

15 May 2018

## **STRATEGY AND RESOURCES COMMITTEE**

A meeting of the Strategy and Resources Committee will be held on **THURSDAY 24 MAY 2018** in the Council Chamber, Ebley Mill, Ebley Wharf, Stroud at **7.00pm**.



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](http://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 12 April 2018.
- 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 21 May 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](mailto:democratic.services@stroud.gov.uk).
- 5 **APPOINTMENTS**
  - a) Performance Monitoring Representatives
  - b) Investment and Development Panel

## **6 FINANCIAL REPORTS**

- a) Housing Revenue Account (HRA) Outturn 2017/18 – Summary of Variances  
To receive a report on the 2017/18 outturn position on the Housing Revenue Account.
- b) General Fund Revenue Outturn Report 2017/18  
To receive a report on the 2017/18 revenue outturn position on the General Fund.
- c) Capital Outturn Report 2017/18  
To receive a report on the Capital outturn for 2017/18.

## **7 STROUDWATER NAVIGATION CONNECTED – REGENERATING CULTURAL AND NATURAL HERITAGE FOR EVERYONE**

To receive an update on the progress made in implementing the Canal Project, particularly in securing further Heritage Lottery Fund support.

## **8 MEMBER QUESTIONS**

See Agenda Item 4 for deadline for submission

### **Members of Strategy and Resources Committee 2017/18**

**To be confirmed at the AGM on 17 May 2018 for the new Civic Year 2018/19**

Councillor Doina Cornell (Chair)

Councillor Simon Pickering

Councillor Steve Robinson (Vice-Chair)

Councillor Mattie Ross

Councillor Nigel Cooper

Councillor Tom Skinner

Councillor Stephen Davies

Councillor Ken Tucker

Councillor Nick Hurst

Councillor Martin Whiteside

Councillor Steve Lydon

Councillor Debbie Young

Councillor Keith Pearson

## STRATEGY AND RESOURCES COMMITTEE

12 April 2018

7.00 pm – 9.45 pm

Council Chamber, Ebley Mill, Stroud

# 3

### Minutes

#### **Membership:**

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

P = Present                      A = Absent

#### **Officers Present:**

Chief Executive	Property Manager
Head of Legal Services	Head of Property Services
Director of Development Services	Revenue and Benefits Manager
Director of Tenant and Corporate Services	Accountancy Manager
Director of Customer Services	ICT Infrastructure and Security Manager
Head of Community Services	Democratic Services Officer

#### **Members also Present:**

Councillors McAsey, Braun, Kay, Rathor, Studdert-Kennedy

#### **SRC.059**

#### **APOLOGIES**

An apology for absence was received from Councillor Davies.

#### **SRC.060**

#### **DECLARATIONS OF INTEREST**

There were none.

#### **SRC.061**

#### **MINUTES**

#### **RESOLVED**

**To approve as a correct record the Minutes of the meeting held on 18 January 2018.**

#### **SRC.062**

#### **PUBLIC QUESTION TIME**

There were none.

**SRC.063**                      **WORK PROGRAMME**

The Chair highlighted the following items which will be discussed at future meetings

- 24 May 2018 – The Acting Section 151 Officer will present outturn reports on the General Fund and HRA, in readiness for signing off the Statement of Accounts by the end of May 2018.
- There will be an extra meeting of Committee on 14 June 2018 to discuss the introduction of car parking charges. An information evening for Members will take place on 8 May 2018. Following consultation a report will be presented to Committee on 4 October 2018.
- Member Task and Finish Groups
  - Constitutional working group
  - A cross party group to look at the ICT action plan.
  - A small group looking at ways Members can contribute to the savings being made throughout the Council.

**SRC.064**                      **MEMBER REPORTS**

- a) Performance Monitoring  
Members discussed the report which had been circulated prior to the meeting.
- b) Investment and Development Panel  
A brief update was given. Items would be discussed during the meeting.

**SRC.065**                      **CAPITAL PROJECT MONITORING**

An update was given on the various capital projects. The Society of IT Managers (SOCITM) had been carrying out a review of the future of the Council's IT services, Members will receive a presentation on 19 April 2018 with recommendations to be taken forward to Committee.

Councillor Robinson reported that building was starting on land in Nailsworth. The Nailsworth Community Land Trust is providing affordable housing, 4 houses and 6 flats for local people. These will not be eligible to be sold under the Right to Buy scheme.

**RESOLVED**                      **To note the reports.**

**SRC.066**                      **FINANCIAL REPORTS**

- a) Housing Revenue Account Budget Monitoring Report 2017/18 (Month 10)

Councillor Ross confirmed that Housing Committee had discussed the report and were pleased to see that the capital budget outturn of the HRA was £48k underspent. Members were encouraged to attend information evenings, such as the HRA Finance evening, as these were very informative.

**RESOLVED**                      **To note the outturn forecast for the HRA Revenue budgets and Capital programme.**

b) General Fund Revenue and Capital Budget Monitoring Report 2017/18 (28 Feb 2018)

The Accountancy Manager presented this report and explained it is the overall picture of the budget for this year. Discussion took place on budget items surrounding the Subscription Rooms, Homelessness, Waste and Recycling Contract and ICT.

**RESOLVED**            **To note the outturn forecast for the General Fund Revenue budget and Capital Programme.**

**SRC.067**                    **COUNCIL TAX, HOUSING BENEFIT AND COUNCIL TAX SUPPORT PENALTY AND PROSECUTION POLICY**

The Revenue and Benefits Manager introduced this report and explained this was a county wide policy and ensures a consistent approach with fraud across the county.

**RESOLVED**            **1. To adopt the Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy.**  
**2. To delegate to the Director of Customer Services to make minor alterations to the policy for the purposes of reflecting changes in legislation, changes to the Council's constitution or to address anomalies which may arise.**

**SRC.068**                    **SUBSCRIPTION ROOMS, STROUD TASK & FINISH GROUP: FINAL REPORT**

Councillor Cornell explained the background to the work of the Task and Finish Group, following a previous Committee in December, as well as the need to reduce costs and maintain the venue for arts and community use, it was clear that there was a strong message that the building should be kept in public ownership. One proposal had been received from Stroud Town Council and this had been made available on the Council's website. The forecourt would be included in this proposal. The transfer would need to be in compliance with Section 123 of the Local Government Act 1972.

