>The report sets out the medium term financial forecast for the HRA over the next 4 years. Revenue and Capital budgets have been reviewed with the MTFP maintaining minimum balances of £1.5m over the medium term. Whilst the overall level of expenditure across the HRA is reducing from £22.7m to £21.5m, the continued 1% reduction in social rents places the HRA under significant financial pressure.</p> <p>The HRA's MTFP is financed in part through use of reserves and capital receipts. There is some risk to the HRA around the timing of capital receipts to fund elements of the capital programme. This may mean the HRA has to amend its spending plans during subsequent financial years.</p> <p>A number of risks and uncertainties remain with the MTFP forecasts, and these are set out in paragraphs 7.2 to 7.13 in the report.</p> <p>Whilst there has been an announcement concerning social rents for a 5-year beyond from 2020/21 (CPI +1%), uncertainty remains beyond this period. The 3- year financial plan is being updated, but a useful graph is included in the report highlighting the impact of a change in social rent assumptions (CPI +1% continuing over the 30 years, vs CPI only beyond 2025).</p> <p>David Stanley – Accountancy Manager Tel: 01453 754100 Email: david.stanley@stroud.gov.uk</p>
<p>Legal Implications</p>	<p>This specific report was reviewed by Legal Services as it was submitted to the Housing Committee on 12 December 2017. Advice provided was as follows:</p> <ul style="list-style-type: none"> • This report forms part of the budget setting process for 2018/19. In order to set its budget, the Council is required (amongst other things) to calculate its estimated expenditure and income which will be charged / allocated to its Housing Revenue Account. • With regard to recommendation (3) in January 2017, it was resolved by the Committee that a review should be undertaken of the Council's social rent setting options and for there to be a report back to Committee in June 2017. Pending completion of this review and consideration of the options by the Committee, the recommendations in the current report set out rent proposals in line with the Welfare Reform and Work Act 2016 which requires the Council to reduce social housing rents payable by individual tenants by 1% each year from 2016 to

	<p>2019.</p> <ul style="list-style-type: none"> Consistent with the legal requirements regarding the setting of the budget, it is essential that the Committee (taking account of the professional finance advice provided) is satisfied that its recommendations for the revised year's HRA budget and next year's budget are appropriate. (Ref: rc2711d2811) (Ref:rc10118d4118) <p>K Trickey, Head of Legal Services Email: karen.trickey@stroud.gov.uk</p>
Report Author	Lucy Clothier, Principal Accountant Tel: 01453 754343 Email: lucy.clothier@stroud.gov.uk
Options	<ul style="list-style-type: none"> a) Reduce or increase capital and revenue expenditure b) Reduce dwelling rents c) Reduce or increase landlord service charges
Performance Management Follow Up	<p>Budget Monitoring report to Housing Committee in March 2018</p> <p>Outturn report to Strategy and Resources in May 2018</p>
Background Papers/ Appendices	

1. Executive Summary

- 1.1 It is recommended that social and affordable rents be decreased by 1% (equivalent to 81p per week at the average rent level), as calculated in accordance with legislation.
- 1.2 Increases of 3% are proposed for garage rents, general needs service charges and sheltered housing service charges, in line with inflation.
- 1.3 The budget proposals included in this report would enable the Council to set a balanced budget for 2018/19. This includes a transfer from HRA General Reserves of £0.125m.
- 1.4 HRA balances are planned to be maintained at £1.5m over the MTFP period.
- 1.5 However, the longer term position is greatly affected by external factors such as nationally set rent guidance and additional legislation.

2. HRA Budget and Medium Term Financial Plan

- 2.1 The MTFP proposes a revenue expenditure budget of £22.710m in 2018/19, funded by income of £22.535m and use of reserves, including earmarked reserves, of £0.175m. This reduces to an expenditure of £21.532m in 2021/22.

Table 1 – Summary of HRA MTFP

	2017/18 Base £000s	2017/18 Revised £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s
Dwelling rents	(21,106)	(21,106)	(20,829)	(20,443)	(20,925)	(21,384)
Other income	(1,957)	(1,859)	(1,706)	(1,579)	(1,606)	(1,627)
Total Income	(23,063)	(22,965)	(22,535)	(22,022)	(22,531)	(23,011)
Expenditure	16,451	16,890	17,369	17,490	17,748	17,247
Other costs	9,197	8,067	5,341	3,954	4,281	4,285
Total expenditure	25,648	24,957	22,710	21,444	22,029	21,532
Transfers to/(from) EMR	503	1,586	(50)	394	696	(263)
Transfer to/(from) General Reserves	(3,088)	(3,578)	(125)	184	(194)	1,742
HRA General Reserves Balance c/f	2,125	1,635	1,510	1,694	1,500	3,242

2.2 A more detailed analysis of the HRA MTFP can be found in Appendix B

3. Proposed Rent and Service Charges 2018/19

- 3.1 In the MTFP social and affordable rents for 2018/19 have been reduced by 1% in line with the legislation. This reduces average rents by £0.81 per week, from £81.52, to £80.71.
- 3.2 During the four year period of rent reduction set out in the Housing and Planning Act, rents must be set with at least a 1% rent reduction. Members could choose to reduce rents by more than 1%. Each additional 0.5% reduction would reduce the average weekly rent for tenants by £0.41 per week, or £21.32 per year, and decrease dwelling rent income to the HRA by approximately £104k per year. If Members chose to implement further reductions, the corresponding amount would need to be funded from reductions in existing services.
- 3.3 On becoming vacant, dwellings at social rent are being relet at the Target Rent, a national rent calculation for social housing which is designed to give fair and consistent rents across all local authority and housing association stock. Currently 88% of tenants have rents below the Target Rent. Of those, the average difference is £2.21 per week. This is equivalent to loss of income of approximately £474k per year. This figure will reduce as dwellings become void and are relet, but as existing tenancies will be unaffected it will be a very gradual change.
- 3.4 Shared ownership rents are set to increase in line with the inflationary uplifts set out in each lease.
- 3.5 As set out in Appendix A, all fees and charges are recommended to increase by 3%, in line with inflation.
- 3.6 A review of landlord service charges will be undertaken by Housing Services, starting in 2018, to ensure charges reflect the cost of providing the services.
- 3.7 Garage income is expected to reduce to nil over 2018/19 and 2019/20 as garages are taken out of use, as approved by Housing Committee.

4. Self Financing Debt and Interest Rates

- 4.1 The HRA has now reached its debt cap, having utilised the full available headroom awarded as part of the self financing determination. Therefore no further borrowing is currently possible, with any further investment in new or existing stock needing to come from existing resources (eg budget savings), or capital receipts.
- 4.2 The Autumn Budget announced the ‘lifting of borrowing caps for councils in areas of high affordability pressure’. The detail of this is not yet known, but it is expected that any additional borrowing capacity will be awarded through a bidding arrangement with DCLG, and would be phased over a number of years. Further detail will be given to members when it is available. Members should also be mindful that the cost of any additional borrowing would need to be funded from income associated with the borrowing. Otherwise subsidy would be needed from other resources, therefore reducing existing services.
- 4.3 It is recommended to continue to pay only interest on the £102.5m of borrowing the HRA has taken. A £2m loan is due for repayment in 2018/19, and should members wish to repay this loan, equivalent savings would need to be found within the MTFP which would significantly affect the delivery of services.

5. Pay and Price Inflation

- 5.1 Pay inflation has been provided for in the MTFP at a rate of 2%. This is a change from the position reported to Housing Committee (in which it was included at 1%) with the additional cost funded from a staffing contingency and so does not affect the bottom line of the HRA.
- 5.2 Provision has been made in the HRA MTFP for price inflation on major contracts at a rate of 3%.

Table 2: Summary of pay and price inflation in the MTFP

	2019/20 £000s	2020/21 £000s	2021/22 £000s
Revenue Contract/Non-Pay Inflation	102	207	316
Capital Works Contract Inflation	136	290	432
Pay Inflation (2% increase)	65	130	194
Total	303	627	942

6. Material Assumptions Made in the HRA MTFP

- 6.1 The MTFP forecast is made under a number of assumptions. The main ones of note are summarised below:

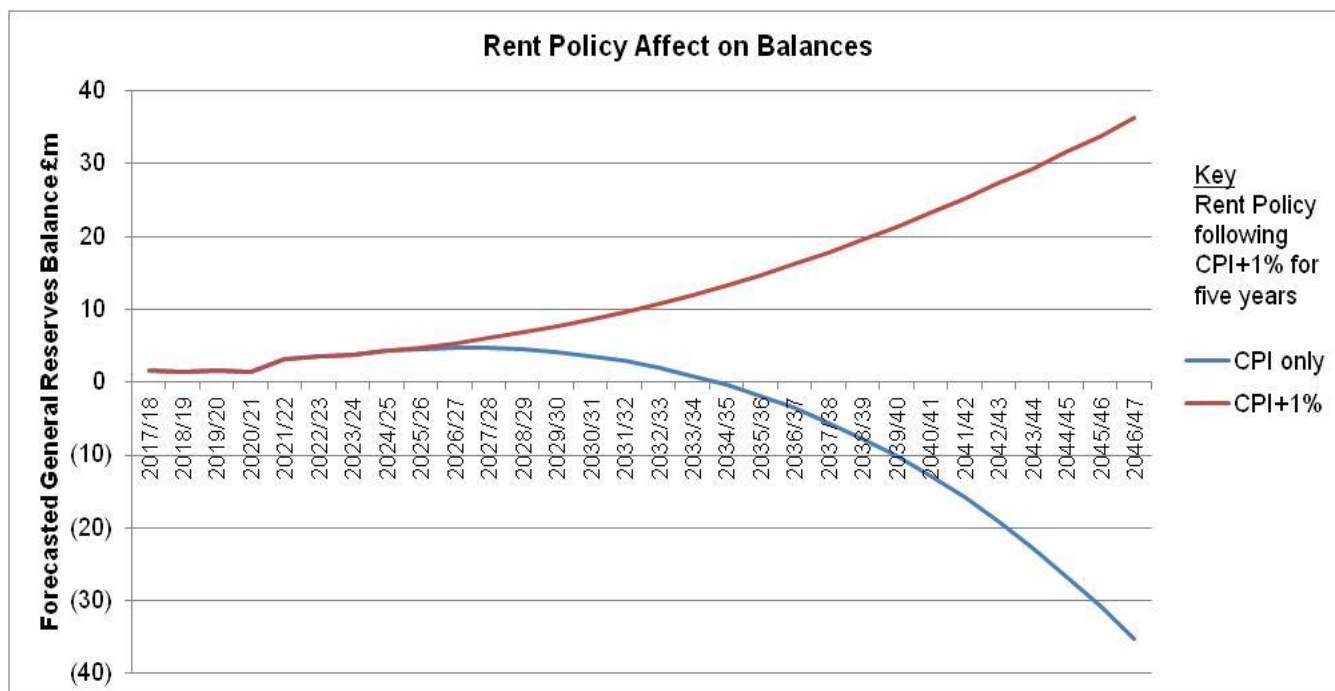
- Rents are decreased by 1% across all social and affordable rented housing stock. On average this will reduce rents by 81p per week, or £42.12 per year.
- Void levels of 2% in general needs, and 5% in sheltered housing properties are assumed (in schemes not affected by the Sheltered Housing Modernisation Programme).
- 30 Right to Buy sales a year have been assumed in terms of rent loss
- HRA balances will be maintained at £1.5m over the MTFP period in order provide resilience against the negative financial impact of future legislative changes.

7. Risks and Uncertainties

- 7.1 The HRA faces a number of risks and uncertainties, both external to the Council and internal changes.
- 7.2 Pay award – pay inflation has been included over the medium term at 2% in line with the General Fund. Should the pay award be higher than this, the MTFP would be affected.
- 7.3 Capital receipts – the MTFP includes the use of capital receipts to fund the New Build and Development Programme and the Sheltered Housing Modernisation. Should these assets not be sold, or sold for a lower price than expected, alternative funding would need to be allocated for the schemes to progress as planned. However, should a higher capital receipt be achieved, this would provide additional funding for other projects.
- 7.4 Rents - it is now known that after the four year rent reduction (the final year of which is 2019/20), rents will return to the previous rent guidance of Consumer Price Index (CPI) + 1%. Although it is positive that the rental increase is agreed, members should be mindful that rent guidance has previously been changed at short notice.

The current 30 year Delivery Plan includes the continuation of CPI+1% rent increases over the 30 year period, which may not be sustainable in the long term. Above inflationary rental increases in affordable housing, could mean that rents move closer to market rents, leaving them no longer affordable for existing and future tenants.

The below graph shows the impact on HRA general reserves should rents be linked to CPI only from 2025/26. CPI is assumed at 2%.



7.5 This shows the risk posed by a difference in rent of only 1% per year.

7.6 Although a significant risk over the longer term, it does not represent a considerable risk over the medium term as balances are forecasted to remain above the minimum recommended balance of £1.5m until 2032/33. Nevertheless it should be considered as part of the full review of the HRA 30 year position.

7.7 Higher Value Asset Sales – the sale of vacant social housing with the proceeds being returned to Government to fund the extension of Right to Buy in Housing Associations.

The regulations have not yet been published, but it is expected that an amount will be payable to Government based on the value of SDC housing stock. It is expected that it will be determined locally how this funding is raised, and therefore it will not necessarily be funded through the sale of the higher value housing. The financial value is not yet known.

As details have not yet been announced, no allowance has been included in the MTFP for 2018/19. An assumption that rental income will be lost on 12 sales per year has been included from 2019/20.

7.8 Rent caps – it has been announced that the Local Housing Allowance (LHA) cap will no longer be applicable to social housing, but it is not yet known if/what system would replace it.

7.9 Universal Credit – the full impact of Universal Credit is not yet known. An allowance for £100k additional provision for bad debt (from £100k to

£200k per year) is included in the MTFP for three years from 2018/19 to allow for non payment of rents and charges.

- 7.10 Fixed term tenancies – the requirement to review tenancies every five years (with allowances for tenants with a disability or school age children) will impact on the way tenancies are managed. It could also lead to an increase in Right to Buys as tenants are able to exercise their Right to Buy after three years and some tenants may wish to purchase the property before their tenancy expires.
- 7.11 Right to Buy Receipts – the MTFP shows that 2018/19 will be the final year of the Council's New Homes and Regeneration Programme. The Sheltered Modernisation Programme will provide some new housing, but much of the programme will not be eligible for the use of RTB receipts as it is improving existing dwellings.

Members approved an additional budget of £700k in 2017/18 in order to utilise RTB receipts. The limited ability to finance the remaining 70% of build costs means that the HRA is unlikely to be able to fully utilise all Right to Buy receipts going forward.

Where possible partnerships will be made with Registered Providers (RPs) to provide additional housing locally, but this still leaves the HRA at risk of having to repay any receipts not spent within the time frame, plus interest. This includes any receipts allocated to RPs, where they have experienced delays and have not met RTB deadlines.

Although it is hoped that any repayment of RTB receipts won't be required, there is a real risk that if internal spend is delayed, or if partnerships with RPs experience set backs, RTBs receipts may need to be returned with interest payments.

- 7.12 Interest rates – the HRA is largely sheltered from interest rate changes in the medium term as all of the current borrowing is at fixed interest rates. As loans become repayable, advice will be sought from our treasury advisors on the most advantageous approach to refinancing.
- 7.13 Insurance – The current insurance contract is due to be retendered in October 2018. It is currently expected that the cost of provision will increase due to the level of claims made in recent years. The HRA could consider lowering the insurance provision, and 'self insuring' for smaller claims. This could lower premiums, but would mean that additional spend would be required in repairs and maintenance. This will be reviewed as part of the retendering process.

8. **30 Year Finance Position**

- 8.1 A full review of the HRA 30 year position will be undertaken by the Housing Service, supported by finance, over the upcoming year in order to ensure the Housing service remains sustainable over the longer term.