Following discussion, Councillor Hurst proposed a motion to modify the decision point (c), which was seconded by Councillor Cooper. This should read: to delegate authority to the Head of Property Services in consultation with the Director of Customer Services and Group Leaders to agree terms for a transfer either by leasehold or freehold of the Subscriptions Rooms and forecourt to Stroud Town Council subject to a report back to Strategy and Resources Committee with a recommendation to Full Council.

Members debated the motion and Councillors Hurst and Cooper agreed to amend the motion to remove the reference to Full Council, in order for Strategy and Resources Committee to discuss and decide whether to put a recommendation to Full Council.

When being put to the vote the amended motion was carried unanimously.

Discussion and debate took place on the recommendation in the report. A motion was proposed by Councillor Whiteside and seconded by Councillor Robinson to accept the recommendation with the amendment previously carried. On being put to the vote this was carried unanimously.

**RESOLVED**

1. To note that no offers were received for a circa 30 year lease of the Subscription Rooms as marketed.
2. To note that a proposal, for a process leading to a 39 year lease, was received from Stroud Town Council.
3. To delegate authority to the Head of Property Services in consultation with the Director of Customer Services and Group Leaders to agree terms for a transfer of the Subscription Rooms and forecourt to Stroud Town Council (*leasehold or freehold*) subject to a report back to Strategy and Resources Committee for approval.

**SRC.069****REDEVELOPMENT OF BRIMSCOMBE PORT, THRUPP**

The Head of Property Services presented this report explaining that there had been some funding from Homes England and the Council to progress the project so far but recent bids for the additional funding required had been unsuccessful. A decision to commit a further £1.6m in principle, towards the abnormal infrastructure costs would give developers confidence in bidding to redevelop the site.

**RECOMMENDED TO COUNCIL** That £1.6m of capital funding be allocated to delivering infrastructure at, and the redevelopment of, Brimscombe Port, Thrupp.

**SRC.070****PROPOSED RELOCATION OF RUSH SKATEPARK**

The Head of Property Services presented this report and explained that the company is looking to relocate. They want to stay in the district and have been in discussion with the Council regarding developing a state of the art facility on grounds within Stratford Park, which would entail the Council entering into a 99 year ground lease, with Rush Skatepark.

Members considered that the development could bring unique opportunities for the district in terms of the facility that would be provided and would complement other uses on the site.

**RESOLVED**

- To delegate authority to the Head of Property Services, in consultation with the Chairs of Strategy and Resources and Community Services and Licensing Committee, to agree terms for a ground lease with RUSH Skatepark for land at Stratford Park, Stroud subject to;**
1. the grant of planning permission and
  2. RUSH's ability to fund the build costs of a new facility.

**SRC.071****LITTLECOMBE SECTION 106 UNILATERAL UNDERTAKING COMMUNITY FACILITIES CONTRIBUTION**

The Director of Development Services presented this report and explained that with the introduction of Community Infrastructure Levy (CIL) regulations, schemes under Section 106 agreements have to be specific. Discussion and consultation has taken place with Cam Parish Council and Dursley Town Council in relation to the projects required in the community and following this meeting discussions will take place with St. Modwen's in relation to the payment of monies.

**RESOLVED**

- 1. To allocate the £355,000 Community Facilities Contribution to which the report refers, as follows:**
  - a) £200,000 to The Chantry Centre**
  - b) £35,000 to Dursley Tabernacle**
  - c) £25,000 GL11 Community Hub**
  - d) £95,000 Dursley Community Centre**
- 2. To delegate authority to the Director of Development Services in consultation with the Chair and Vice Chair to agree amendments to the allocations if the relevant recipient scheme(s) are unable to proceed.**

**SRC.071**

**CORPORATE DELIVERY PLAN: END OF YEAR REVIEW OF IMPLEMENTATION**

The Chief Executive gave an update on the plan and summarised the key actions.

**SRC.072**

**MERRYWALKS, STROUD**

The Chief Executive gave an update on the work taking place to enable Dransfield to acquire Merrywalks, Stroud, which is on track to be completed by the end of May.

**SRC.073**

**LEADERSHIP GLOUCESTERSHIRE UPDATE**

The Chief Executive gave an update.

**SRC.074**

**MEMBER QUESTIONS**

There were none.

The meeting closed at 9.45 pm.

Chair

## STRATEGY AND RESOURCES COMMITTEE

24 MAY 2018

6a

<b>Report Title</b>	<b>HOUSING REVENUE ACCOUNT (HRA) OUTTURN 2017/18 – SUMMARY OF VARIANCES</b>
<b>Purpose of Report</b>	To inform members of the 2017/18 outturn position on the Housing Revenue Account
<b>Decision(s)</b>	<p><b>The Committee RESOLVES to:</b></p> <p>(1) Note the Housing Revenue Account revenue and capital outturn for 2017/18, as shown in Table 1 and Table 4</p> <p>(2) To approve the transfers to and from earmarked reserves for the year, as set out in Table 2</p> <p>(3) To approve the reprofiling of the 2018/19 New Build Programme budget as set out in Table 6.</p>
<b>Consultation and Feedback</b>	Budget holders have been consulted about the budget outturn for their service areas. The feedback has been incorporated in the report to explain differences between budgets and actual income and expenditure.
<b>Financial Implications and Risk Assessment</b>	<p>This report sets out the outturn position on the Housing Revenue Account (HRA) for 2017/18.</p> <p>As reported during the year to both Housing committee and Strategy and Resources committee, there are significant underspends on the revenue and capital elements of the HRA. The revenue budget is £1.368m underspent, with the capital budget being £3.187m underspent.</p> <p>Whilst the report sets out the reasons for revenue and capital underspends, there is a concern that budgets have not been set at an appropriate level going forward. This is the second year of significant underspending across the HRA, and whilst it is positive that budgets are not being spent ‘for the sake of it’, the underlying level of underspend must be addressed through the budget setting process.</p>



<p><b>Financial Implications and Risk Assessment</b></p>	<p>HRA revenue and capital budgets for 2018/19 and beyond must be looked at in detail and reviewed with supporting evidence (stock condition survey data, modelling of spend profile options) as part of the 2019/20 budget setting process.</p> <p>The 30 year business plan will be updated to ensure the HRA remains financially viable over the medium and longer term.</p> <p>David Stanley – Accountancy Manager (s151 Officer) Tel: 01453 754100 Email: <a href="mailto:david.stanley@stroud.gov.uk">david.stanley@stroud.gov.uk</a></p> <p>Report author to comment on the Risk Assessment There is a risk that HRA budgets have not been set correctly for 2018/19 and beyond, which could lead to a similar level of financial performance in future years.</p>
<p><b>Legal Implications</b></p>	<p>As a local housing authority, the Council is under a duty to ensure that the Housing Revenue Account (HRA) is managed in accordance with proper accounting practices. The HRA consists of sums falling to be credited or debited in respect of the provision of housing and other associated housing purposes. The Council is also under a duty to prevent a debit balance on the HRA for each accounting year and in doing so must keep under review the proposals in place regarding the income and expenditure on its assets held for housing related purposes. (Ref: rcd11.5.d10.5c14.5)</p> <p>Mike Wallbank Solicitor Advocate and Deputy Monitoring Officer Tel: 01453 754362 Email: <a href="mailto:mike.wallbank@stroud.gov.uk">mike.wallbank@stroud.gov.uk</a></p>
<p><b>Report Author</b></p>	<p>Lucy Clothier, Principal Accountant Tel: 01453 754343 Email: <a href="mailto:lucy.clothier@stroud.gov.uk">lucy.clothier@stroud.gov.uk</a></p>
<p><b>Options</b></p>	<p>To restrict or not approve the reserve transfers and capital slippage</p>
<p><b>Performance Management Follow Up</b></p>	<p>The outturn position will be taken into account when the budget for 2019/20 is prepared later in the year. The change to balances and reserve levels will be incorporated into an updated Medium Term Financial Plan.</p>

## **Background**

1. This report sets out the final outturn position for the Housing Revenue Account (HRA) for the 2017/18 financial year. The purpose of this report is to inform members of the level of balances held by the HRA as a result of closing the accounts for the year.

## **HRA Outturn Position Overview**

2. The HRA is a self financing account for the Council's housing landlord function, which must be budgeted to break even (net of approved transfers to/from HRA reserves).
3. The original gross expenditure budget for the HRA in 2017/18 was £25.515m. This has been revised to a gross expenditure budget of £24.814m, funded by income of £22.832m and net transfers from HRA reserves of £1.982m.
4. The revenue outturn position of the HRA shows a transfer to HRA General Reserves of £3.578m. This represents a net underspend of £1.368m (5.5% of gross expenditure budget). A summary of this variation can be found in Table 1 (following paragraph 8).
5. The capital outturn position shows expenditure of £6.002m. A variance of £3.187m against the revised budget of £9.189m. A summary of this variation can be found in Table 4 (paragraph 30).

## **HRA Revenue Outturn Position**

6. The outturn position for the HRA shows a net underspend of £1,368k (5.5% of gross expenditure budget). A breakdown of the variance is included in Table 1 below. This is a change of +£173k (0.7%) from the forecast reported in April 2018.
7. It is proposed that this balance returns to HRA General Reserves, reducing the use of reserves from a budgeted amount of £3,578k, to £2,210k. A summary on the position of HRA General Reserves can be found from paragraph 27.
8. A review of HRA budgets will be undertaken by the Housing service in 2018/19 to ensure that budgets remain adequate and relevant, whilst maintaining a balanced position over the medium and longer term.

Table 1 – HRA Outturn Summary

	2017/18 Original Budget (£'000)	2017/18 Latest Budget (£'000)	2017/18 Outturn (£'000)	Outturn Variance (£'000)
<b>Income</b>				
Dwelling Rents and Service Charges	(22,269)	(22,171)	(22,516)	(345)
Other Charges and Income	(661)	(661)	(682)	(21)
<b>Total Income</b>	<b>(22,930)</b>	<b>(22,832)</b>	<b>(23,198)</b>	<b>(366)</b>
<b>Expenditure</b>				
Supervision and Management	5,301	5,234	5,011	(223)
Repairs and Maintenance	3,658	3,643	3,315	(328)
Sheltered Housing Service	1,441	1,523	1,295	(228)
Other Expenditure	552	552	545	(7)
Sheltered Housing Modernisation	425	406	264	(142)
Queens Court	0	0	55	55
Revenue Funding of Capital Programme (Depreciation and RCCO)	10,562	9,880	9,869	(11)
Provision for Bad Debts	100	100	0	(100)
<b>Total Expenditure</b>	<b>22,039</b>	<b>21,338</b>	<b>20,354</b>	<b>(984)</b>
<b>Other Costs and Income</b>				
Interest Payable/Receivable	3,476	3,476	3,419	(57)
Transfers to/from HRA Earmarked Reserves	503	1,596	1,635	39
Transfers to/from HRA General Reserves	(3,088)	(3,578)	(3,578)	0
<b>Total Other Costs and Income</b>	<b>891</b>	<b>1,494</b>	<b>1,476</b>	<b>(18)</b>
<b>Total (Balance to HRA General Reserves)</b>	<b>0</b>	<b>0</b>	<b>(1,368)</b>	<b>(1,368)</b>

Further detail on the variances included in Table 1:

**9. Dwelling rents and service charges – (£345k) additional income**

Income is £345k (1.5%) more than budgeted. This is largely due to void loss (excluding dwellings intended for redevelopment) being approximately 0.5%, much lower than the budgeted void rate of 2%. The void assumption included in the budget will be reviewed during 2018/19, and although it could be assumed that it will remain at a lower rate in the short term, the longer term position is uncertain, for example the introduction of mandatory fixed term tenancies as part of the Housing and Planning Act 2016 could greatly impact turnover, and so it is prudent not to assume ongoing savings in the longer term until the position is clear.

**10. Supervision and management – (£223k) underspend**

Staffing underspends make up most of this variance with in year underspends of over £100k (due to vacant posts during the year where

recruitment of new staff has been difficult in the current market) as well as an unused staffing contingency of £184k. There is also a general contingency budget of £50k that has not been called on during the year. This has been offset by an overall increase in support service charges from the General Fund (for council-wide services provided by IT, finance, HR etc) of £105k, £70k of which is charged to Supervision and Management.