9. Capital Programme

- 9.1 A capital programme totalling £12.482m is proposed for 2018/19, reducing to £7.755m in 2021/22.
- 9.2 The Major Works budget has remained largely in line with the current programme. This programme will be reviewed using updated data from the ongoing stock condition surveys as part of the full 30 year position review.
- 9.3 A full breakdown of the capital programme can be found in Appendix C

10. New Homes and Regeneration Programme

- 10.1 Despite the ongoing challenging financial environment, the Council remains committed to the New Homes and Regeneration Programme, and is on course to meet its target of 236 new homes.
- 10.2 The budget proposal for 2018/19 includes the reprofiling of the budget, with £3.004m now expected to be delivered in 2018/19.
- 10.3 Further detail of the programme can be found in the Capital Project Monitoring report, also being reported to Housing Committee.

11. Sheltered Housing Modernisation

- 11.1 Budgets have been included in the MTFP for the Sheltered Modernisation Project. In 2018/19 the budget is to progress the development of new flats on the Tanners Piece site and to complete the modernisation works at Sherborne House, and two other green/amber sites.
- 11.2 The programme continues to be funded by a mix of revenue contributions, capital receipts (linked to the sheltered sites), and RTB receipts where eligible.

Table 3 – Sheltered Housing Summary

	2017/18 £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s
Expenditure					
Revenue Costs	406	579	457	477	29
Red schemes - capital	31	1,700	13	0	1,500
Other schemes - capital	588	359	298	462	336
	1,025	2,638	768	939	1,865
Financed by					
Revenue - earmarked reserves	600	2,128	464	539	115
Capital receipts - sheltered	262		300	400	1,300
RTB receipts	163	510	4	0	450
	1,025	2,638	768	939	1,865

11.3 The capital receipts financing line includes the capital receipts for the sale of Ringfield Close, Drylease Court and Cambridge House. Should these capital receipts not be realised, alternative funding would need to be found.

11.4 Funding has been allocated in the MTFP to finance the current five year programme, but further funding will need to be allocated in future years if members wish the project to continue.

11.5 Further detail on the Sheltered Modernisation Project can be found in the Capital Project Monitoring report, also being reported to Housing Committee.

Proposed Level of HRA Rents and Service Charges 2018/19

Proposed level of rents and service charges (on a weekly basis over 52 weeks)	Current 2017/18 £	Proposed 2018/19 £	Increase/Decrease £	Increase/Decrease %
Rents				
Dwelling rents (average)	81.52	80.71	-0.81	-1%
Garage rents (excl VAT which is chargeable to non tenants only)	12.09	12.45	0.36	3%
Landlord Service Charges (charged where applicable)				
TV relay (communal aerials – basic IRS)	0.34	0.35	0.01	3%
TV relay (communal aerials – comprehensive IRS)	0.86	0.89	0.03	3%
Cleaning charges (average)	2.37	2.45	0.08	3%
District heating (average)	7.62	7.85	0.23	3%
Water charges (average)	2.51	2.59	0.08	3%
Sheltered Housing	23.98	24.70	0.72	3%

HRA Medium Term Financial Plan 2017/18 to 2021/11

	2017/18 Base £000s	2017/18 Revised £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s
Income						
Dwelling rents	(21,106)	(21,106)	(20,829)	(20,443)	(20,925)	(21,384)
Non dwelling rents	(395)	(395)	(228)	(114)	(116)	(118)
Charges for services and facilities	(1,184)	(1,086)	(1,020)	(1,007)	(1,032)	(1,051)
Contributions towards charges	(378)	(378)	(458)	(458)	(458)	(458)
Total Income	(23,063)	(22,965)	(22,535)	(22,022)	(22,531)	(23,011)
Expenditure						
Repairs and maintenance	3,657	3,642	3,678	3,789	3,894	3,933
Supervision and management	5,007	4,940	5,129	5,216	5,337	5,333
Special services	2,531	2,604	2,758	2,681	2,713	2,277
Depreciation	5,156	5,604	5,604	5,604	5,604	5,604
Provision for bad debt	100	100	200	200	200	100
	16,451	16,890	17,369	17,490	17,748	17,247
Other income and expenditure						
RCCO	5,406	4,276	1,549	146	475	481
HRA share of CDC	315	315	304	304	304	304
Interest payable	3,501	3,501	3,513	3,532	3,532	3,532
Investment income	(25)	(25)	(25)	(28)	(30)	(32)
Provision for repayment of debt	0	0	0	0	0	0
Total Expenditure	9,197	8,067	5,341	3,954	4,281	4,285
Transfers to/from reserves						
Transfers to/(from) earmarked reserves	503	1,586	(50)	394	696	(263)
Transfers to/(from) general reserves	(3,088)	(3,578)	(125)	184	(194)	1,742
Total Transfers to/from reserves	(2,585)	(1,992)	(175)	578	502	1,479
Net revenue position	0	0	0	0	0	0

	2017/18 Base £000s	2017/18 Revised £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s
General Reserves						
Opening balance	5,213	5,213	1,635	1,510	1,694	1,500
Transfers (to)/from	(3,088)	(3,578)	(125)	184	(194)	1,742
Closing balance	2,125	1,635	1,510	1,694	1,500	3,242

HRA Capital Programme 2017/18 to 2021/22

HRA Capital Programme	2017/18 Base £000s	2017/18 Revised £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s
Major Works						
Central Heating	690	690	710	732	754	777
Disabled Adaptations	308	308	315	324	334	344
Kitchens and Bathrooms	1545	1545	1,590	1090	1123	1156
Major Works	515	515	424	382	394	406
Asbestos/Radon	453	453	257	263	271	279
Doors and Windows	515	515	530	546	563	580
Electrical Works	206	206	212	219	0	0
Damp Works/Insulation	124	124	127	131	135	81
Non-Traditional Properties	340	340	350	361	371	383
Door Entry	206	206	212	219	225	0
Suited Locks			148	0	0	0
External Works	1700	1700	1,750	1803	1857	1913
Lifts			32	33	0	0
Total Major Works	6,602	6,602	6,657	6,103	6,027	5,919
New Homes and Regeneration						
Woolaways-Top of Town Phase 3	401	203				
Woolaways-Top of Town Phase 4	1,206	485				
Southbank, Woodchester	578	8	992			
Chapel Street, Cam	579	535				
New Homes Contingency	250	17	578			
Ship Inn	1,500	19	1,434			
RTB Acquisitions		700				
Total New Homes and Regeneration	4,514	1,967	3,004	0	0	0
Sheltered Housing Modernisation						
Red Scheme - Tanners Piece	780	31	1,700	13		
Red Scheme - Glebelands						1,500
Ex Warden Conversions	523	515				
Green/Amber Schemes	63	74	359	298	462	336
Total Sheltered Housing Modernisation	1366	620	2,059	311	462	1,836
Total HRA Capital Programme	12,482	9,189	11,720	6,414	6,489	7,755

	2017/18 Base £000s	2017/18 Revised £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s
HRA Capital Funding						
Revenue Funding (including depreciation)	10,562	7,286	7,153	5,750	6,079	6,005
Right to Buy Receipts	283	541	510	4		450
HRA Capital Receipts	1,312	1,246	1,555	300	400	1,300
HCA Grant Funding	325	116	198			
HRA Reserves			2,304	360	10	
Borrowing						
Total Capital Funding	12,482	9,189	11,720	6,414	6,489	7,755

STRATEGY AND RESOURCES COMMITTEE

18 JANUARY 2018

8b

Report Title	GENERAL FUND REVENUE ESTIMATES – REVISED 2017/18 AND ORIGINAL 2018/19
Purpose of Report	To present to the committee the revised estimates for 2017/18 and original estimates for 2018/19
Decision(s)	The Committee RECOMMENDS: a) The estimates set out in the report be considered and approved for inclusion in the General Fund Revenue Budget 2018/19 and Medium Term Financial Plan report to Council elsewhere on this agenda.
Consultation and Feedback	<ul style="list-style-type: none"> • Budget holders on budgets and savings • Residents and Business telephone surveys (as presented to a members seminar on the 7th December) • Budget workshops for Chairs & Vice Chairs of service committees and Administration group leaders
Financial Implications & Risk Assessment	<p>The estimates have been incorporated into the Council's Medium Term Financial Plan (MTFP) presented to this committee.</p> <p>David Stanley, Accountancy Manager Tel: 01453 754100 Email: david.stanley@stroud.gov.uk</p>
Legal Implications	<p>This report forms part of the statutory budget setting process for 2018/19 as well as providing an update on the revenue budget for the current year which the committee is required to keep under review on behalf of the Council. The report should be considered within the context of all strategic risks (in particular CCR1). (Ref:d41r51c8118).</p> <p>Karen Trickey, Legal Services Manager Tel: 01453 754369 Email: karen.trickey@stroud.gov.uk</p>
Report Author	<p>David Stanley, Accountancy Manager Tel: 01453 754100 Email: david.stanley@stroud.gov.uk</p>

Options	The Administration is considering its budget options at the Strategy and Resources Committee meeting on 18 January 2018. Council will consider the overall budget position for 2018/19 on 25 January 2018.
Performance Management Follow Up	Budget monitoring reports are presented to Committee in September and February/March each year. Members will be informed of the outturn position for 2017/18 at the Strategy and Resources Committee meeting in May 2018.
Background Papers and Appendices	None

Background

1. The Medium Term Financial Plan (MTFP) sets out a projection of General Fund Expenditure over the 5 year period 2017/18 to 2021/22. This report sets out a more detailed analysis of the changes to the Strategy and Resources Committee budget and presents the General Fund budget for 2017/18 (Revised Estimates) and 2018/19 (Original Estimates).
2. The general fund budget will then be considered as part of the Medium Term Financial Plan for recommendation to council elsewhere on this agenda.
3. **Due to the volume of information contained in the report, it would be helpful where members have questions on matters of detail if they could be referred to the report author or the appropriate service manager before the meeting.**

STRATEGY AND RESOURCES COMMITTEE BUDGETS

Revenue Budget position

4. The net General Fund revenue budget for 2017/18, approved by Council in February 2017, was £15.491m. This has now been revised to £15.660m after allowing for carry forwards approved in June 2017.
5. This has subsequently been used as the base estimate for both 2017/18 revised and 2018/19 original estimates. The revised estimates incorporate changes arising from budget pressures and efficiency savings. These have generally only changed from the original budget approved in February 2017 as a result of items reported to the committee in budget monitoring reports.
6. The original estimate for 2018/19 is £16.503m, an increase of £1.012m on the base budget. This is largely due to accounting adjustments for pension costs with other significant budget changes including pay inflation £97k, and budget and efficiency savings of (£1.037m).
7. Table 1 provides a summary of the changes to the 2017/18 and 2018/19 estimates. A more detailed breakdown of the service committee budget is set out in Table 3 (these figures are shown net of depreciation, support charges and LGPS pension adjustment). Technical adjustments and other changes are set out in more detail in the body of the report below, with the budget & efficiency savings detailed in Table 2.

Table 1 – Summary of changes from the 2017/18 Original Budget

	2017/18 Original Estimate (£)000's	2017/18 Revised Estimate (£)000's	2018/19 Original Estimate (£)000's
General Fund			
[a] Original Budget	15,491	15,491	15,491
[b] Carry forwards from Prior year		169	0
[c] Technical Adjustments		0	(71)
[d] Pay Inflation 2017/18		0	97
[e] Price & Income inflation		0	13
Base Budget	15,491	15,660	15,530
[f] Budget Pressures		0	9
[f] Efficiency Savings		(250)	(1,037)
[g] Insurance Adjustment		0	39
[h] Technical Adjustment		(0)	204
[j] Recharge Adjustment		0	11
[j] Accounting Adjustments	565	1,803	1,748
Net Service Revenue Expenditure Budget	16,056	17,213	16,503

(Table may contain rounding's)

Technical and Prior-year adjustments

c) Technical adjustments – (£53k) Building Control additional income forecast due to increase in application fees. Gloucestershire Building Control Partnership is a shared service with Gloucester City Council and hosted by Stroud. Any additional income is ring-fenced and held on the balance sheet to be re-invested within the service. An (£18k) saving has also been realised through business rate revaluation.

d) Pay Inflation - Salary budgets have been increased by 1%.

e) Price & income inflation - A 3% increase on software licenses.

Budget Pressures and Efficiency Savings

f) The council has been working on identifying savings for the Medium Term Financial Plan (MTFP) since July 2017 and these have been reviewed by Directors and Committee chairs and vice-chairs. Further consultation on the budget and efficiency savings has taken place with committee members this financial year. Table 2 provides a detailed overview of the budget pressures and savings for 2018/19, which have been incorporated into the General Fund budget above.

Table 2 – Budget Pressures and Efficiencies

Type	Budget	Reason for Budget Pressure or Efficiency Saving	2017/18 (£) 000's	2018/19 (£) 000's
ES	Community Services	Reduced car allowance rates		(18)
ES	Cultural Services	Closure of Rednock JUSC		(20)
ES	The Pulse- Dursley	Increased budgeted income in respect of swimming lessons.		(33)
ES	Museum in the Park	Review of current budget and forecast spend has identified efficiencies across the service		(14)
ES	Community Services	Workforce Plan review - vacant posts	(22)	(22)
ES	Revenue & Benefits	Grant Income budget recognised		(89)
Total Community Services and Licensing Committee			(22)	(197)
ES	Environment	Reduced car allowance rates		(31)
ES	Development Control	Development Control fees increase 20%		(156)
ES	Development Control	Increase in Pre-application & Regularisation fees		(24)
ES	Land Drainage	Gloucester County Council contribution		(21)
ES	Environment	Workforce Plan review - vacant posts	(131)	(131)
Total Environment Committee			(131)	(362)
ES	Strategy and Resources	Workforce Plan review - vacant posts	(86)	(66)
ES	Strategy and Resources	Reduced car allowance rates		(10)
ES	Facilities	Car Parks - increase budgets to match previous income		(67)
ES	Facilities	Car Parks - increase charges at existing car parks		(150)
ES	Asset management	Littlecombe business units		(62)
ES	Facilities	Ebley Mill rent income - new letting		(40)
ES	Legal	Historic budget not required		(10)
ES	Democratic services	Historic budget not required		(10)
Total Strategy and Resources Committee			(86)	(415)
ES	Housing GF	Workforce Plan review - vacant posts	(11)	(11)
ES	Private Housing	Saving on Countrywide agency		(48)
ES	Housing GF	Reduced car allowance rates		(5)
Total Housing GF			(11)	(64)
Total General Fund			(250)	(1,037)

(Table may contain rounding's)

- f) Workforce Plan savings** – Members will be aware that the Council faces considerable financial challenges over the next few years. Until recently we have been able to deal with these by careful budget management, however, further financial challenges mean that this approach was not enough. As a result, we have to look now at our staffing costs which represent 80% of total Council expenditure. This decision was not taken lightly, but we effectively need to reduce our headcount by 20% over the next 4 years.

These changes will be implemented in a phased approach over several years. Phase 1 incorporates vacant posts and these have been permanently taken out of the structure from 2017/18 onwards.

- g) Insurance Premium** – Property sum insurance in general has increased significantly across the industry, this coupled with SDC's claims for the previous year reaching almost £200k have seen an increase in our premiums for 2018/19. The Council are in the process of re-tendering the Portfolio over the next few months. A review of risk and self-insurance levels is also taking place to mitigate the increased cost of insurance premiums.

- h/i) Technical/Recharge adjustment** – Historic grant income budget now realised within Revenue & Benefits. Adjustment also incorporates CDC adjustment.