Some funding set aside for estate works and resident involvement have not been fully utilised due to needing time for the new Neighbourhood Management Officers to develop their roles and a review of the way tenant involvement is delivered. A tenant involvement action plan will be presented to Housing Committee in September.

#### **11. Repairs and maintenance – (£328k) underspend**

A breakdown of repairs and maintenance is shown below. The repairs and maintenance budgets will be reviewed during 2018/19 to ensure they remain adequate and fit for purpose.

#### **12. Planned cyclical maintenance – (£147k) underspend**

The programme started mid year and some works have slipped into 2018/19 due to the Section 20 (s20) process, and a period of inclement weather. The s20 process requires a landlord to consult leaseholders who are required under the terms of their leases to contribute toward costs for the upkeep of the common parts of a property.

#### **13. Gas in-house provider – (£54k) underspend**

Savings relate largely to reduced salary costs while recruiting to vacant posts.

#### **14. Voids – (£148k) underspend**

There were a total of 278 minor voids during the year, giving an average cost of £2.65k per minor void.

The overall void process has been reviewed to both reduce cost and improve the process which has assisted the underspend by preventing unnecessary waste utilising pre term inspections, highlighting tenant responsibilities and recharging the outgoing tenant(s) for any works required as part of the void process.

#### **15. Responsive maintenance – £21k overspend**

A small overspend of £21k (1.7%) has been experienced this year. As responsive works are demand led, it can be difficult to accurately predict the level of works that will be needed each year.

#### **16. Sheltered housing service – (£228k) underspend**

Salary underspends (of £143k) and lower than budgeted in year costs (such as grounds maintenance on decommissioned schemes and site officers taking more responsibility for some groundworks saving £14K) have contributed to an underspend of £228k.

Some non essential spend in communal areas had been put on hold pending decisions on the timing of schemes being included in the Sheltered Housing Modernisation Programme, but with a decision in place on the forthcoming schemes this spend can now continue in the remaining schemes.

The planned closure of some red schemes has meant that recruitment is not currently planned for a small number of vacant posts. This budget will continue to be reviewed as the Sheltered Modernisation Programme continues.

It should be noted that even with an underspend of £228k, sheltered housing has been subsidised by the HRA as a whole by approximately £374k which has been the case for a number of years. This excludes the cost of the Sheltered Housing Modernisation Programme.

**17. Sheltered housing modernisation – (£142k) underspend**

A reduced level of spend on decants and associated costs such as council tax and security has occurred during the year, as well as some slippage of works at Sherborne House (revenue elements) into early 2018/19.

The balance of funding will remain in the earmarked reserve in order to contribute towards funding the decanting of residents from Cambridge House, which commenced in January 2018, and Glebelands which will begin in January 2019 as planned.

**18. Queens Court - £55k spend**

There has been final spend of £55k in year to fund the decanting of tenants from Queens Court. The sale of the site was completed in early 2018/19.

**19. Revenue funding of capital programme – (£11k) underspend**

The £11k underspend represents the small underspend in Sheltered Modernisation programme (capital) and the purchase of properties using Right to Buy receipts.

The Revenue Contribution to Capital Outlay (RCCO), the revenue funding used to fund the capital programme, has been further reduced by £624k due to an outstanding payment due on the renewable heating contract from 2014. As reported in the month 10 Budget Monitoring report, this sum will no longer be carried forward as a creditor accrual, but will transfer to a provision. The underspend in RCCO is offset by the transfer of the same sum to a provision and the bottom line of the HRA is not affected. Further detail is included in Renewable Heating (paragraph 41).

**20. Provision for bad debt – (£100k) underspend**

Income collection has exceeded the budget, and no additional provision for non payment of rents and charges has been needed.

The budget for this provision is increased for the three years from 2018/19 (from £100k to £200k) as it is expected that the introduction of Universal Credit may reduce collection rates.

**21. Interest payable/receivable – (£57k) underspend**

The allowance for £50k interest payments on the repayment of Right to Buy receipts has not been needed due to the approval of a £700k capital budget to purchase additional homes.

There is also additional investment income of £7k.

**22. Transfers to/from earmarked reserves – £39k reduced transfers from earmarked reserves**

The reduced spend in 2017/18 on Sheltered Housing Modernisation has reduced the amount drawn from the reserve in this year. Further detail on the transfers to and from earmarked reserves can be found in paragraph 23, onwards.

**HRA Earmarked Reserves**

23. A net transfer of £1,635k to earmarked reserves is proposed.

24. A budgeted transfer to the Sheltered Housing Modernisation reserve of £2,196k is proposed. This is partially offset by the use of £551k of the reserve during 2017/18. The £551k spend relates to revenue spend of £264k, capital spend of £189k (total capital spend of £615k, less £164k funded by RTB receipts and £262k funded from sheltered housing capital receipts) as well as a contribution towards the loss of sheltered housing service charges, as included in the budget, of £98k.

25. There is also a carry forward of £10k for Bearlands that has been included in 2017/18 as per the approval from the HRA Outturn 2016/17 report (June 2017).

26. The below table shows a summary of HRA earmarked reserves.

Table 2 - HRA Earmarked Reserve Transfers

	Opening Balance 01.04.17	Transfers In	Transfers Out	Closing Balance 31.03.2018
Carry forwards	10		(10)	0
Sheltered Housing Modernisation	331	2,196	(551)	1,976
Estate Redevelopment	350			350
Workforce Planning	250			250
Total	941	2,196	(561)	2,576

**HRA General Reserves**

27. The opening balance of HRA general reserves at 1 April 2017 was £5,213k. The base budget included a transfer from reserves of £3,088k, which has been increased by £490k to fund part of the £700k capital budget to purchase properties utilising RTB receipts (Strategy and Resources, June 2017). The total budgeted transfers from HRA general reserves in 2017/18 are therefore £3,578k.

28. The underspend of £1,368k, reduces the requirement for transfers from HRA general reserves to £2,210k. This gives a closing balance in HRA general reserves of £3,003k.