Pension Accounting Adjustment/ Support Service Re-charges

- j)** The way in which the council budgets and accounts for contributions to the Local Government Pension Scheme (LGPS) was amended to 23.9% for 2017/18. Employer's pension contributions in respect of current members of the Local Government Pension Scheme (LGPS) will remain at this level for 18/19. A further lump sum payment is made to the pension fund in respect to funding liabilities arising from previous employees and the deficit position.

Table 3- Details of the changes to the Committee's revenue budgets

Original and Revised Estimates

	2017/18 Original Estimate (£)000's	2017/18 Revised Estimate (£)000's	2018/19 Original Estimate (£)000's
Committee Service Area (figures shown net of support charges, depreciation and LGPS pension adjustment)			
Community Safety	65	70	63
Abandoned Vehicles	5	5	5
Careline Services	(31)	(31)	(32)
Neighbourhood Wardens	235	241	236
Car Parks Enforcement	68	46	47
Stroud and Dursley CCTV	41	41	41
Subtotal Community Safety	382	371	360
Hear by Right / Youth Services	99	99	100
Strategic Head (Customer Services)	132	132	133
Grants to Voluntary Organisations	337	337	337
Subtotal Grants to Voluntary Organisations	337	337	337
Customer Service Centre	386	386	390
Public Space Service	300	300	293
Cemeteries	24	25	25
Amenity Areas	127	126	127
Commons and Woodlands	14	14	14
Stratford Park Grounds Maintenance	180	214	180
Grassed Areas Contribution to HRA	170	170	170
Public Conveniences	223	219	222
Subtotal Public Spaces	1,037	1,067	1,031
Business Rate Collection	(109)	(109)	(109)
Council Tax Collection	256	236	239
Council Tax Support Admin	64	64	65
Rent Allowances and Rebates	(77)	(77)	(77)
Housing Benefit Administration	150	170	84
Subtotal Revenues and Benefits	284	284	202
Licensing	(69)	(69)	(68)
Museum in the Park	417	437	406
Subscription Rooms	223	209	227
Tourism	147	147	148
Subtotal Cultural Svcs - Arts and Culture	787	792	781
Health and Wellbeing	35	39	35
Sport and Health Development	119	137	120
Subtotal Cultural Svcs - Sport & Health Dev.	153	176	154
Dursley Pool and Sports Centre	(6)	31	(49)
Joint Use Sports Centres	59	61	60
Stratford Park Leisure Centre	119	142	124
Subtotal Cultural Svcs - Sports Centres	172	234	135
COMMUNITY SERVICES Total	3,701	3,809	3,554

Committee Service Area (figures shown net of support charges, depreciation and LGPS pension adjustment)	2017/18 Original Estimate (£)000's	2017/18 Revised Estimate (£)000's	2018/19 Original Estimate (£)000's
Canal Partnership	7	7	7
Subtotal Canal	7	7	7
Strategic Head (Development Services)	115	115	116
Head of Environmental Health	69	69	70
Environmental Health Team	149	149	149
Contaminated Land	32	32	32
Dog Warden Service	82	82	78
Environmental Protection	190	147	153
Food Safety	152	152	150
Health and Safety	88	88	86
Land Drainage	60	160	38
Public Health	41	44	43
Pest Control	28	2	6
Port Health	2	2	2
Planning Liaison	14	14	14
Subtotal Environmental Health	837	870	751
Planning and Building Control Admin	255	255	258
Building Control	(128)	(97)	(186)
Securing Dangerous Structures	9	10	9
Building Regulation Enforcement / Advice	35	3	36
Street Naming	(4)	(4)	(4)
Subtotal Statutory Building Control	168	168	114
Planning Strategy	319	304	306
Subtotal Strategic Planning of Local Plan	319	304	306
Development Control	(94)	(94)	(267)
Trees	43	43	42
Conservation	58	58	59
Planning Appeal Costs	70	70	69
Enforcement	108	108	106
Footpath Diversion	(2)	(2)	(2)
Subtotal Development Control	182	182	7
Economic Development	54	54	54
Market Town Projects	24	24	24
Regeneration	108	82	82
Subtotal Economic Development	187	160	161
Energy Efficiency	93	71	71
Subtotal Carbon Management	93	71	71
Refuse Collection	1,203	1,116	1,116
Multi-Bank Recycling Sites	1,138	1,181	1,181
Recycling and Environmental Initiatives	205	250	250
Subtotal Waste and Recycling	2,546	2,546	2,546
Street Cleansing	601	601	601
ENVIRONMENT Total	5,124	5,093	4,749

Committee Service Area (figures shown net of support charges, depreciation and LGPS pension adjustment)	2017/18 Original Estimate (£)000's	2017/18 Revised Estimate (£)000's	2018/19 Original Estimate (£)000's
Homelessness	120	120	121
Homelessness Prevention	139	139	140
Housing Strategy	90	111	90
Private Housing	214	204	152
Subtotal Housing (General Fund)	562	573	503
Committee Service Area (figures shown net of support charges, depreciation and LGPS pension adjustment)	2017/18 Original Estimate (£)000's	2017/18 Revised Estimate (£)000's	2018/19 Original Estimate (£)000's
Brunel Mall	(53)	(53)	(52)
Industrial Units	(16)	(16)	(16)
Brimscombe Port	50	50	50
Littlecombe site, Dursley	0	0	(61)
Gossington Depot	0	6	0
Subtotal Investment Assets	(19)	(13)	(78)
Dursley Bus Station	(3)	(5)	(3)
Miscellaneous Properties and Land	17	50	27
Subtotal Other Assets	14	46	24
Car Parks	(422)	(416)	(656)
Subtotal Car Parks	(422)	(416)	(656)
Head of Asset Management	82	82	82
Asset Management	263	261	263
Building Maintenance	74	65	64
Subtotal Asset Management Team	337	326	327
Facilities Management	212	212	212
Ebley Mill	497	495	459
Emergency Management	92	92	91
Subtotal Facilities Management	801	799	761
Members Expenses	371	371	365
Democratic Representation and Management	(167)	(167)	(157)
Electoral Registration	124	124	126
Elections	109	86	88
Youth Councils	3	3	3
Subtotal Democratic Representation and Mgt	440	418	426
Past Service Pension Costs/Central Budget Alloc	1,607	1,591	1,861
Corporate Management	(22)	(22)	(22)
Pension Costs	49	49	49
Land & Property Custodian	(29)	(29)	(28)
Subtotal Resources and Finance - Direct Spend	1,604	1,589	1,859

Committee Service Area (figures shown net of support charges, depreciation and LGPS pension adjustment)	2017/18 Original Estimate (£)000's	2017/18 Revised Estimate (£)000's	2018/19 Original Estimate (£)000's
Chief Executive	189	189	189
Strategic Head (Corporate Services)	46	46	47
Human Resources	456	417	420
Policy and Review	121	121	122
Marketing	53	53	54
Subtotal Corporate Services (HR etc)	630	591	596
Legal Services	422	422	416
Procurement	62	62	63
Democratic Services	132	100	96
Subtotal Corporate Services (Legal)	616	585	575
Strategic Head (Finance and Business Services)	111	0	80
Financial Services	722	742	748
Business Projects	62	62	62
Information & Communication Technology	892	892	903
Subtotal Finance and Business Services	1,675	1,695	1,713
STRATEGY & RESOURCES Total	6,104	5,936	5,946
Add: COMMUNITY SERVICES Total	3,701	3,809	3,554
Add: ENVIRONMENT Total	5,124	5,093	4,749
Add: HOUSING Total	562	573	503
SUBTOTAL Service Revenue Expenditure	15,491	15,411	14,752
Technical Adjustments	565	1,801	1,752
Net Service Revenue Expenditure	16,056	17,213	16,503

(Table may contain roundings)

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

18 JANUARY 2018

8c

Report Title	THE GENERAL FUND BUDGET 2018/19, CAPITAL PROGRAMME AND MEDIUM TERM FINANCIAL PLAN
Purpose of Report	To consider the Council's financial position over the medium term and set a budget requirement and the level of council tax for 2018/19.
Decision(s)	<p>The Committee RECOMMENDS to Council (and subject to the Government's final settlement announcements):</p> <ul style="list-style-type: none"> a) To approve the service revenue estimates as set out in Appendix A b) To approve the ICT and Invest to Save contingency for 2018/19 and subsequent years as set out in paragraph 4.5 as part of a balanced budget c) To increase the council tax by 2.99% to £201.50 at Band D, an increase of less than 12p per week for the services provided by Stroud District Council; d) to approve the updated Medium Term Financial Plan as set out in Appendix B; e) to approve the Capital Programme, as set out in Appendix C and the Capital Financing Statement as shown in Appendix D f) to approve the changes to the reserves as set out in paragraph 5.16 of the report and Appendix E
Consultation and Feedback	<ul style="list-style-type: none"> • Budget holders on budgets and savings • Residents and Business telephone surveys (as presented to a members seminar on the 7th December) • Budget workshops for Chairs & Vice Chairs of service committees and Administration group leaders
Financial Implications and Risk Assessment	<p>The consolidated General Fund revenue budget for 2018/19 as set out in the report shows a net revenue budget of £15.015m.</p> <p>Should a 2.99% council tax increase be approved, total income from council tax will be £8.773m, a total increase of £0.419m when taken with the change in the taxbase.</p>

<p>Financial Implications and Risk Assessment – Cont’d</p>	<p>Based on the provisional settlement figures provided, the total Government support will be £6.108m. This is made up of Business Rates (£3.414m), Revenue Support Grant (£nil), Section 31 Grant (£0.020m) and New Homes Bonus (£2.174m). An additional amount for Business Rates Pilot (£0.500m) is included in the total.</p> <p>A core deficit of £3.411m over the medium term plan period is to be funded from the £6.000m earmarked set aside to support the revenue budget.</p> <p>The MTFP shown at Appendix B indicates a reduced reliance on this reserve to finance the Council’s spending plans. By 2021/22, the core deficit is estimated to be £1.680m, but is increasing each year. Whilst this can be funded from the reserve, the Council needs to consider how it plans to reduce this gap over the coming year.</p> <p>The risks are set out more fully in the report but in summary centre around the further changes to New Homes Bonus and uncertainty from 2020/21 on the impact of the Fair Funding Review, and the level of funding from 75% Business Rates Retention.</p> <p>The report also sets out the Council’s proposed capital programme for 2017/18 to 2021/22 and the resources available over the same period.</p> <p>The capital financing statement includes an assumed level of prudential borrowing that would need to be undertaken to support the General Fund capital programme. The revenue costs associated with borrowing have been included in the General Fund MTFP. The decision on borrowing will be kept under review, largely dependent on other available resources to ensure that the revenue impact of borrowing is kept to a minimum.</p> <p>There are limited capital resources available to support the Housing Revenue Account capital programme over the medium term, with some reliance of capital receipts to support expenditure on the Sheltered Housing modernisation project in future years.</p> <p>David Stanley – Accountancy Manager (Section 151 Officer) Tel: 01453 754100 Email: david.stanley@stroud.gov.uk</p>
<p>Legal Implications</p>	<p>This report forms part of the budget setting process for 2017/18 which is connected to the Council’s duty to set its council tax for 2017/18. In order to set its budget, the Council is required (amongst other things) to calculate its estimated expenditure and income which will be charged / allocated to its General Fund. This report concerns the element of the General Fund for which the Committee is responsible.</p> <p>The Council’s chief finance officer must also report to Council on the robustness of all relevant budget estimates and the Council’s reserves before the budget is set and the Council must have regard to such report. The Council is also</p>

	<p>under a duty to prevent a debit balance on the account for each accounting year and in doing so must keep under review the proposals in place regarding the income and expenditure. The Council must also revise the proposals from time to time to ensure the relevant duty continues to be met.</p> <p>It is essential based upon the professional finance advice provided, that when making its budget recommendations to Council it is satisfied that the proposals for this (revised) year's budget and next year's budget are appropriate. (Ref:r9118c101d4118)</p> <p>Karen Trickey, Head of Legal Services Tel: 01453 754369 Email: karen.trickey@stroud.gov.uk</p>
Report Authors	<p>David Stanley, Accountancy Manager (Section 151 Officer) Tel: 01453 754100 Email: david.stanley@stroud.gov.uk</p>
Options	<p>The Council must set a budget in time to start collecting council tax by 1st April. In practice, this means the budget must be set no later than 11 March 2018.</p>
Performance Management Follow Up	<p>Budget Monitoring report to the various service committees during 2018/19.</p>
Background Papers	<p>DCLG Provisional Finance Settlement; HRA Budget and MTFP, General Fund Revenue Estimates</p>

1. BUDGET STRATEGY 2018-22

- 1.1 Strategy and Resources Committee approved the Budget Strategy 2018-22 at its meeting on 12 October 2017. This was based on;
- The multi-year settlement 2016-20 agreed by the Strategy & Resources Committee in October 2016
 - Annual increases of £5 at Band D level, subject to the Council making a decision each year
 - A programme using reserves and making savings to meet the projected funding gap of £3.4 million in 2021/22
 - Annual pay awards of 1% over the four years
 - Forecasts of New Homes Bonus and Business Rates
- 1.2 At its October meeting, Strategy and Resources Committee noted that Stroud would be the first council in Gloucestershire to lose all its RSG. In 2019/20 the settlement requires us to pay £549,000 to Government. This will be the largest sum of any authority in Gloucestershire.

Table 1 – RSG payments to Gloucestershire Districts 2016/17 to 2019/20

Revenue Support Grant / Tariff adjustments	2016/17 (£'000)	2017/18 (£'000)	2018/19 (£'000)	2019/20 (£'000)
Cheltenham	1,273	544	102	(391)
Cotswold	856	386	101	(218)
Forest of Dean	1,247	721	393	26
Gloucester	1,856	1,093	617	85
Stroud	1,053	347	0	(549)
Tewkesbury	887	515	283	23
TOTAL	7,173	3,606	1,496	(1,024)

*Note the figures in brackets are payments to Government
(may include some rounding differences)*

The Budget Strategy report highlighted that local government continues to operate in a climate of financial uncertainty and volatility. Whilst some degree of certainty has been afforded through the multi-year settlement that runs until 2019/20, considerable uncertainty remains around funding streams that are outside the multi-year settlement. There is also considerable uncertainty about 2020/21, given the expected introduction of a new local government finance system. The Government is proposing a 'fair funding' review, though the terms of this have yet to be defined.

2. PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT

2.1 The provisional settlement for 2018/19, announced on 19 December 2017, has confirmed the final 2 years of the multi-year settlement (2018/19 and 2019/20). It has also reaffirmed the Government's intention to localise funding to local authorities through business rates retention. The Government's consultation on the provisional settlement ends on the 16 January 2018.