29. The following table gives an update on the forecasted balance of HRA general reserves over the MTFP period.

Table 3 - Summary of HRA general reserves forecast

	2017/18 £000s	2018/19 £00s	2019/20 £000s	2020/21 £000s	2021/22 £000s
Opening balance	5,213	3,003	2,877	3,061	2,867
Budgeted transfer to/(from) general reserves	(3,578)	(126)	184	(194)	1,742
2017/18 Underspend	1,368				
Closing balance	3,003	2,877	3,061	2,867	4,609

### HRA Capital Programme

30. The revised capital programme for 2017/18 is £9,189k, of which £6,002k has been spent. This includes an underspend of £624k relating to an outstanding invoice for renewable energy as detailed in paragraphs 19 and 41.

Table 4 – HRA Capital Outturn Position

	2017/18 Original Budget (£000's)	2017/18 Latest Budget (£000's)	2017/18 Outturn (£000's)	Outturn Variance (£000's)	Slippage (£000's)
Central Heating	690	690	759	69	
Disabled Adaptations	308	308	43	(265)	
Kitchens and Bathrooms	1,545	1,545	1,122	(423)	
Major Works	515	515	346	(169)	
Compliance	453	453	110	(343)	
Doors and Windows	515	515	430	(85)	
Electrical Works	206	206	241	35	
Damp Works/Insulation	124	124	1	(123)	
Renewable Heating	0	0	(624)	(624)	
Non-Traditional Properties	340	340	45	(295)	
Door Entry	206	206	43	(163)	
External Works	1,700	1,700	926	(774)	
<b>Total - Major Works</b>	<b>6,602</b>	<b>6,602</b>	<b>3,442</b>	<b>(3,160)</b>	<b>0</b>
Woolaways - Minchinhampton	0	0	2	2	
Woolaways-Leonard Stanley (New Build)	0	0	(6)	(6)	
The Corriett	0	0	(28)	(28)	
Berkeley	0	0	3	3	
Hillside, Coaley	0	0	(48)	(48)	
Southbank, Woodchester	578	8	53	45	
Chapel Street, Cam	579	535	535	0	
New Homes Contingency	250	17	0	(17)	22
Woolaways-Top of Town Phase 2	0	0	3	3	
Woolaways-Top of Town Phase 3	401	203	228	25	
Former Ship Inn, Bridgend	1,500	19	21	2	
Woolaways-Top of Town Phase 4	1,206	485	490	5	
Purchase of Properties Using RTB Receipts	0	700	692	(8)	
<b>Total - New Build and Development</b>	<b>4,514</b>	<b>1,967</b>	<b>1,945</b>	<b>(22)</b>	<b>22</b>
Sheltered Housing Modernisation (Capital)	1,366	620	615	(5)	5
<b>Total Capital Expenditure</b>	<b>12,482</b>	<b>9,189</b>	<b>6,002</b>	<b>(3,187)</b>	<b>27</b>

### Major Works

31. Total spend on Major Works during the year was £3,442k against a budget of £6,602k, giving a variance of (-)£3,160k. The remaining funding has not been requested as slippage at this time, but will remain in the Major Repairs Reserve pending a review of the ongoing capital programme which will be presented to members during 2018/19.



32. Further detail on the variances in Major Works are included below.
33. Central heating – £69k overspend  
A total of 161 boilers were installed in dwellings, along with three commercial boiler systems which were installed at sheltered housing schemes with shared heating facilities (serving 101 dwellings). The overspend is related to the additional cost of bringing one of the commercial boilers forward in the programme due to its condition.
34. Disabled adaptations – (£265k) underspend  
Demand for adaptations has been lower during 2017/18. Provision of adaptations are subject to assessment and referral through Gloucestershire County Council Occupational Therapists.  
The outturn figure includes an over accrual of £80k from 2016/17.
35. Kitchens and bathrooms – (£423k) underspend  
The kitchen and bathroom replacement programme in the north of the district was fulfilled. Replacements were lower than budgeted with replacements being reprogrammed after surveying (as they were not yet needed) and tenant refusals (25 bathrooms and 24 Kitchens). Some works in the south of the district have been moved forward into the 2018/19 programme due to the change in contractor, these works have been prioritised for completion in the first half of the 2018/19 programme.
36. Major void works – (£169k) underspend  
There have been 26 major voids during the year. A major void is one which requires more than £10k worth of investment in order to bring it up to a habitable standard. Instructions for 8 major voids were delayed in the south of the district towards the end of the year pending the start of the new contractor.
37. Compliance – (£343k) underspend  
In line with the Month 10 report, spend on compliance areas has been lower than budgeted. Items such as asbestos form the majority of this budget and is therefore subject to change in line with planned works commitment. Under-delivery of the capital programme has therefore impacted on spend.
38. Doors and windows – (£85k) underspend  
A total of 324 composite doors have been installed, and 101 properties have received new windows. The underspend relates to a number of doors being slipped into 2018/19 as the contractor was not able to deliver a change in the specification for some schemes.
39. Electrical works - £35k overspend  
The electrical works consists of a total of 43 domestic rewire, rewire and major works to 20 housing blocks/communal areas, the installation of 92 electric fires and smaller electrical works to 260 dwellings and communal areas.

40. Damp works/insulation – (£123k) underspend  
A planned programme of works is not yet in place. Some works to reduce condensation and improve the thermal performance of properties has been undertaken as part of other planned programmes.
41. Renewable heating – (£624k) underspend  
As reported in the Month 10 Budget Monitoring report, an invoice remains outstanding for renewable heating works from 2014. With no response forthcoming from the contractor to resolve the situation, the accounting entry will not be carried forward into next year. Provision will be made for the sum in revenue (see paragraph 19), which will be called on should the claim be settled. This has led to an underspend of £624k in capital.
42. Non-traditional properties – (£295k) underspend  
Delivery of the programme is being reviewed in line with the action plan agreed at the March 2018 Housing Committee. Some limited works were completed in year to establish benchmark standards for the properties. Works to a number of properties have been delayed awaiting planning permission and other statutory consents.
43. Door entry – (£163k) underspend  
Six door entry systems have been installed in 2017/18. Delays due to contractor issues have meant that a large part of the programme has slipped into Q1 of 2018/19. A revised delivery of the overall programme is currently taking place.
44. External works – (£774k) underspend  
The spend in 17/18 relates largely to roofing and rendering works. The majority of slipped works will be reprogrammed over 2018/19 and 2019/20, dependant on condition, with the residual being reprogrammed into future years as necessary.

### **New Build and Development**

45. A total of 36 units have been completed or purchased in 2017/18. This includes the handover of Top of Town Phases 3 and 4, Chapel Street in Cam and the successful purchase of four dwellings on the open market, where the majority of the allocated budget of £700k, including the use of Right To Buy receipts, was spent.
46. It is proposed that the total underspend of £22k is carried forward to next year and the 2018/19 budget amended accordingly. The proposed revised profiling is included in Table 6 following paragraph 52.

### **Sheltered Housing Modernisation**

47. Six ex warden properties have each been converted into two flats during the year, three of which completed during the year, and three with handovers in early April 2018. This has meant six flats being added to the sheltered housing stock in 2017/18 and an additional six have been added early in 2018/19.

48. Other works completed during the year includes two garages at Dryleaze Court having been successfully converted into the new laundry facilities for the remaining bungalows. The start of works on the communal areas of Sherborne House were delayed due to a longer than expected procurement process, but this is now on track with works now started and due to complete by September/October 2018.

49. A low level of slippage (£5k) has been experienced, and it is proposed that this be added to the capital programme for Sheltered Modernisation for 2018/19. A summary of the proposed revised budget can be found in table 6.

50. The Sheltered Modernisation budget and profiling will continue to be monitored to ensure that the budget is appropriate for the programme.

### Capital Financing

51. The total capital spend of £6,002k has been financed as follows.

Table 5 – HRA Capital Financing

Source of Funding	£000s	
Major Repairs Reserve	3,506	
Revenue Contribution to Capital Outlay (RCCO)	1,047	
Capital Receipts	1,333	Includes £560k Right to Buy receipts, receipts from shared ownership sales of £511k and £262k sheltered housing receipts
HCA Grant	116	Funding from the HCA for Top of Town and Chapel Street
<b>Total Funding</b>	<b>6,002</b>	

### Capital Budget 2018/19

52. Taking into account the slippage from 2017/18 the proposed revised capital programme for 2018/19 is:

Table 6 - Revised HRA Capital Programme

	2018/19 Base £000s	2018/19 Revised £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s
<b>Total Major Works (Summary)</b>	<b>6,657</b>	<b>6,657</b>	<b>6,103</b>	<b>6,027</b>	<b>5,919</b>
New Homes and Regeneration					
Southbank, Woodchester	992	650	342		
Former Ship Inn, Bridgend	1,434	334	1,100		
Contingency/Unallocated	578	50	550		
<b>Total New Homes and Regen</b>	<b>3,004</b>	<b>1,034</b>	<b>1,992</b>	<b>-</b>	<b>-</b>
Sheltered Housing Modernisation					
Red Scheme - Tanners Piece	1,700	1,700	13		
Red Scheme - Glebelands	-				1,500
Green/Amber Schemes	359	364	298	462	336
<b>Total Sheltered Housing Modernisation</b>	<b>2,059</b>	<b>2,064</b>	<b>311</b>	<b>462</b>	<b>1,836</b>
<b>Total HRA Capital Programme</b>	<b>11,720</b>	<b>9,755</b>	<b>8,406</b>	<b>6,489</b>	<b>7,755</b>

Note: the Major Works budgets have been summarised in the table as there are no proposed changes.

53. The New Homes and Regeneration budgets have been reprofiled in order to carry out the necessary consultations, planning discussions and procurement of contractor on the current schemes.

54. Further schemes are being worked up to assign the unallocated element of the budget and a proposal will go to Housing Committee in 2018/19.

### HRA Stock Numbers

55. The total number of dwellings available to let (excluding those held vacant pending redevelopment) has reduced by 17 to 5,060 at the end of the financial year.

56. This includes a total of 31 sales (26 RTB and 5 on the open market as part of the new build and sheltered modernisation programmes), the addition of 32 new builds, 4 purchased properties and 6 newly converted ex scheme manager flats. A total of 104 properties have been taken out of the housing stock this year (of which 87 were reported as being held vacant at the end of last year), and an additional 11 dwellings are not available for relet as they are in Glebelands, a red sheltered scheme due to commence decanting from January 2019.

Table 7 – Changes to housing stock 2017/18

	Rented	Shared Ownership	Total
<b>Opening Stock at 1 April 2017</b>	<b>5,129</b>	<b>35</b>	<b>5,164</b>
<i>Additions:</i>			
New build schemes:			
Top of Town Phase 3	12		12
Top of Town Phase 4	6		6
Chapel Street, Cam	9	5	14
Purchases	4		4
Ex warden conversions	6		6
<i>Less:</i>			
Right to Buy	(26)		(26)
Market disposals	(5)		(5)
Decanted for Sheltered Modernisation Programme/Queens Court	(104)		(104)
<b>Closing stock at 31 March 2018</b>	<b>5,031</b>	<b>40</b>	<b>5,071</b>
Held vacant for Sheltered Modernisation Programme – Glebelands (red scheme)	(11)		(11)
<b>Stock available for rent at 31 March 2018</b>	<b>5,020</b>	<b>40</b>	<b>5,060</b>

57. For context, and as requested by Members previously, a summary of housing stock changes since 2012 (the implementation of self financing) can be found in the table below.

Table 8 – Summary of dwelling numbers since 2012

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Opening stock at 1 April	5,203	5,132	5,108	5,091	5,117	5,164
Right to Buys	(22)	(25)	(27)	(24)	(25)	(26)
Demolitions/Disposals	(49)	(23)	(4)	(21)	(10)	(109)
New Builds/Acquisitions	0	24	14	71	82	42
<b>Closing stock at 31 March</b>	<b>5,132</b>	<b>5,108</b>	<b>5,091</b>	<b>5,117</b>	<b>5,164</b>	<b>5,071</b>

### Right to Buy Receipts

58. As members will be aware, the Council is able to retain Right to Buy (RTB) receipts (after a set payment to the Treasury, a Council share, an allowance for the self financing debt relating to the RTBs, and an admin allowance), but only if they are spent on new affordable rented housing. There are strict rules on the use of the receipts, with the RTB receipts only able to make up a total of 30% of the spend on the new housing. The remaining 70% of spend must come from other resources, such as revenue resources (ie from rental income), borrowing, or capital receipts (although the use of capital receipts from the sale of non RTB dwellings

is not directly allowable). For example, £300k of RTB receipts must be used towards spend of £1,000k on new housing, with £700k coming from Council resources. They also cannot be used at the same time as other government funds, such as Homes England, previously the Homes and Communities Agency (HCA), grants.