2.2 The main elements in the provisional settlement for Stroud are;

- No Revenue Support Grant in 2018/19 (already known as part of the multi-year settlement)
- The ability to increase Council Tax by 3% before triggering a referendum (currently 2% or £5 whichever is greater)
- Reduction in New Homes Bonus payments from 5 years to 4 years (already proposed)
- 100% business rate income retention in 2018/19 as part of a Gloucestershire pilot (for non-pilot areas the retention level is increased from 50% to 75% in 2018/19)

Table 2 – New Homes Bonus Forecast from 2017/18 to 2021/22

NHB Delivery Year	New Homes Bonus Estimates				
	2017/18 (£'000)	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)	2021/22 (£'000)
2013/14	404				
2014/15	476				
2015/16	667	667			
2016/17	933	933	933		
2017/18	238	238	238	238	
2018/19		336	336	336	336
Future years			200	400	600
TOTAL New Homes Bonus	2,718	2,174	1,707	974	936

(may include some rounding differences)

- 2.3 **Business Rates** - Forecasting business rates income is complex. Predicting the delivery of new business premises year by year is not straightforward. Likewise the number and value of appeals under the new 'check, challenge, appeal' process operated by the Valuation Office Agency is difficult, although initial numbers from the VOA against the April 2017 rating list are low.
- 2.4 The forecast for business rates income will be updated once the NNDR1 form has been completed at the end of January 2018 after allowing for reliefs and changes to the national multiplier. The NNDR1 will also provide the provisional surplus/deficit on the business rates collection fund. Based on historical performance to date, the forecast for business rate income remains fairly flat with only inflationary increases included. Business rate appeals remain a significant risk to the MTFP.
- 2.5 The Secretary of State for Communities and Local Government announced that Gloucestershire is one of 10 areas that are to be given 'pilot' status for 100% business rate retention in 2018/19. The Gloucestershire pilot includes all 7 councils including Tewkesbury, with the pilot managed by the existing Gloucestershire Business Rate Pool which Stroud administers on behalf of the 7 councils in Gloucestershire.
- 2.6 With the retention of all business rates locally, the Government will no longer pay Revenue Support Grant or Rural Service Grant in 2018/19 to six of the seven Gloucestershire authorities. (Note – Stroud does not receive any grant in 2018/19). This totals about £21m for the six authorities. After taking this into account, there is expected to be a net benefit to Gloucestershire of £9.2m in 2018/19. Leadership Gloucestershire has agreed this should be distributed on the basis of ;
- 20% - Strategic Economic Development Fund (all Gloucestershire authorities)
 - 30% - District Councils (distributed according to business growth in each district)
 - 50% - County Council (recognising the pressures on social care budgets)
- 2.7 Taking all these elements together, the overall position in respect of Government funding is shown below:

Table 3 – Government Support

	2017/18 Final (£'000)	2018/19 Provisional (£'000)	2019/20 Provisional (£'000)	2020/21 Forecast (£'000)	2020/21 Forecast (£'000)
Government Funding					
Business Rates Funding Baseline **	2,307	2,376	2,429	2,477	2,527
Business Rates - s31 grant etc	837	905	932	951	970
Revenue Support Grant **	347	0	0	0	0
Tariff adjustment ** (Negative RSG)	0	0	(549)	(549)	(549)
Subtotal	3,490	3,281	2,812	2,879	2,948
Transition Grant **	103	0	0	0	0
Other s31 Grant	20	20	20	20	20
Business Rates Pilot	0	500	0	0	0
Business Rates (Growth above baseline)	171	133	126	129	131
New Homes Bonus Allocations	2,718	2,174	1,707	974	936
Total Government Funding	6,502	6,108	4,665	4,002	4,035
** Four-year funding settlement	2,756	2,376	1,880		

(may include some rounding differences)

2.8 It is worth noting that the forecasts for 2020/21 and 2021/22 go beyond the current multi-year settlement. It is likely that the Fair Funding Review and 75% Business Rates Retention from 2020/21 will lead to a significant change in the level of Government support.

3. COUNCIL TAX

3.1 A council tax rise of 3% increases the Band D rate from £195.65 to £201.50 and will generate approximately £0.419m in additional council tax revenue annually (when taken with estimated changes to the taxbase). It is unclear whether the ability to increase Council Tax by up to 3% will be continued beyond 2018/19. For the purposes of the MTFP, an increase of 2% or £5 per annum, whichever is the greater, is assumed (in line with previous guidance). A £5 increase in each year of the MTFP period would generate an additional £1.352mm over the MTFP with £9.856m available annually by 2021/22 (when taken with estimated changes to the taxbase)

3.2 The taxbase for 2018/19 has been estimated at 43,539.30 and represents an increase of 839.98 (1.97%) over the 2017/18 position. A key change for the budget and MTFP has been an increase in the assumed Council Tax collection rate. Since the Localisation of Council Tax Support in April 2013, this has been set at 98.5%. As the Council has regularly achieved a collection rate in excess of 99% in each subsequent year, the collection rate has been increased to 99.0% from 2018/19. This has the effect of increasing the Taxbase by 219.90, with an additional £44k being included in Stroud's Council Tax Precept of £8.773m for the year. The main risk is around the collection rate not being achieved, and a potential reduced level of Collection Fund surplus or a deficit in subsequent years.

3.3 The Council Tax Collection Fund is estimated to be in surplus by the end of the current financial year by £1.032m. This is shared across the major precepting authorities (Gloucestershire County Council, Gloucestershire Police and Crime

Commissioner) and the District Council. Stroud's share of £169k has been included in the MTFP.

- 3.4 The Table below shows the cumulative effect of a 3% increase in Council Tax and the assumed level of tax base growth. The MTFP has been built on the assumption that Council Tax is increased by 3% in 2018/19 and 2% or £5 (whichever is the higher) in each subsequent year. **The decision to set Council Tax remains an annual decision for Council to consider when setting the budget one year from the next.**

Table 4 – Council Tax assumptions

Year	Assumed Taxbase	Assumed increase %	Precept - No increase in Band D (£'000)	Precept - increase in Band D (£'000) **	Increase in Council Tax income (£'000)
2017/18	42,699.32	1.307%	8,354	8,354	0
2018/19	43,539.30	1.967%	8,518	8,773	255
2019/20	44,191.79	1.499%	8,905	9,126	221
2020/21	44,854.05	1.499%	9,038	9,487	449
2021/22	45,526.24	1.499%	9,174	9,856	683
			43,989	45,596	1,607

(may include some rounding differences)

** For 2018/19, the assumed increase in Band D is 2.99%. For 2019/20 to 2021/22, it is assumed that the maximum increase allowed is 2% or £5 (whichever is the greater) – in-line with previous Council Tax referendum limit guidance.

- 3.5 On this basis, and before the deployment of general fund reserves, the Council's 2018/19 and future year funding would be:

Table 5 – MTFP Funding

Funding source	2017/18 (£'000)	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)	2021/22 (£'000)
Council Tax **	8,354	8,773	9,126	9,487	9,856
Business Rates Retention	3,314	3,414	3,487	3,557	3,628
Business Rates Pilot	0	500	0	0	0
Revenue Support Grant (RSG)	347	0	0	0	0
Tariff adjustment (Negative RSG)	0	0	(549)	(549)	(549)
Transitional and Other Grants	123	20	20	20	20
New Homes Bonus	2,718	2,174	1,707	974	936
Collection Fund Surplus	216	169	0	0	0
TOTAL Funding (before reserves)	15,072	15,050	13,791	13,488	13,892

(may include some rounding differences)

4. REVENUE BUDGETS 2018/19 TO 2021/22

- 4.1 The 2018/19 to 2021/22 revenue budgets are based on the assumptions already presented to the Strategy and Resources Committee, updated for technical corrections where more information has become available. A summary of the main assumptions are:
- Pay inflation of 2% in 2018/19 and 2019/20, and provision for the Real Living Wage.
 - Price inflation on major contracts of up to 3%, including IT software
 - Income from fees and charges to move towards full cost-recovery where statute allows.
 - Increased interest rate projections, 0.70% for the current year, with a cautious assessment in future years based on Link Asset Services forecasts and estimated reduction in balances available for investment.
- 4.2 On this basis service committee budgets have been prepared and summary of key changes by year are set out in Appendix A of this report. Detailed estimates were provided in the General Fund Revenue Budget Estimates report.
- 4.3 Budgets have not been adjusted to reflect a reduction in Housing Benefit and Local Council Tax support administration grant. Provisional grant allocations have yet to be provided by DWP and CLG (due January 2018) and are expected to reduce. As the Revenue and Benefits service have been proactive in managing the costs associated with processing caseloads in prior years, it is proposed that budgets are not adjusted for the loss of grant income, but will be monitored closely during 2018/19. Any potential budget variation will be reported to committees in the regular budget monitoring reports.

Service Pressures, IT Software contingency, Invest to Save

- 4.4 There remains a significant service pressure arising from the Multi-Service Contract with Ubico and ICT staffing costs. These have been highlighted to members during the year as part of the regular Budget Monitor reports. For the purposes of the MTFP, the planned reduction in the additional resource for the Multi-Service contract allocated in the 2017/18 MTFP remains in place. This may lead to an initial overspend in 2018/19 whilst service provision options to reduce the overall cost are reviewed and presented to members later in the financial year.
- Ubico** – The Multi Service Contract with Ubico commenced in July 2016 and members made a number of key decisions about the future delivery of the service, the acquisition of a depot facility and the sourcing of vehicles and other items. Members will recall that an additional £2.9m was allocated to support the Ubico contract over the medium term plan period during 2016/17 as a result of the additional cost of dealing with dry recycling material, income pressures on the Garden Waste Service, and the overall increase in service delivery costs. Given the scale of the additional resource allocated to the Multi-Service contract, this is not a sustainable position of the longer term. Whilst the new Waste and Recycling service has significantly decreased the level of residual waste taken to landfill, the council will need to consider longer-term changes to the service as this continues to put significant pressure on the council's finances. No provision has been made for any inflationary pressures across the contract. It is expected that any uplift in contract values as a

result of inflation will need to be absorbed and addressed as part of the wider need to control costs.

- ii. **IT Staffing** – The difficulty in recruiting suitably qualified and experienced ICT staff on a permanent basis has led to an increased reliance on agency staff over the last 12 months. This has put significant pressure on ICT revenue budgets with a projected overspend of £100k in 2017/18 on staffing as a result. The 2018/19 budget has not been adjusted as recruitment to key posts in the team is ongoing that will reduce the need for agency staff if successful. However, it can be expected that in the short-term, this budgetary pressure will remain. Members of Strategy and Resources Committee will be kept informed of any budgetary pressure through the regular financial reports during the year.
- iii. **Development Control** – The Government have enabled legislation that allows local authorities to increase planning fees by 20% from 17 January 2018. The MTFP includes additional income of £156k that reflects the anticipated uplift in planning fee income. The increase was conditional upon local authorities spending the additional fee income on planning services. At this stage, no assumption has been made to the impact on the cost of processing planning applications, but clearly there will need to be a consideration of utilising the additional income.

4.5 The Council will need to ensure IT software is fit for purpose and enable services to deliver efficient and effective services in the future. Therefore, it is proposed that a contingency budget for IT software is established that will provide funding for upgrades of critical applications and enable a move to cloud-based solutions that improve business continuity. This approach increases the budget of certain applications to recognise the investment required, services are expected to review business processes and generate savings as a result of the investment:

- ICT Software (Office 365): £69k additional budget following introduction of Office 365 software. All Council services will benefit from this investment.
- ICT Software (Idox) - £37k additional budget for cloud-based software solution.
- IT Software (Agresso) - £60k additional budget for a critical upgrade and Cloud-based solution.
- Change Team - £100k to cover staffing resource and employee support. This has been added to the savings target, but risk remains around level of savings flowing from WFP in initial years once redundancy/pension liabilities are factored in.
- Invest to Save (Change Team) – Funding of up to £150k over the next 3 years to facilitate office rationalisation and other service efficiency projects. It is proposed that this is funded from an 'Invest to Save' reserve rather than providing an annual budget. Funding would be drawn down where business cases demonstrate a clear need and can deliver reduced costs to the Council over the medium term.

4.6 Therefore, additional revenue budget of £266k is proposed for 2018/19, reducing to £166k by 2021/22. It is proposed that £150k of funding is allocated to a specific 'Invest to Save' earmarked reserve to provide resource for the Change Team projects.

4.7 Provision will need to be made in the MTFP for the Vehicle replacement programme associated with the Multi-Service contract from 2022/23. The Capital programme includes £1m of planned expenditure over the period 2017/18 to 2020/21. No further capital expenditure is included beyond this period. The service will review the replacement programme over the coming months, and will be linked to potential changes in service provision as savings and efficiencies are required to reduce the overall cost of the Ubico contract. It is unclear at this stage as to the number and mix of vehicles that will be needed, and the nature of acquisition (lease or purchase). Therefore, a notional provision has been included to match the 2020/21 Minimum Revenue Provision level to ensure the revenue implications of lease or purchase are covered.

5. MEDIUM TERM FINANCIAL PLAN

5.1 Assuming that the above budget assumptions are accepted, the MTFP for 2018/19 to 2021/22 would be (detail set out in Appendix B):

Table 6 – Summary MTFP

MTFP	2017/18 (£'000)	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)	2021/22 (£'000)
TOTAL Funding	15,072	15,050	13,791	13,488	13,892
Net Service Expenditure	17,213	16,503	16,442	16,442	16,442
Corporate Items	(2,127)	(1,619)	(2,359)	(2,175)	(2,067)
Inflation and Pension costs	0	115	699	1,207	1,721
Additional budget pressures	0	266	266	266	166
Savings Plan	(25)	(250)	(852)	(880)	(690)
General Fund Budget	15,061	15,015	14,196	14,860	15,572
Core Surplus / (Deficit) before reserves	10	35	(405)	(1,371)	(1,680)
Utilisation of Reserves	(10)	(35)	405	1,371	1,680
Core Surplus / (Deficit)after use of reserves	0	0	0	0	0

(may include some rounding differences)

Balanced Budget Requirement

5.2 The council is legally required to set a balanced budget for the following year. As can be seen from the MTFP above, the council's core budget position is a surplus of £0.035m next year, with a deficit of £1.680m in 2021/22. As has been previous policy the council will look to deploy its reserves over the coming years to ensure it maintains a balanced budget. This is set out in more detail under the reserves and balances section below. An important part of this strategy will be to continue to deliver efficiencies and savings over the coming years to remove the dependency of the council on the utilisation of its reserves before they are depleted.

5.3 The Council's track record of delivering budget and efficiency savings has been good, and this needs to be sustained over the medium term. The table below provides members with an updated position regarding budget and efficiency savings since the Budget Strategy report in October 2017.

5.4 Significant savings have already been achieved across the Council's services, through budget reductions, income generation and service cuts; with budgets reduced as a result. The table shows that £1.038m of service savings have been delivered as part of the budget setting process for 2018/19 increasing to £1.289m by 2021/22.

Table 7 – Savings Plan

Savings Plan	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)	2021/22 (£'000)
Service Savings achieved				
Workforce Plan (Phase 1)	(230)	(230)	(230)	(230)
Reduced Car allowance rates	(63)	(63)	(63)	(63)
Ebley Mill rent income	(40)	(40)	(40)	(40)
Revenue and Benefits - Government Grants	(89)			
Joint Use Sports Centres - return to schools	(20)	(150)	(150)	(150)
The Pulse - Improved Income	(33)	(33)	(33)	(33)
Museum in the Park	(14)	(14)	(14)	(14)
Car Parks - recognise historic income levels	(67)	(67)	(67)	(67)
Car Parks - increases charges at existing car parks	(150)	(200)	(250)	(300)
Development Control fees	(156)	(156)	(156)	(156)
Pre-Application fees - increase charges	(24)	(24)	(24)	(24)
Saving on countywide agency	(48)	(48)	(48)	(48)
Land Drainage - GCC contribution	(21)	(21)	(21)	(21)
Legal & Democratic Services	(20)	(20)	(20)	(20)
Littlecombe Business Units	(62)	(123)	(123)	(123)
Subtotal	(1,038)	(1,189)	(1,239)	(1,289)
Savings Targets				
Workforce Plan (Phase 2)		(250)	(500)	(500)
Car Parks - introduce charges in other towns		(100)	(110)	(120)
Kingshill House - transfer to community organisation		(20)	(20)	(20)
Business Rates Pool - additional income	(100)	(100)	(100)	
Pension Prepayment - saves money in 2019/20		(232)		
Spend consolidation	(50)	(50)	(50)	(50)
Workforce Plan (Change Team)	(100)	(100)	(100)	0
Subtotal	(250)	(852)	(880)	(690)
TOTAL	(1,288)	(2,041)	(2,119)	(1,979)

(may include some rounding differences)

5.5 However, a proportion of the savings can be seen as 'savings targets' and will require regular review and reporting over the coming months to ensure the level of savings can be achieved. The table shows that an initial £0.200m is planned for 2018/19, increasing over the medium term.