59. A total of 26 properties were sold under Right to Buy in 2017/18, with a total capital receipt of £2,572k. This is after discounts totalling £1,874k were applied.

60. The below table shows the breakdown of these receipts.

Table 9 - Right to Buy Receipts 2017/18

	£000s	
Treasury share	461	Amount paid to Government under the RTB legislation
Local authority share	189	Amount that can be kept locally without match funding restrictions
Admin costs	34	Allowance to cover administration costs
Attributable debt	556	Allowance for self financing debt relating to sold properties. Note: this does not need to be used to repay borrowing
Buyback allowance	87	Allowance of up to 50% for repurchasing ex council houses (relates to costs incurred in past years)
Additional 141 receipts	1,245	Remaining amount that must be match funded within three years. In order to keep these receipts an additional £4,151k must be spent by 31 March 2021.
	2,572	

61. During 2017/18, the total spend required (from RTB receipts up to March 2015 – to allow for the three year period in which we have to allocate RTB receipts) has been met, and no additional RTB receipts have been returned.

62. The addition of a £700k budget in order to purchase properties on the open market, as approved by Council in January 2017, has been successful with the purchase of four properties now added to the housing stock - three two bed properties and one three bed property.

63. Right to Buy receipts have also been allocated to developments at Chapel Street (Cam), Top of Town (Phase 4) and the conversion of a number of sheltered ex warden accommodations from one dwelling, into two.

64. 2017/18 has also seen the allocation of RTB receipts to a Registered Provider (RP), Fortis Living, who will use the funding to build affordable housing on land at Fountain Crescent, Wotton-under-Edge. This has not been without challenges and has taken a considerable amount of officer time to achieve. It is also being closely monitored over the length of the grant agreement.

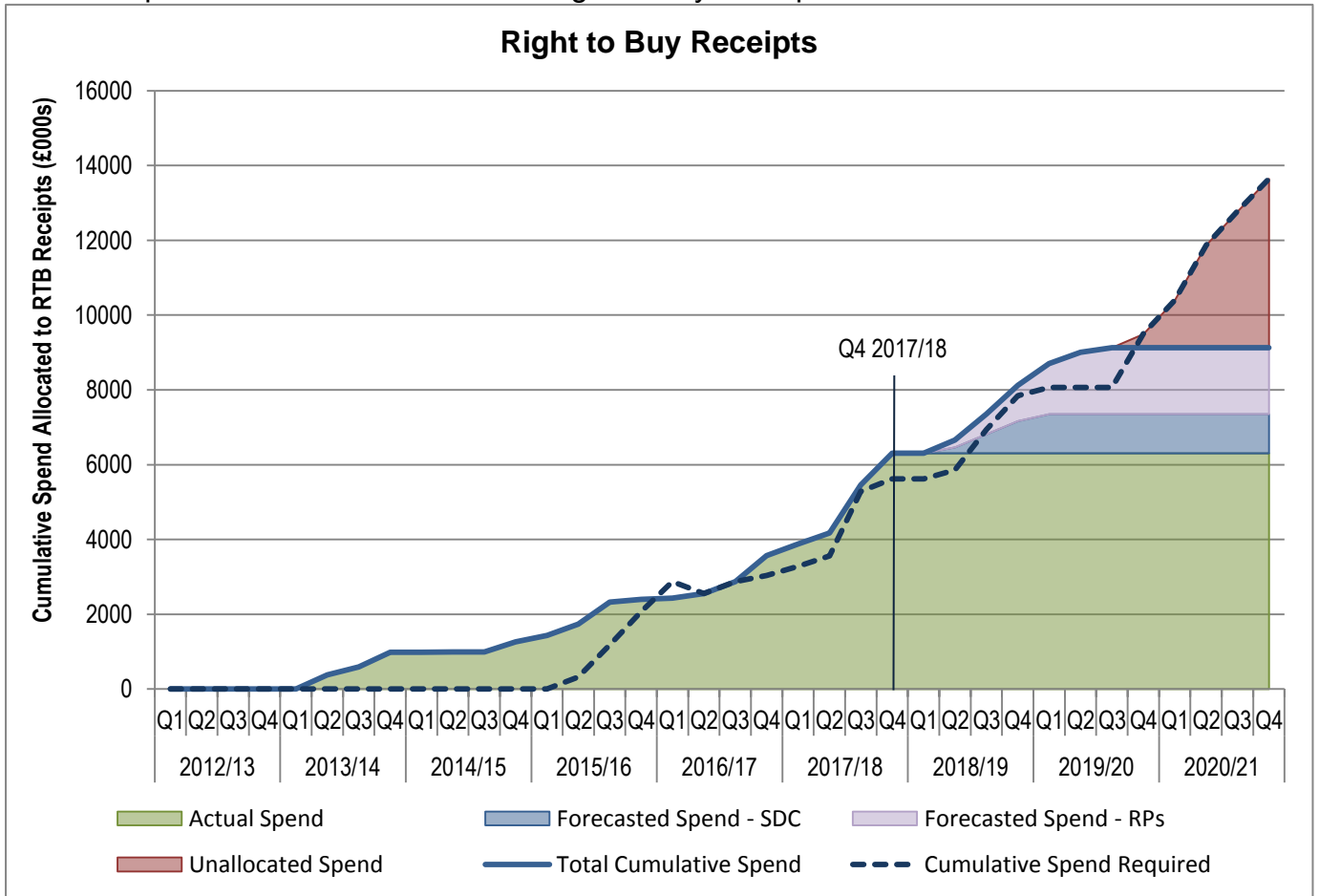
65. Any partnership with an RP must be very carefully managed and monitored as the risk for repayment of RTB receipts if they are not fully spent within three years of receipt (when received by SDC, rather than when they are transferred to the RP) remains with the Council. This could happen for example with a development timescale slipping out past the original timescales. Interest payments would also be borne by the Council. The Council could then also face having to continue to pass the grant funding to the RP, needing to find it from other sources as the RTB receipts are no longer available.

66. Table 10 below summarises the current forecast of RTB eligible spend (that is the total spend including both the 30% RTB funding plus the 'other' 70%). This is also shown, by quarter, in Graph 1.