- 5.6 **Workforce Plan** – Phase 1 of the Workforce Plan has been delivered with a budget saving of £230k. Phase 2 of the Workforce Plan will be delivered over the coming financial year, with a target saving of £250k in the first year rising to £500k thereafter included in the Savings Plan. There are risks around the savings target – redundancy and pension capitalisation costs will need to be funded as posts and service structures are reviewed. At this stage, the project team are working alongside service managers to identify changes to operational working practices that will reduce the cost of service delivery. Only when the reviews have been completed will the exact cost of each workforce change be known, as the reviews are focussed on processes and not individual posts. The quantum of costs associated with changes to the workforce is likely to be significant. Redundancy costs can be funded from the workforce planning reserve in the short-term, the level of the reserve will need to be maintained and represents an early call on any spare budgetary capacity. Attention must also be focused in the longer-term impact of workforce change, particularly with regard to the funding of pension liabilities. Short-term reductions to the workforce may result in initial savings, but a longer-term view may highlight a potential widening of the pension fund deficit that will need to be funded in future years.
- 5.7 Therefore, savings arising from the workforce plan relating to the employer's pension contribution have not been removed from the General Fund budget across the MTFP. These contributions have been transferred to the Pension lump-sum budget to provide some mitigation against any increase in pension liabilities following the next triennial review of the pension fund due in 2019.
- 5.8 An element of the savings target (£100k) is assigned to fund the team responsible for reviewing and delivering the WFP changes. This will allow the team to progress the WFP and also provide funding for supporting employees through the process.
- 5.9 **Car Parks (Fees and Charges)** – The savings plan includes an estimate of the potential net income that could be realised from introducing charges across the Council's car parks in other market towns. The introduction of a new charging regime requires the Council to follow a prescribed process and will involve extensive consultation with residents, members, and Parish and Town Councils. As such, there is a risk that the outcome of the consultative process does not generate the level of income estimated in the Savings Plan.
- 5.10 All committees will receive updates on the performance against the savings targets as part of the regular budget monitoring reports. Should the level of savings indicated not materialise, it is expected that additional savings from services areas are brought forward and other mitigation is put in place.
- 5.11 Therefore, the MTFP and Savings Plan proposes to reduce service committee budgets accordingly for the medium term plan period based on the savings plan progress to date. Detailed revenue budget estimates for 2018/19 have been adjusted to reflect the savings already achieved
- 5.12 The council will need to deliver further budget and efficiency savings over and above those already identified in the report in order to balance the budget over the medium term and in future years. Corporate Team have been working on a detailed savings plan that fully recognises the need to reduce costs or increase income to

ensure the core deficit continues to reduce further in the latter years of the MTFP. These proposals will be developed over the coming months and only included in the MTFP when there is greater certainty on the timing and scale of saving that can be delivered.

Balances and Reserves Strategy

- 5.13 The Council periodically reviews its reserves. With the changing nature of local government finance, a comprehensive review was undertaken as part of the 2017/18 budget setting process to realign general fund balance and reserve levels to reflect the financial pressures, risks and priorities of the Council.
- 5.14 As part of this process and review of the MTFP, together with statutory assessment by the s151 Officer, the need to hold a minimum level of general fund balances of £2m was advised as part of a risk based approach. The strategy therefore released the remaining general fund balances (£6.000m after taking into account the 2016/17 outturn position) to support the Medium Term Financial Plan moving forward. This amount is held in a specific earmarked reserve.
- 5.15 Earmarked reserves have been identified and held for a series of specific purposes as set out in Appendix E. Clearly, should these funds not be required for the purposes currently set out, they could become available in future years to support the General Fund position.

Table 8a – General Fund and Earmarked Reserves summary 2017/18

	Balance 01/04/2017 (£'000)	2017/18 Financing (£'000)	2017/18 Review (£'000)	Est. Balance 31/03/2018 (£'000)
Balance and Reserves				
GF Balances	(2,169)	169	0	(2,000)
Earmarked Reserves				
Capital	(5,835)	971	(700)	(5,564)
Revenue budget support	(6,000)	(10)	0	(6,010)
Other earmarked reserves	(2,805)	222	700	(1,883)
	(14,640)	1,183	0	(13,457)
TOTAL	(16,809)	1,352	0	(15,457)

(may include some rounding differences)

- Capital Reserve – committed against the Capital Programme
 - MTFP Equalisation – Specific earmarked reserve to provide funding to offset the core deficit on the MTFP
 - Other Earmarked Reserves – held for specific purposes, reviewed on annual basis
 - General Fund Balance – Risk based balance (minimum level of £2m advised)
- 5.16 The s151 officer, in consultation with Corporate Team, has reviewed the adequacy of the reserves as part of the budget setting process. It is proposed that the following changes are made to specific earmarked reserves:

- £450k Jobs and Growth and £50k Littlecombe reserve are included in the Capital reserve to consolidate funding for these initiatives.
- £350k from the Climate Change reserve is transferred to other reserves following the discontinuation of the Ebley Mill Hydro capital scheme (£200k to the Capital reserve, £150k to the Invest to Save reserve)
- £150k Invest to Save reserve established

5.17 Taking into account the funding requirements of the Capital Programme and the need to support the MTFP, the projected balances over the medium term are shown in the table below. Appendix E shows the Earmarked reserves in detail.

Table 8b – General Fund and Earmarked Reserves summary to 2021/22

	Est. Balance 31/03/2018 (£'000)	Est. Balance 31/03/2019 (£'000)	Est. Balance 31/03/2020 (£'000)	Est. Balance 31/03/2021 (£'000)	Est. Balance 31/03/2022 (£'000)
Balance and Reserves					
GF Balances	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Earmarked Reserves					
Capital	(5,564)	(3,992)	(2,942)	(2,292)	(1,892)
Revenue budget support	(6,010)	(6,046)	(5,641)	(4,269)	(2,589)
Other earmarked reserves	(1,883)	(1,883)	(1,883)	(1,883)	(1,883)
	(13,457)	(11,920)	(10,465)	(8,444)	(6,364)
TOTAL	(15,457)	(13,920)	(12,465)	(10,444)	(8,364)

(may include some rounding differences)

5.18 The Council will need to keep reserve levels under review in future years. The MTFP does not currently make provision for maintaining reserve levels in future years, or re-establishing reserves once they have become depleted.

5.19 x in paragraph 5.6, redundancy costs associated with the workforce plan can be funded from the workforce planning reserve in the short-term. The level of the reserve will need to be maintained and represents a priority call on any spare budgetary capacity.

6. CAPITAL PROGRAMME 2017/18 to 2021/22

6.1 Strategy and Resources Committee last approved the capital programme and funding on 16 June 2017. This report updates the estimates for the capital programme 2017/18 to 2021/22 and the available funding for schemes.

6.2 The Capital Programme for 2017/18 was revised in October 2017 based on decisions taken by Community Services & Licensing, Environment and Strategy & Resources Committee

2018/19 to 2021/22 Capital Programme

- 6.3 Following a review by Corporate Team, further changes are proposed to the profile of the Capital Programme that reduces the level of expenditure further in 2017/18, with further changes proposed to the remainder of the Capital Programme over the medium term. The capital funding for Private Sector Home Loans has been reinstated, with inclusion of £200k funding from the Gloucestershire Clinical Commissioning Group to provide Health through Warmth Funds.
- 6.4 The proposed Capital Programme for 2018/19 to 2021/22 is set out in Table 9 below with the full detail of the capital schemes shown in Appendix C.

Table 9 – Summary Capital Programme 2017/18 to 2021/22

Committee	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Community Services and Licensing	78	180	150	0	0
Environment	909	1,140	1,900	1,066	0
Housing (General Fund)	710	449	330	330	330
Strategy and Resources	3,148	2,820	1,582	900	800
TOTAL General Fund	4,845	4,589	3,962	2,296	1,130
Housing Revenue Account	9,189	11,720	6,414	6,489	7,755
TOTAL Capital Programme	14,034	16,309	10,376	8,785	8,885

(may include some rounding differences)

Community Services and Licensing Committee

- 6.5 It is proposed that the Community Buildings Investment budget is increased by £100k to enable further work to be undertaken on Kingshill House prior to a planned transfer of the asset.

Environment Committee

- 6.6 Capital budgets for Stroud District Cycling and Walking Plan, Market Town Centres Initiative Fund have been reprofiled reflecting anticipated expenditure plans in line with the updates provided through the Capital Monitoring reports. Gateway Site (Wallbridge) has been reprofiled to reflect timing of expenditure expected in 2018/19 whilst plans are finalised for the scheme.

Housing Committee

- 6.7 The capital budget associated with Disabled Facilities Grants has been increased to £330k per year reflecting the 2015/16 allocation level from the Better Care Fund. Additional funding is available to support DFGs as part of the pooled funding arrangement between Gloucestershire County Council and the District Councils.

Strategy and Resources Committee

- 6.8 The Housing Initiative/Homes for Rent capital scheme has been reviewed during the year, with financial modelling indicating a high level of resources required to deliver schemes that would not provide value for money taking into account the revenue implications of borrowing. However, a revised capital budget of £2m is retained within the capital programme as officers work through other delivery options. ICT Investment, previously included in the capital programme, has been increased significantly to £1.8m reflecting the scale of ICT infrastructure renewal

required to ensure the council can deliver more efficient and customer-focussed services in future years. A capital budget of £120k is proposed to enable the resurfacing of the top deck of the London Road Multi-Storey Car Park.

Capital Financing

- 6.9 The resources available to fund the capital programme in 2017/18 and the next four financial years (as shown in Appendix C) are set out in Appendix D.
- 6.10 The changes proposed to the Capital Programme reduce the level of borrowing proposed in future years. An additional £6.950m of borrowing has been included in the Capital Financing Statement, a reduction of £5.650m over the previously assumed amount.
- 6.11 Whilst the Council is able to borrow externally to finance the capital programme, an internal borrowing position has been maintained over the last 18 months. This has the benefit of reducing external interest payments at the expense of lower investment income. However, there is a net financial benefit from this position due to the differential between interest rate what the Council can borrow at against the interest rate achieved on investments (i.e. the external rate is higher than the investment rate). For the purposes of the MTFP, it is assumed the internal borrowing position is maintained, although changes to capital expenditure profiles, new capital schemes, or an increased rate of depletion in available reserves will impact on this.
- 6.12 There is an interest rate risk in maintaining an internal borrowing position as increases in the interest rate impact on the cost of borrowing. The 2018/19 Treasury Management Strategy Statement (to be considered by Audit and Standards committee in February 2018) provides further information on these issues.
- 6.13 .A significant proportion of the General Fund capital programme is to be financed from the Capital Reserve; estimated at £4.643m. The Capital Reserve balance is therefore estimated to be £1.892m by the end of the 2021/22.
- 6.14 Other resources deployed to support the capital programme include Capital Grants, Housing Revenue Account revenue contributions, Capital Receipts, and external funding on specific projects.

Revenue Implications of the Capital Programme

- 6.15 The Capital Programme and Financing Statement assume that £6.950m of additional borrowing will be undertaken to support spending commitments. The Council has already undertaken £106.717m (£6m GF, £100.717m HRA) of external borrowing to support expenditure already incurred. Under the Capital Financing regulations, the Council should consider the revenue costs associated with external borrowing – interest on external loans and Minimum Revenue Provision (MRP) – the amount deemed prudent to set aside from the revenue account to allow for the repayment of debt when it becomes due.
- 6.16 Internal borrowing of £4.740m (£2.978m GF, £1.762m HRA) has also been undertaken to support the capital programme.

- 6.17 The MTFP includes £1.140m for external interest payments and £6.161m for MRP (2017/18 to 2021/22). This includes £1.771m of interest and MRP arising from the proposed capital programme on schemes yet to incur expenditure (Canal Saul to Stonehouse, Housing Initiatives/Homes for Rent).
- 6.18 The Council's Treasury Management Strategy Statement (TMSS), due to be considered by Audit and Standards Committee in February 2018, sets out the approach taken on borrowing from a Treasury Management perspective.

7. STATEMENT OF THE CHIEF FINANCIAL OFFICER

- 7.1 Section 25 of the Local Government Finance Act 2003 places a statutory duty on the Chief Financial Officer to report to the authority, at the time the budget is considered and the council tax is set on the robustness of the budget estimates and the adequacy of the financial reserves. The Act requires councillors to have regard to the report in making decision at the Council's budget and rent setting, and the council tax setting meetings.
- 7.2 The basis on which the budget for 2018/19 and the MTFP have been prepared has been set out clearly in this report. I am satisfied that the budgets for the General Fund, the Housing Revenue Account and the Capital Programme have been based on sound and reasonable assumptions, although paragraph 4.4 of the report does set out detail on underlying service pressures which have not been funded. Some further feasibility work on the proposed Capital Programme will be undertaken during 2018/19 to finalise the delivery phase of the schemes relating to Housing Initiatives/Homes for Rent and ICT Investment before significant expenditure is incurred and this may affect the profiling of the schemes.
- 7.3 The report does set out the core deficit position the council is facing over the MTFP. Progress has been made during the year to address the deficit with a number of savings already identified and being delivered, and a number of savings targets. The council will still be relying on reserve balances to support expenditure plans over the MTFP. The Savings Plan has reduced the reliance on the reserve somewhat, but it important to note that the deficit continues to increase over the medium term.
- 7.4 It is important that the council is able to balance the budget over the medium term in a sustainable and manageable way through a combination of income, sensible use of reserves and a robust savings plan. Therefore, an ongoing and continuous savings plan, that identifies further budget and efficiency savings over and above those indicated in this report will need to be brought forward into the MTFP.
- 7.5 The current savings plan includes a target level of savings to be achieved over the medium term. These includes workforce plan based savings, introducing car park charges, and income from the business rates growth/pool. There is a risk associated with savings targets. Should these savings not materialise at the level or within the timeframe assumed this will increase use of the MTFP equalisation reserve further. The Council will need to identify further savings or ways of reducing spend/increasing income to mitigate this risk.

- 7.6 Some risks remain, particularly around the economic and financial impact of Brexit. Whilst the government have triggered Article 50 and there is some clarity on the likely date that the country will leave the European Union, considerable uncertainty will remain over the MTFP period until negotiations have concluded and possibly for sometime beyond once a deal has been agreed.
- 7.7 Risks around inflation and interest rates also remain, and may be inexorably linked to the negotiations around leaving the EU. Allowance has been made in the MTFP estimates for inflationary pressures in both the General Fund and HRA, with projections of investment income relatively depressed due to low interest rate levels. Future interest rate increases are expected over the medium term, but income projections remain flat due to reduced cash balances available for investment over the same period.
- 7.8 Changes made in April 2013 to the way in which local government is financed could have a material effect on the council's finances if not managed over the MTFP. Council Tax benefit was abolished and replaced by a local Council Tax Support scheme. Although funding was provided to local government, there was a reduction of around 15% in the level of resources transferred at the time. The council adopted a local default scheme that mirrors the previous Council Tax benefit scheme. The cost to the council of the local scheme has reduced in each year since 2013/14 as the number of claimants has fallen. No allowance has been made in the MTFP for any increase in caseload or cost of the local scheme. The council would need to review the design of the scheme, or find equivalent savings across the general fund to mitigate any financial impact.
- 7.9 The localisation of business rates through the Business Rates Retention scheme does pose a financial risk to the council on two levels. Firstly, that the level of business rates income budgeted for in the MTFP does not materialise. Secondly, the level of backdated appeals remains a significant area of uncertainty. Whilst allowance is made within the calculation of retained business rates income for backdated appeals, these losses could be higher than projected. The introduction of the new rating list in April 2017 and the 'check, challenge, appeal' process has to date reduced the level of new appeals coming through the system. A review of the provision for appeals will be undertaken when completing the NNDR1 and NNDR3 returns which will help mitigate this risk.
- 7.10 The move to a new local government finance system through 75% Business Rates retention by 2020/21 is difficult to quantify financially. The assumption made in the MTFP is that income from BRR remains flat with only inflationary increases assumed. The new local government finance system may increase the amount of locally retained business rates income for the council. However, considerable downside risk remains, in particular the impact of successful business rates appeals will fall in full on local government. The performance of the local economy and national economic volatility will have a greater effect on the council's finances.
- 7.11 Finally on Business Rates, the awarding of Pilot status to Gloucestershire does provide the opportunity for additional resources to be retained by Gloucestershire, with around £0.5m of benefit estimated for this Council. A prudent approach has been taken in the MTFP with the £0.5m proposed to transfer to an earmarked reserve for future allocation.

Financial Reserves

- 7.12 The requirement for financial reserves is acknowledged in statute. Section 32 and 43 of the Local Government Finance Act 1992 requires billing authorities to have regard to the level of reserves needed for meeting future expenditure when calculating the budget requirement.
- 7.13 The Council's earmarked reserves have been reviewed, as set out in this report, with a reprioritisation of limited number of the reserves to support the council's proposed capital programme.
- 7.14 A different approach was taken in 2017/18 following a review of the General Fund balance, with a risk-based balance of £2m being maintained over the MTFP period. The risk and level has been reviewed and is considered adequate. It is advised that General Fund balances do not fall below this level.
- 7.15 This report highlights the utilisation of both the MTFP Equalisation reserve (supporting the revenue budget) and the Capital Reserve (providing funding for the capital programme). These reserves are forecast to reduce to £2.589m and £1.892m respectively over the medium term. The estimated closing balances provide some scope for future support to both the revenue budget and capital programme. However, the rate of utilisation beyond the medium term plan period must be considered.
- 7.16 Overall, I am satisfied that the projected levels of balances and reserves held by the Council are adequate for the forthcoming year, but will continue to review the position as necessary during the course of the year as the Government's future plans for New Homes Bonus and 75% business rates retention become clearer.

Summary of changes from the 2017/18 Original Budget

This is the same Table as included in the General Fund Estimates report. It is included as an Appendix in this report for completeness. Detailed revenue estimates for each committee were provided in the General Fund Estimates report.

	2017/18 Original Estimate (£'000)	2017/18 Revised Estimate (£'000)	2018/19 Original Estimate (£'000)
General Fund			
[a] Original Budget	15,491	15,491	15,491
[b] Carry forwards from Prior year		169	0
[c] Technical Adjustments		0	(71)
[d] Pay Inflation 2017/18		0	97
[e] Price & Income inflation		0	13
Base Budget	15,491	15,660	15,530
[f] Budget Pressures		0	9
[f] Efficiency Savings		(250)	(1,037)
[g] Insurance Adjustment		0	39
[h] Technical Adjustment		(0)	204
[j] Recharge Adjustment		0	11
[j] Accounting Adjustments	565	1,803	1,748
Net Service Revenue Expenditure Budget	16,056	17,213	16,503

(may include some rounding differences)

General Fund Medium Term Financial Plan (MTFP) – 2017/18 to 2021/22

	2017/18 (£'000)	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)	2021/22 (£'000)
GENERAL FUND MTFP					
Service Revenue Expenditure	17,213	16,503	16,442	16,442	16,442
Corporate Items					
Minimum Revenue Provision (MRP)	1,120	1,291	1,107	1,276	1,367
Capital Charges	(1,892)	(1,892)	(1,892)	(1,892)	(1,892)
IAS19 Retirement Benefits	(1,795)	(1,795)	(1,795)	(1,795)	(1,795)
Net transfer to / from (-) Reserves	0	500	0	0	0
General Fund Contingency	50	50	50	50	50
Waste Management Contingency	400	200	100	50	0
Multi-Service VRP Provision	0	0	0	0	0
Drainage Board Levies	128	137	144	151	159
Interest payable & similar charges	150	180	210	270	330
Interest & investment income	(261)	(264)	(256)	(259)	(259)
Feed-in-tariff Income	(27)	(27)	(27)	(27)	(27)
Subtotal	(2,127)	(1,619)	(2,359)	(2,175)	(2,067)
Adjusted Budget	15,086	14,884	14,083	14,266	14,375
MTFP Adjustments					
Non-Pay Inflation	0	0	150	250	350
Pay Inflation (Further 1% provision, 2% per annum)	0	115	345	550	760
Employers Pension Contributions	0	0	204	407	611
Subtotal	0	115	699	1,207	1,721
Adjusted MTFP position	15,086	14,999	14,782	15,474	16,096
Budget Proposals					
Software Contingency & Invest to Save		266	266	266	166
Subtotal	0	266	266	266	166
Savings Plan					
Savings Plan 2018/19	(25)	(250)	(852)	(880)	(690)
Subtotal	(25)	(250)	(852)	(880)	(690)
Proposed Net Revenue Budget	15,061	15,015	14,196	14,860	15,572

	2017/18 (£'000)	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)	2021/22 (£'000)
GENERAL FUND MTFP					
Proposed Net Revenue Budget	15,061	15,015	14,196	14,860	15,572
Funded By:					
Precept on Collection Fund	8,354	8,773	8,905	9,038	9,174
£5 Council Tax increase assumed 2019/20 onwards			221	449	683
Business Rates Retention Funding	3,314	3,414	3,487	3,557	3,628
Business Rates Pilot		500			
Revenue Support Grant	347				
Tariff/Top-Up adjustment	0	0	(549)	(549)	(549)
Transition Grant + Other Grants	123	20	20	20	20
New Homes Bonus	2,718	2,174	1,707	974	936
Subtotal Government Funding	6,502	6,108	4,665	4,002	4,035
Council Tax Collection Fund surplus/-deficit	177	169	0	0	0
NNDR Collection Fund surplus/-deficit	39	0	0	0	0
TOTAL Funding	15,072	15,050	13,791	13,488	13,892
Core Surplus / (Deficit) before reserves	10	35	(405)	(1,371)	(1,680)
Utilisation of Reserves	(10)	(35)	405	1,371	1,680
Surplus / (Deficit) after use of reserve	0	0	0	0	0

(may include some rounding differences)

Capital Programme 2017/18 to 2021/22

Capital Scheme	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Community Services					
Community Buildings Investment	50	100	50	-	-
Stratford Park Lido	20	80	100	-	-
Stratford Park Sensory Garden	8	-	-	-	-
Total Community Services	78	180	150	-	-
Environment					
Canal	184	-	-	-	-
Canal Regeneration (Saul to Stonehouse)	250	500	1,500	750	-
CMP - Heat and Power	141	-	-	-	-
Market Town Centres Initiative Fund	-	100	50	50	-
Multi-Service Contract - Vehicles	334	250	250	166	-
Stroud District Cycling & Walking Plan	-	100	100	100	-
Wallbridge - Gateway	-	190	-	-	-
Total Environment	909	1,140	1,900	1,066	-
Housing General Fund					
Affordable Housing – Support to Registered Providers	120	119	-	-	-
Disabled Facilities Grant Scheme	330	330	330	330	330
Health through Warmth Grants	200	-	-	-	-
Private Sector Home Loan Scheme	60	-	-	-	-
Total Housing	710	449	330	330	330
Strategy and Resources					
Brimscombe Port Redevelopment	450	1,600	482	-	-
ICT Investment Plan	-	400	500	500	400
Littlecombe Business Units, Dursley	1,850	100	-	-	-
MSCP Resurfacing	-	120	-	-	-
Housing Initiatives/Homes for Rent	848	600	600	400	400
Total Strategy and Resources	3,148	2,820	1,582	900	800
Total General Fund	4,845	4,589	3,962	2,296	1,130

Capital Scheme	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Housing Revenue Account					
Major Works	6,602	6,657	6,103	6,027	5,919
New Homes and Regeneration	1,967	3,004	-	-	-
Sheltered Housing Modernisation	620	2,059	311	462	1,836
Total Housing Revenue Account	9,189	11,720	6,414	6,489	7,755
Total Capital Programme	14,034	16,309	10,376	8,785	8,885

(may include some rounding differences)

Capital Financing Statement 2017/18 to 2021/22

	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000
1. Capital Expenditure					
Community Services	78	180	150	-	-
Environment	909	1,140	1,900	1,066	-
Housing General Fund	710	449	330	330	330
Housing Revenue Account	9,189	11,720	6,414	6,489	7,755
Strategy and Resources	3,148	2,820	1,582	900	800
Estimated Expenditure	14,034	16,309	10,376	8,785	8,885
Financed by:					
Borrowing HRA	-	-	-	-	-
HCA Grant	116	198	-	-	-
HRA Reserves	-	2,304	360	10	-
HRA Usable capital receipts (3)	1,787	2,065	304	400	1,750
Revenue funded	7,286	7,153	5,750	6,079	6,005
HRA Financing Total	9,189	11,720	6,414	6,489	7,755
Borrowing GF	2,184	950	2,100	1,316	400
Capital grants (5)	330	1,848	812	330	330
Capital reserve (4)	971	1,572	1,050	650	400
External funding	392	100	-	-	-
General Fund usable capital receipts (2)	120	119	-	-	-
RTB Capital receipts	848	-	-	-	-
Total Financing	14,034	16,309	10,376	8,785	8,885
2. General Fund Usable Capital Receipts					
Brought forward 1 April	471	376	282	307	332
add: received in year	25	25	25	25	25
less: applied as above	(120)	(119)	-	-	-
Carried forward 31 March	376	282	307	332	357
3. HRA Usable Capital Receipts					
Brought forward 1 April	3,018	4,379	3,514	3,810	4,010
add: received in year	2,300	1,200	600	600	600
less: applied as above	(939)	(2,065)	(304)	(400)	(1,750)
Carried forward 31 March	4,379	3,514	3,810	4,010	2,860
4. Capital Reserve					
Brought forward 1 April	5,835	5,564	3,992	2,942	2,292
add: received in year	700	-	-	-	-
less: applied as above	(971)	(1,572)	(1,050)	(650)	(400)
Carried forward 31 March	5,564	3,992	2,942	2,292	1,892
5. Capital Grants					
Disabled Facilities Grant due	330	330	330	330	330
Homes and Community Agency Grant	116	1,716	582	-	-
Capital grants	446	2,046	912	330	330
TOTAL Capital Grants	892	4,092	1,824	660	660

(may include some rounding differences)

Earmarked Reserves

Appendix E

Reserve Type	Earmarked Reserve	Purpose	Balance 01/04/2017 (£'000)	2017/18 Financing (£'000)	2017/18 Review (£'000)	Est. Balance 31/03/2018 (£'000)	Est. Balance 31/03/2019 (£'000)	Est. Balance 31/03/2020 (£'000)	Est. Balance 31/03/2021 (£'000)	Est. Balance 31/03/2022 (£'000)
Capital	Capital Reserve	Funding to support Capital Programme	(5,835)	971	(700)	(5,564)	(3,992)	(2,942)	(2,292)	(1,892)
Commitments	The Pulse	Revenue surplus to fund Capital	(130)	0	0	(130)	(130)	(130)	(130)	(130)
Equalisation	Legal Counsel	To fund the cost of legal counsel advice within services	(50)	0	0	(50)	(50)	(50)	(50)	(50)
Equalisation	Planning Appeals	To provide adequate resource to fund any planning appeals or tribunals	(100)	0	0	(100)	(100)	(100)	(100)	(100)
Equalisation	BRR Safety Net	Amount set aside for any potential business rates income shortfall under the Business Rates Retention Scheme	(281)	0	0	(281)	(281)	(281)	(281)	(281)
Equalisation	Welfare Reform	To provide resource for the revolving loan fund used by the Homelessness Prevention team - transferred from revenue balances	(30)	0	0	(30)	(30)	(30)	(30)	(30)
Equalisation	CIL	Smoothing reserve for CIL Administration costs	42	0	0	42	42	42	42	42
Equalisation	MTFP Equalisation	To provide support to the MTFP	(6,000)	(10)	0	(6,010)	(6,046)	(5,641)	(4,269)	(2,589)
Other	Opportunity Land Purchase	To fund land acquisitions	(250)	0	0	(250)	(250)	(250)	(250)	(250)
Other	Workforce Planning	To fund any costs arising from delivering the Workforce Plan in future years	(400)	0	0	(400)	(400)	(400)	(400)	(400)
Other	Invest to Save	Upfront investment funding for Capital or Revenue projects that generate an income stream or reduce costs in future years	0	0	(150)	(150)	(150)	(150)	(150)	(150)
Other	Climate Change	To Fund the Carbon Management Programme	(671)	0	350	(321)	(321)	(321)	(321)	(321)
Other	Littlecombe	Transferred to the Capital Reserve	(50)	0	50	0	0	0	0	0
Other	Neighbourhood Planning	Funding received to support development of Neighbourhood Plans	(71)	0	0	(71)	(71)	(71)	(71)	(71)
Other	Jobs and Growth	Transferred to the Capital Reserve	(450)	0	450	0	0	0	0	0
Partnership	Building Control	Building Control Partnership surplus/(deficit)	(142)	0	0	(142)	(142)	(142)	(142)	(142)
Partnership	Merrywalks	Net income held prior to distribution as per Management agreement	(222)	222	0	0	0	0	0	0
			(14,640)	1,183	0	(13,457)	(11,920)	(10,465)	(8,444)	(6,364)
GF Balances	GF Balance	Risk-based balance - minimum level to be held	(2,169)	169	0	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)

(may include some rounding differences)

STRATEGY AND RESOURCES COMMITTEE

18 JANUARY 2018

9

Report Title	TASK & FINISH GROUP REVIEW OF PERFORMANCE MANAGEMENT
Purpose of Report	To review current practice and discuss any improvements which could be made.
Decision(s)	The Task and Finish Group recommends that the Strategy and Resources Committee RESOLVES to: 1. Accept the recommendations of this report 2. Ask all committees to table this report for discussion at forthcoming meetings.
Consultation and Feedback	Members of the Task & Finish Group met with all current Performance Monitors, Committee Chairs, members of Corporate Team and Group Leaders
Financial Implications	There are no direct financial implications arising from this report, however it should be noted that any financial information presented as part of the performance monitoring needs to be verified by the finance team. David Stanley, Accountancy Manager (Section 151 Officer) Tel: 01453 754100 Email: David.Stanley@stroud.gov.uk There is a risk that unless the Council has a robust performance monitoring framework in place, Members may not be fully aware of how services are performing and have insufficient information on which to base decisions regarding future service delivery.
Legal Implications	Within the context of paragraph 3.2, it should be noted that reports to which committee agenda items refer should be in writing and published at least five clear days before the meeting. In any event, member performance management reports are subject to public access requests. (Ref:d4.12;rc9.1.1) Karen Trickey, Head of Legal Services Tel: 01453 754369 Email: karen.trickey@stroud.gov.uk
Report Author	Councillor Rachel Curley Email: cllr.rachel.curley@stroud.gov.uk
Performance Management Follow Up	Member Development programme to be updated. Quarterly performance monitoring meetings

Background Papers/ Appendices	Review of Excelsis Performance Management System; Audit & Standards Committee, 5 November 2013 https://www.stroud.gov.uk/media/208824/item-7-review-of-excelsis-performance-management-system.pdf Local Government Association on performance management. Appendix 1: Questions and feedback from consultation Appendix 2: Template for Directors to complete prior to quarterly performance meetings Appendix 3: Template for performance monitors to complete their quarterly report Appendix 4: Performance Monitoring Timetable
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1.0 BACKGROUND

The members of the group were Cllr Rachel Curley (Chair), Cllr Catherine Braun and Cllr Keith Pearson. The group was supported by the Principal Projects Officer, Eka Nowakowska.

The Task and Finish Group met on 4 occasions between 29 September and 11 December 2017.

1.2 Terms of Reference

- Review current practice in monitoring performance and how this links to risk management and governance arrangements
- Review and report on whether and how the following are carried out by performance monitors:
 - Meet quarterly with appropriate Director, HoS to discuss performance, using the Performance Monitoring template
 - Make recommendations on how best to feed in comments to committees and ensure feedback is given on how those recommendations were dealt with
 - Draft report and feed back to appropriate committee. Raise any particular concerns with Director/HoS
 - Note any recommendations from committee and feedback to service area
 - Attend annual training to ensure familiarity with the Council's performance management system, Excelsis.
 - Use Excelsis to review quarterly updates on Corporate Delivery Plan; Service Plans; Performance Indicators and Risks (prior to the PM meeting).
- Consider the effectiveness of the current Performance Monitoring Report Template and make recommendations for improvement
- Identify and recommend how best to ensure a consistent approach is adopted across each of the committee
- Identify and recommend any specific support/training needed for performance monitors and all members
- Any other reasonable recommendations to improve how SDC manages performance.

2.0 FINDINGS: Feedback from Consultees

Appendix 1 sets out the questions and findings from the meetings with performance monitors, committee chairs and Directors.

There is some good practice across different committees. Quarterly meetings are generally happening and reports are being given to committees.

2.1 Task & Finish Group Considerations

2.1.1 In general, based on the meetings held, the Group felt that there needs to be a more consistent approach to performance monitoring and that the role of the performance monitor and the regular performance monitoring meetings require a higher status across the Council.

2.1.2 The Group has considered whether Committee Chairs should attend all performance monitoring meetings. Some consider that this would give more weight to the meetings and make sure that the same discussions don't happen twice. Others feel that if the Chair is there some of the independence of the committee is lost as issues have been rehearsed already and challenge at committee may be reduced. On balance, the Group decided that there should be no expectation that Chairs attend as a matter of course but they may be invited by Performance Monitors. It is important that performance monitoring meetings are viewed as being "owned" by the performance monitors and that they run the meetings.

2.1.3 The Group considered but rejected making a recommendation that the tenure of Performance Monitors be limited.

2.1.4 The Group considered but rejected the suggestion that Performance Monitors should only be appointed once they have been on the committee for at least 12 months. It was felt this was too prescriptive and that the independence of a new member could offer the opportunity to ask the difficult question.

2.1.5 The Group considered external performance monitoring such as benchmarking or peer review to ensure we have the right focus and a section has been added to the report templates.

2.1.6 Consideration was also given to how we can better link performance monitoring into the work of Audit and Standards. If this doesn't happen we lose the opportunity to see trends across the council. Performance Monitors should be encouraged to report any significant concerns to Audit and Standards and a section should be added to the reporting template.

2.1.7 The Group agreed that Tenant Reps should continue to attend performance monitoring meetings.

3.0 RECOMMENDATIONS

3.1 Setting performance monitoring indicators

Each of the service committees (Strategy & Resources, Community Services & Licensing, Housing, Environment) must agree before the start of the Civic Year the performance objectives/indicators to be monitored for the next twelve months. Performance monitoring objectives/indicators for the relevant service will include:

- Corporate Delivery Plan (all elements of the plan must be picked up by one of the committees – including capital programme)
- Statutory responsibilities of committees (if they're not already covered in Corporate Delivery Plan)
- Key strategic risks – see Excelsis risk register
- Service issues and future policy issues
- Any external performance objectives/measures eg LG Inform

We should only monitor the key issues and this should be consistent across committees. There should be stats but also scope for comments with explanation, context, challenges, and how we compare to others.

It is recognised that urgent items may arise during the year which need to be added to the agreed objectives/indicators.

3.2 Meetings and reporting to Committee

- **Four performance monitoring meetings** will be held during the year. The dates will be set in the Performance Monitoring Timetable (Appendix 4) at the start of the year. It's important that the meeting is held 3 weeks before a committee meeting.
- **Attendees** at these meetings will be: Performance Monitoring Reps (2 per committee), Chairs of Committee and/or Vice Chair of committee (by exception/invitation), and Directors and/or Heads of Service.
- **Directors will ensure progress is updated** against the agreed indicators on Excelsis prior to performance monitoring meetings (preferably 1 week before the meeting). Directors will send a copy of the performance monitoring report to all attendees directly. (See Appendix 2 for new template).
- Following the meeting, Performance Monitors will send their own **report and summary** of key issues and risks (using the report template – see appendix 3) to Democratic Services. This template now includes a section to note any significant issue which should be reported to Audit and Standards and a section with recommended actions for the committee. This will be **circulated to members**, but not published with the Committee papers.
- Reports are presented at Committee four times a year, with an agenda item for **verbal feedback** from Performance Monitors.

3.3 Training for Performance Monitors

When Performance Monitors are appointed by each committee annually it will be made clear that it is a demanding role which requires training. The annual training will be obligatory from now on for all Performance Monitors.

This training will be made available to all members as part of the Member Development Programme. It will include training on Excelsis.

The Group would recommend using an external provider for this training.

3.4 PROPOSED ACTIONS

- **CEO/Directors** – clarify Corporate Delivery Plan actions – and allocate across Service Areas.
- **Directors/Heads of Service** identify other issues which would be important to monitor in addition (e.g. Statutory responsibilities of committees, Key risks, Service issues and future policy issues) by end Jan 2018)
- **Objectives/Indicators presented** to Committee at last meeting of this Civic Year (Feb / Mar)
- **Training date** set for Performance Monitoring Reps (after AGM)
- Make sure **the Performance Monitoring Timetable** sets dates for performance monitoring meetings (actual times/dates not needed but note which week meetings should take place)
- Make sure these dates are in everyone's **calendar**.
- Ensure that at end of Q1 (or as soon as possible) the delivery objectives and corresponding PM indicators are **fully reviewed and updated** by Directors/Heads of Service, Reps and Committees to take account of the next Corporate Delivery Plan for 2018/19.

Questions for performance monitors

1. How long have you been a performance monitor? For which committee?
2. Did you receive any training when you took on the role? Give details about any training received?
3. What briefing did you receive about:
 - The role
 - The monitoring performance template
 - Using Excelsis
4. Do you meet quarterly with the appropriate Service Head(s)?
5. What benefits do you get from these meetings? What reports do you receive and what follow up is there to any issues identified or raised?
6. Do you use the performance monitoring report template for these meetings?
7. Do you report back to your committee? Is that a written or verbal report?
8. What key areas of performance do you monitor currently for your committee? How were these determined? (eg Cost Savings/Revenue Budget, Capital Programme, Strategic Risks)
9. Are you aware of the recent review of the Risk Management Framework and new risk management toolkit?
10. How do you use Excelsis as a performance monitor (eg for updates on Corporate Delivery Plan; Service Plans; Performance indicators and Risks)?
11. What support or training would you like in your role?
12. What recommendations would you make about improving how SDC manages performance?

Questions for committee chairs

1. Do you attend the quarterly performance monitoring meetings with the performance monitor and Service Head? If yes, how do you see your role in those meetings?
2. Are there regular performance monitoring reports to your committee? In what format?
3. How are the key areas for performance monitoring determined? (eg Cost Savings/Revenue Budget, Capital Programme, Strategic Risks)
4. Are you aware of the recent review of the Risk Management Framework and new risk management toolkit?
5. What recommendations would you make about improving how SDC manages performance?

Not working well

- Lack of consistency in approach to performance monitoring across different committees – the most common feedback was that things are “ad hoc”.
- Some performance monitors use the performance monitoring template, some do not.
- Excelsis not up to date and typical feedback is that it is not user friendly
- Feedback from Corporate Team that current system doesn’t add value
- Feedback from PMs that the process is too often officer led
- Meetings don’t correspond to committee timetables
- Member engagement is critical to a well functioning system and not all members are engaged at present
- Training not offered on a consistent basis for incoming PMs – new PMs not aware of Excelsis or how to use it and not aware of the template form.

How things could work better

- Rolling programme of performance monitoring against agreed annual delivery objectives
- Establish agreed terms of reference and compulsory training for Performance Monitoring Rep role
- Establish consistent use of the performance monitoring template and an agreed process for reporting back to committees (to be included in training for new PMs)
- Need to consider risk in performance monitoring role and ensure clear links to the new risk management framework. There must be a shared understanding by Performance Monitors, Committee Chairs and Corporate Team about who “owns” the corporate risk register.
- Note the new recommendation to A&S Committee on 28 November:
 - a) “In line with the current Risk Management Policy, it is recommended that the performance monitoring meetings should also include discussions of strategic risk if the responsible officer is present at those meetings. (...) Further, such risk management updates should also be considered by the Audit and Standards Committee as part of its risk assurance responsibilities.”
- Monitoring must also delve deep enough to flag up concerns – and in future include additional elements including benchmarking and peer challenge
- Need a shared understanding of the ownership of PM reports
- Confirm how concerns will be escalated (to Audit Committee?) or resolved?

Performance Monitoring Report

This information is to be sent to the Performance Monitors 1 week prior to the quarterly performance meeting

Date of meeting	
Prepared by	Director: Head of Service:
Attach CDP Action Plans and Risk Report from Excelsis	<p>Run report from Excelsis. Go to https://intranet.stroud.gov.uk/PMF_Live/reports/filter.asp</p> <p>Reports – Filter Report – select</p> <div style="border: 1px solid #ccc; padding: 5px;"> <p>Filter Options:</p> <p>Report On: * <input type="text" value="Action Plans & Risks"/> ▼</p> <p>Filter By: <input type="text" value="Corporate Delivery Plan"/> ▼</p> <p>Plan Name: * <input type="text" value="Stroud District Council"/></p> <p>CDP Vision: <input type="text" value="CDP: Leading a community that is making Stroud District a better place to live, work and play"/> ▼</p> <p>CDP Priority: <input type="text" value="CMTEE: COMMITTEE"/> ▼</p> <p>CDP Objective: <input type="text" value="..."/> ▼</p> </div> <p>Choose relevant Committee from drop down box 'CDP Objective' Click on 'Generate Report'</p>
PROJECTS / CAPITAL PROGRAMME (if not covered in CDP)	<p><i>Any other significant projects your service area is working on that may not be covered in the CDP.</i></p> <p><i>These may be listed in your Strategic plan (which will also cover your CDP actions). You may therefore wish to Filter by your Strategic Plan instead.</i></p>
STRATEGIC RISKS (see Excelsis)	<i>Any other significant risks facing the service – should be listed on the Risk Register</i>
PERFORMANCE MEASURES (see Excelsis where applicable)	<i>Commentary on how your services are performing against key performance measures.</i>
RELEVANT FINANCE ISSUES	<i>Are budgets on track – any significant under or over spends</i>
What are the key challenges facing service areas?	<p><i>For example:</i></p> <p><i>Are there any upcoming changes in legislation that will impact on services?</i></p> <p><i>Any issues with recruitment / retention?</i></p>
BENCHMARKING eg Peer Reviews; External Audits; LG Inform.gov.uk	<i>How are we doing compared to others?</i>
Progress on any recommendations / actions from the last Committee meeting	

Performance Monitoring Report: xxx Committee

DATE OF MEETING	
ATTENDEES	Members: Officers:
PERFORMANCE UPDATE <i>(please give a brief progress update on the following areas)</i>	
CDP PRIORITIES <i>(see Excelsis)</i>	
PROJECTS / CAPITAL PROGRAMME <i>(if not covered in CDP)</i>	
PERFORMANCE MEASURES <i>(see Excelsis where applicable)</i>	
RISKS <i>(see Excelsis)</i>	

RELEVANT FINANCE ISSUES	
ANY OTHER ISSUES CONSIDERED AT THE MEETING (eg staffing / resources)	
FOLLOW UP (any issues for consideration at the next meeting)	

ANY ISSUES OF SIGNIFICANT CONCERN TO BE REPORTED TO AUDIT AND STANDARDS

ANY ACTIONS/RECOMMENDATIONS FOR THE COMMITTEE

REPORT SUBMITTED BY	
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DATE OF REPORT	
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Please complete and return to Democratic Services ASAP for circulation to the Committee.

PERFORMANCE MONITORING TIMETABLE 2018/19

	Director's Report	PM Mtg	CS & L	Director's Report	PM Mtg	Environ-ment	Director's Report	PM Mtg	Housing	Director's Report	PM Mtg	S & R	A & S
May-18	2	w/c 7	31	9	w/c 14		9	w/c14				24	
Jun-18						7			12	13	w/c 18		
Jul-18												12	17
Aug-18	8	w/c 13		15	w/c 20		8	w/c 13					
Sep-18			6			13			11	5	w/c 10		
Oct-18												4	9
Nov-18													
Dec-18			6 (Budget)			13 (Budget)			11 (Budget)				
Jan-19	4	w/c 7	31	9	w/c 14		9	w/c 14				17 (Budget)	29
Feb-19	20	w/c 25		27		7			5	6	w/c 11		
Mar-19			21		w/c 4	28	13	w/c 18		13	w/c 18	7	
April-19									9			11	
May-19													7

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

18 JANUARY 2018

10

Report Title	THE FAIR PAY AND SENIOR PAY POLICY STATEMENT 2018/19
Purpose of Report	The Council is required under the Localism Act 2011 to approve and publish a policy statement on senior pay.
Decision(s)	The Committee RECOMMENDS to Council that the statement is approved.
Consultation and Feedback	A copy of the draft statement has been provided to Unison
Financial Implications and Risk Assessment	<p>There are no financial implications arising from this report.</p> <p>David Stanley – Accountancy Manager Tel: 01453 754100 Email: david.stanley@stroud.gov.uk</p> <p>Non compliance with this statutory requirement would place the Council at risk. The inclusion of this statement in the annual review process for the Constitution enables this risk to be mitigated.</p> <p>David Hagg, Chief Executive Tel: 01453 754290 Email: david.hagg@stroud.gov.uk</p>
Legal Implications	<p>In summary, Section 38 Localism Act 2011 requires all local authorities to produce and publish a pay policy statement for the forthcoming financial year to be approved by resolution of full Council including:</p> <ul style="list-style-type: none"> • the remuneration of Chief Officers (being the statutory officers; those officers that report to the Chief Executive (i.e. Directors) and those that report to the latter (e.g. Heads of Service / Service Managers)); • the remuneration of its lowest paid employees; and • the relationship between the remuneration of its Chief Officers and other employees. (Ref: rc8118d4118) <p>Karen Trickey, Head of Legal Services & Monitoring Officer Tel: 01453 754369 Email: karen.trickey@stroud.gov.uk</p>

Report Author	Lucy Powell, HR Manager Tel: 01453 754286 Email: lucy.powell@stroud.gov.uk
Options	The Council is required to publish a statement by the 31 st March 2018 for the ensuing financial year. The nature and content must adhere to guidelines issued by the Secretary of State for Communities and Local Government.
Performance Management Follow Up	The operation of the policy and its subsequent annual review is a function of the Committee.
Background Papers	Information on the Council's workforce was extracted from the Council's human resources/payroll system. The remuneration of individual senior officers is also published in the Council's Statement of Accounts and on the Council's website.

The Fair Pay and Senior Pay Policy Statement 2018

This Pay Policy Statement is produced on an annual basis in accordance with Section 38 (1) of the Localism Act 2011. It is made available on the Council's website.

The Council has published information on senior pay for a number of years on its website and in its Statement of Accounts. It has also responded openly and in full to Freedom of Information Act requests for such details. For the past nine years, the Chief Executive has published full details of his remuneration that go well beyond the statutory requirements.

The Local Government Transparency Code 2014 places additional publication requirements on local authorities to publish data on their websites. This includes the requirement either to publish the data on their website or place a link on their website to such data. Additional requirements of the Code include the requirement for local authorities to publish:-

- A list of responsibilities of senior staff
- Details of bonuses and "benefits-in-kind" for all employees whose salary exceeds £50,000
- The pay multiple, defined as the ratio between the highest paid taxable earnings for the given year and the median earnings figure of the whole of the authority's workforce.

This information is available on the Council's website.

Pay Accountability - Senior Pay Policy Statement for Stroud District Council 2018/19

Both the Localism Act 2011 and the Transparency Code 2014 require the definition and publication of data on the lowest paid employees, their remuneration and the clarification of the relationship of pay between the lowest and highest paid groups of employees.

The lowest paid employees of the Council are on the Apprentice grade and have a salary at 01/01/2018 of £10,804. The highest paid employee on Stroud 12 has a salary at

01/01/2018 of £110,792. This is calculated as a ratio of 1:10 between the lowest and the highest paid employees of the Council. The Government's view is that the salaries ratio in the public sector should not exceed 1:20, so the Council is well within these guidelines. As members have pointed out previously, the Council's apprenticeship programme is not typical of local authorities. A comparison of Stroud 1 (including the living wage) to Stroud 12 produces a ratio of 1:7.

There is only a requirement by the Government to pay Apprentices £3.40 per hour. However, the Apprentice grade at SDC has been based on the National Minimum Wage for 18-20yr olds of £5.60.

The Council engages consultants where there is a requirement for specific skills or where particular expertise is required for a project. We are not required by legislation to publish this information, but as an illustration, the ratio between an employee on Stroud 1 (including the living wage) and the highest paid consultant is 1:14 (based on an hourly rate of pay).

Since 2013, the Council has paid the Living Wage Foundation (LWF) living wage to staff on Stroud 1 by way of a supplement to basic pay. This means that, excluding apprentices, the lowest paid staff receive an hourly rate of £8.75 per hour, which is a figure defined by the LWF as the minimum income needed to meet basic needs. The figure is reviewed annually.

1. Level and Elements of Remuneration in 2018/19

1.1 The Council pays 'spot' salaries to all employees. There are 13 spot salaries:

Stroud Grade	FTE Jan 2017	Headcount Jan 2017	FTE Jan 2018	Headcount Jan 2018
STR12 £110,792	1.00	1	1.00	1
STR10 £70,320	4.00	4	3.00	3
STR9 £53,410	5.10	6	5.80	6
STR8 £47,470	9.00	9	8.80	9
STR7 £41,025	19.96	22	21.26	22
STR6 £35,444	38.05	40	32.97	35
STR5 £30,153	61.39	73	63.48	74
STR4 £24,964	71.23	84	74.26	85
STR3 £20,661	70.73	91	68.84	85
STR2 £17,772	46.23	70	50.54	72
STR1 £15,375**	7.73	21	7.20	23
STR App £10,804	7.00	7	5.81	6
TOTAL	341.42	428* Actual 405	342.96	421* Actual 400

* This figure shows employees with contracted hours at each Stroud grade.

** plus living wage = £16,881

The 'actual' figure indicates exact headcount, as some employees have more than one post at different grades.

- 1.2 There are no bonuses, annual increments or performance related payments. A salary supplement or honorarium can be paid when an employee carries out a substantial increase in duties and responsibilities.
- 1.3 The actual headcount has reduced by 1.2% since last year. This has been due to the impact of business reorganisations and through natural wastage in line with the reductions in headcount required by the Council's workforce plan.
- 1.4 The Chief Executive is employed under Chief Executives' Terms and Conditions. All other senior officers are employed under National Joint Council (NJC) for local government services. The Council publishes an Employee Handbook that sets out local terms and conditions of employment. This is available on the staff intranet.
- 1.5 The pay in relation to individual senior officers is shown below;

Chief Executive

- Salary of £110,792 subject to any national pay award. The Chief Executives' pay agreement of March 2016 increased Chief Executives' pay by one percent in April 2016 and by one percent in April 2017. (This was the first increase for eight years for Chief Executives earning £100,000 or more p.a.). The Chief Executives' pay agreement for 2018 is currently being considered and no firm agreement has been made.
- Taxable allowance of £1,996 (a fixed sum set in July 2001 and with no increase for inflation) for car mileage. This payment has ceased with effect from 1st January 2018 in line with the review of staff car allowances.
- Employed under the Chief Executives' Terms and Conditions
- Election Fees as Returning Officer as set out in the Gloucestershire Scheme Scale of Fees for District and Parish Elections; Parliamentary, European Parliament, Referendum, Police Area Returning Officer Fees as specified by the Ministry of Justice, the Home Office or the Electoral Commission. The fees vary from year to year depending on the nature and number of elections. This is classed as a separate employment for superannuation purposes.
- Payment of membership of the Society of Local Authority Chief Executives (invoiced direct to the Council)

Directors

- Salary of £70,320 subject to any national pay award
- Taxable car allowances payable in line with HMRC reimbursement rates with effect from 1st February 2018.
- Payment of membership of one professional body (invoiced direct to the Council)
- Election fees payable to officers as election staff, as determined by the Returning Officer using the appropriate scale of fees prescribed nationally or under the Gloucestershire Scheme Scale of Fees

Heads of Service

- Salary of £53,410 subject to any national pay award
- Taxable car allowances payable in line with HMRC reimbursement rates with effect from 1st February 2018
- Payment of membership of one professional body (invoiced direct to the Council).
- Election fees payable to officers as Deputy Returning Officer or election staff, as determined by the Returning Officer using the appropriate scale of fees prescribed nationally or under the Gloucestershire Scheme Scale of Fees

Monitoring Officer

- Salary of £47,470 subject to national pay award; plus a market supplement of £14,467 (Market supplement is paid as pay scales may sometimes fail to attract suitable candidates for specific posts due to market pressures)
- Taxable car allowance payable in line with HRMC reimbursement rates with effect from 1st February 2018
- Payment of membership of one professional body (invoiced direct to the Council)
- Election fees payable to officers as Deputy Returning Officer or election staff, as determined by the Returning Officer using appropriate scale of fees prescribed nationally or under the Gloucestershire Scheme Scale of Fees.

Service Managers

- Salaries in range from £47,470 to £35,444 subject to any national pay award
- Taxable car allowances payable in line with HMRC reimbursement rates with effect from 1st February 2018
- Payment of membership of one professional body (invoiced direct to the Council).
- Election fees payable to officers as Deputy Returning Officer or election staff, as determined by the Returning Officer using the appropriate scale of fees prescribed nationally or under the Gloucestershire Scheme Scale of Fees

2. Remuneration on Recruitment

2.1 Chief Executive

The remuneration would be reviewed prior to advertisement by the Strategy & Resources Committee or its panel under delegated authority from the Council. The Committee's membership is agreed by the Council at its Annual General Meeting and is politically balanced.

The full Council appoints the Chief Executive based on a recommendation from the Committee.

2.2 Directors, Heads of Service, Service Managers and Monitoring Officer

The remuneration and allowances are set out in the Employee Handbook and the published salary scales (Stroud 10 for Directors £70,320; Stroud 9 for Heads of Service £53,410; Stroud 8 £47,470 plus reviewable market supplement of £14,467 for Monitoring Officer; Stroud 8 to Stroud 6 for Service Managers £47,470 to £35,444)

3. Remuneration on ceasing to hold office/be employed by the Council

3.1 Chief Executive

The Committee would make a recommendation to the full Council.

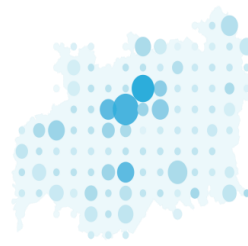
3.2 Directors, Heads of Service, Service Managers and Monitoring Officer

The terms of any redundancy or retirement are set out in the Employee Handbook (Section 3.3).

4. Publication and Access to Information Relating to Remuneration

4.1 This pay policy statement is published on the Council's website located under Open Data at <http://www.stroud.gov.uk/opendata>

4.2 The Council's Constitution and the Council's Statement of Accounts are published at www.stroud.gov.uk



Leadership Gloucestershire – 14 December 2017

1 Welcome, introduction and apologies

<i>Name</i>	<i>Organisation</i>	<i>Apologies</i>
Cllr Mark Hawthorne (Chair) Jane Burns	Gloucestershire County Council	Pete Bungard
David Hagg	Stroud District Council	Cllr Steve Lydon
Cllr Paul James	Gloucester City Council	Jon McGinty
Cllr Tim Gwilliam Pete Williams	Forest of Dean District Council	
Cllr Steve Jordan Pat Pratley	Cheltenham Borough Council	
Cllr Chris Hancock	Cotswold District Council	Christine Gore
Cllr Dave Waters Mike Dawson	Tewkesbury Borough Council	
PCC Martin Surl	Police and Crime Commissioner (PCC)	Paul Trott Richard Bradley
Gary Thompson	Gloucestershire Constabulary	Rod Hansen
Dr Andy Seymour Mary Hutton	NHS Gloucestershire Clinical Commissioning Group (CCG)	
Diane Savory David Owen	GFirst Local Enterprise Partnership (LEP)	
Stephen Marston	University of Gloucestershire	
Katie Jenkins	Government representative – Department for Business, Innovation and Skills (BIS)	
Simon Harper	Gloucestershire County Council	

2 Action notes

The notes of the meeting held on 26 October 2017 were agreed.

3 Matters arising

a) Strategic Planning Coordinator

The Gloucestershire Economic Growth Joint Committee had approved the detailed arrangements relating to the recruitment process. The job would

to be advertised early in the New Year and it was hoped that someone would be in post in early Spring.

b) Business Rates Retention Pilot

The Local Government Finance Settlement was expected to be released on or around 19 December 2017 and an announcement relating to the successful Business Rates Retention Pilot might be made ahead of that.

c) Vision 2050

Stephen Marston advised that invitations had been sent out for the Big Launch on Thursday, 1 February 2018 at the Centaur, Cheltenham Racecourse. He asked that Leadership Gloucestershire partners extend invitations to all those people and organisations in their networks who might be interested in attending. He asked that the event organisers, Dialogue by Design, be kept informed of who had been invited.

Action - ALL

Three social media channels were now operating relating to the Big Conversation and a new dedicated website would shortly be up and running. The Big Launch event would focus on the assets in Gloucestershire, what the county would look like if we stay as we are, what do we want the county to look like in the future and the six big projects already identified. Information would be provided on how the Big Conversation would take place and how the outcomes would be presented at the end of the process.

Louise Kempson and David Marlow had been taken on to develop a validity framework to assess the impact of the six big projects and any others emerging from the Big Conversation. A tender brief was being developed to review the options for the delivery vehicle. This was the 'how would you do it?' part of Vision 2050 that would run alongside 'what do you want to do?'

A third Leading Places workshop was planned and it was hoped that this would be held in March 2018.

Briefings were being held in each of the districts to ensure that elected members were aware of Vision 2050.

d) Joint Core Strategy

The Joint Core Strategy had now adopted by the three councils involved: Cheltenham Borough Council, Gloucester City Council and Tewkesbury Borough Council. It was recognised that this was a big milestone and major achievement with proposals for 35,000 new homes and employment land for 45,000 jobs by 2031.

4 Sustainability and Transformation Plan (STP)

Mary Hutton made a Powerpoint presentation highlighting the key challenges, the tailored locality approach, the governance framework and progress on enabling active communities, the clinical programme, reducing clinical variation and 'one place, one budget, one system'.

The key challenges were a growing population with more complex needs, increased demand for services and rising public expectations, recruiting and retaining staff with the right skills, encouraging more personal responsibility, rising costs of drugs and new technology and continued pressure on finances.

The population of the county was expected to increase from 632,500 to 674,500 by 2030 with the number of people over 65 with a long term conditions rising from 47,500 to 77,000 over the same period. By 2021 a 20% increase in the number of people in the 75-84 age group was predicted.

Mary explained that there would be continued engagement with clinicians, patients, staff and community partners and proposals would be developed for consultation. She noted that the only contentious issue to emerge so far related to the future provision of urgent care.

Leadership Gloucestershire partners requested that they were kept updated as the process moved forward. A recent presentation on the STP and proposals for Cheltenham had been well received by the Borough Council and it was hoped that it could be repeated on at least an annual basis. It was noted that this type of approach might work well in other districts in the county as well.

Answering questions about funding pressures, Mary explained that every effort was being made to prevent growth in demand in acute sectors to allow funds to be invested in prevention and self-care.

Stephen Marston noted that the STP had significant implications for the 2050 Vision, particularly in terms of recruiting and retaining a skilled workforce. Employment areas included nursing, pharmacists, paramedics and advanced clinical practice. Referring to mental health and well being, he recognised that the University and other educational establishments in the county needed to be in a better place to promote mental strength and resilience amongst their students. Good advice and availability of information would help prevent young people seeking support through the NHS.

Assistant Chief Constable Gary Thompson noted that mental health related illness was a growing problem for the Police with 40% of call-outs now relating to mental health. He said that the changes to the Mental Health Act introduced on 11 December 2017 now prevented under 18 year olds from

being detained by the Police. Places of safety would be required and this relied on health and social care colleagues' co-operation.

PCC Martin Surl stated that the misuse and abuse of drugs was often a precursor to people suffering mental health problems. The Police were not in a position to solve the problem and a joined-up approach with other agencies was required.

Mary undertook to provide an update on the STP, including the emerging proposals, at the next meeting.

Action – *Mary Hutton*

5 Terms of reference and work programme

Arising from the discussion, the following way forward was agreed:

- Meetings to be held from time to time at different locations in the county with the host organisation providing a scene setting presentation as one of the items of business. Partners to be asked to volunteer to host meetings.

Action – *ALL to consider and inform Jane Burns*

- The work programme to be included as a standing item at the end of each agenda. The Chief Executives to ensure that the work programme reflected emerging issues.

Action – *Chief Executives and Jane Burns*

- The chairmanship to remain with Gloucestershire County Council and nominations to be sought for the position of vice-chair.

Action – *Jane Burns*

- Vision 2050 to consider what was needed beyond Leadership Gloucestershire to deliver the outcomes from the Big Conversation.

Action – *Stephen Marston*

6 Devolution update

Katie Jenkins provided an update on the latest position. She referred to developments around the country including the new deal announced in the recent Budget for North of the Tyne, further devolution in mayoral areas including the West Midlands and West of England and a housing growth deal for Oxfordshire. She said that the Secretary of State for Communities and Local Government was keen to develop a devolution framework setting out a map for devolution based on the deals that had been negotiated so far and to provide guidance for those where deals had stalled. There was no timescale for the framework.

Mike Dawson advised that he had opened a discussion with Homes England (formerly known as the Homes and Communities Agency) to consider the infrastructure requirements for new housing development in the county. He believed that it was worth having a ministerial conversation on this issue.

Action – *Mike Dawson*

David Hagg stated that he did not think that devolution was likely to happen in the way first thought but he hoped that there would still be mechanisms to attract funding for infrastructure projects based on the specific needs of particular parts of the county. He said that the support of the six MPs was critical in moving projects forward and he believed that a more co-ordinated approach was required. He suggested that they be invited to a future meeting of Leadership Gloucestershire.

Mark Hawthorne advised that the Gloucestershire MPs were generally good at lobbying on specific issues such as the A417 Missing Link but perhaps less effective on county-wide issues. He agreed to take away the challenge of finding better ways to engage with the six MPs.

Action – *Cllr Mark Hawthorne*

It was noted that sub-regional alliances were likely to become more important in the future, particularly links to the West of England, Worcestershire and the West Midlands. Conversations were already happening around this issue.

Mary Hutton stated that new housing proposals in South Gloucestershire did not factor in health provision and appeared to be reliant on Gloucestershire GP practices and related health facilities. She was concerned that no one from South Gloucestershire Council had been in touch with Gloucestershire CCG. David Hagg undertook to provide Mary with the name of an officer at South Gloucestershire Council who would be able to help.

Action – *David Hagg*

7 2018 meeting dates

22 February – Budgets 2018-19, Vision 2050 and STP update

14 June

26 July

11 October

6 December

All at 10am (locations to be advised)