Table 10 - Additional spend needed to offset RTB receipts

	March 2016 £000s	March 2017 £000s	March 2018 £000s	March 2019 £000s	March 2020 £000s	March 2021 £000s
Cumulative spend required	2,069	3,040	5,621	7,845	9,493	13,644
Cumulative actual/forecasted spend	2,400	3,568	6,304	8,119	9,131	9,131
Shortfall (additional spend needed)					362	4,513

Graph 1 – Forecast of the use of Right to Buy Receipts



67. It shows that by March 2020, an additional £362k will need to be spent in order to retain the existing RTB receipts. By March 2021, this increases to £4,513k of which £1,354k (30%) could be funded by RTB receipts and so £3,159k (70%) must be found from other resources.

68. The availability of resources will need to be considered as part of the next review of the longer term position of the HRA.



## STRATEGY AND RESOURCES COMMITTEE

24 MAY 2018

**6b**

<b>Report Title</b>	<b>GENERAL FUND REVENUE OUTTURN REPORT 2017/18</b>
<b>Purpose of Report</b>	To present to the Strategy and Resources Committee the final outturn position against the General Fund revenue budgets for 2017/18
<b>Decision(s)</b>	<p><b>The Committee RESOLVES</b></p> <p>a) to note the General Fund Revenue Outturn for 2017/18, as shown in Table 1 and Table 2.</p> <p>b) to approve the transfers to and from earmarked reserves for the year, as set out in table 6.</p> <p>c) to approve the budgets to be carried forward to 2018/19, as set out in Table 3.</p>
<b>Consultation and Feedback</b>	Budget holders have been consulted about the budget outturn for their service areas. The feedback has been incorporated in the report to explain differences between budgets and actual income and expenditure.
<b>Financial Implications &amp; Risk Assessment</b>	<p>The report sets out the outturn position on the General Fund. There are a number of variations between General Fund revenue budgets and the final outturn. Overall, the General Fund outturn position has improved since the last budget monitor report to the committee in April 2018.</p> <p>Additional income from Business Rates, a significant level of additional income from The Pulse, and a number of other areas have contributed to an overall underspend position this year.</p> <p>As members will recall, there are still significant unfunded budget pressures facing the General Fund in 2018/19, and the level of funding the Council will have beyond 2019/20 is extremely uncertain.</p> <p>Therefore, this report proposes to transfer the underspend to specific earmarked reserves to mitigate budget pressures and provide risk mitigation for the 100% Business Rate Pilot.</p> <p>David Stanley, Accountancy Manager Tel: 01453 754100 Email: <a href="mailto:david.stanley@stroud.gov.uk">david.stanley@stroud.gov.uk</a></p>

<b>Legal Implications</b>	This report is part of the final annual accounting process for 2017/18; the Council being under a legal duty to review its budget in line with anticipated and approved budgets through the year. Karen Trickey, Head of Legal Services (rcd11.5c14.5d10.5)
<b>Report Author</b>	David Stanley, Accountancy Manager Tel: 01453 754100 Email: <a href="mailto:david.staney@stroud.gov.uk">david.staney@stroud.gov.uk</a>
<b>Options</b>	None.
<b>Performance Management Follow Up</b>	The outturn position will be taken into account when the budget for 2019/20 is prepared later in the year. The change to balances and reserve levels will be incorporated into an updated Medium Term Financial Plan that will be presented as part of the Budget Strategy report to the committee in October.

## Background

1. This report sets out the final outturn position for the 2017/18 financial year and considers changes to balances and reserves. This report is to provide members with a more detailed view of the performance against the General Fund revenue budget for 2017/18.
2. **Due to the complexity of some of the issues dealt with within the report and the volume of information, 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.**

## General Fund Revenue Budget outturn position

3. The revised General Fund Revenue budget for 2017/18, as approved by Council in January 2018 was £15.061m. The final outturn position for the year is £15.995m.
4. The April 2018 budget monitoring report to Strategy and Resources committee anticipated that there would be an underspend of (£416k) on service revenue expenditure before carry forwards. The final outturn position is £16.858m resulting in a net underspend of (£355k). After taking into account non-service revenue expenditure and funding, there is a variation of (£7k). Table 1 shows a summary of the outturn position and the revised General Fund balances position.

**Table 1 – General Fund Outturn Summary**

<b>GENERAL FUND</b>	<b>Para Refs</b>	<b>2017/18 Original Budget (£'000)</b>	<b>2017/18 Revised Budget (£'000)</b>	<b>2017/18 Actual Outturn (£'000)</b>	<b>2017/18 Outturn Variance (£'000)</b>
Community Services Committee	6-12	3,701	3,809	3,299	(510)
Housing Committee	13	562	573	512	(62)
Environment Committee	14-19	5,124	5,093	4,942	(151)
Strategy & Resources Committee	20-30	6,104	5,936	6,030	94
Accounting Adjustments		565	1,801	1,802	0
Less: Carry forwards		0	0	274	274
<b>Net Service Revenue Expenditure</b>		<b>16,056</b>	<b>17,213</b>	<b>16,858</b>	<b>(355)</b>
Other Operating Income & Expenditure			(2,152)	(863)	1,288
Funding from Govt Grants/Council Tax		0	(15,072)	(16,012)	(941)
<b>TOTAL General Fund</b>		<b>16,056</b>	<b>(10)</b>	<b>(17)</b>	<b>(7)</b>

(Table contains roundings which can affect the arithmetic accuracy of the figures.)

Note: In effect, the outturn variance of £7k will be transferred to the MTFP Equalisation Reserve, but is presented as a variation in this report

**Table 2 – General Fund Outturn Detail**

<b>Community Services Committee</b>	<b>Para Refs</b>	<b>2017/18 Original Budget (£'000)</b>	<b>2017/18 Revised Budget (£'000)</b>	<b>2017/18 Actual Outturn (£'000)</b>	<b>2017/18 Outturn Variance (£'000)</b>
Community Safety	6	382	371	288	(83)
Youth Services	7	99	99	64	(35)
Grants to Voluntary Organisations		337	337	336	(2)
Licensing		(69)	(69)	(71)	(2)
Director (Customer Services)	8	132	132	168	36
Customer Services		386	386	372	(13)
Cultural Svcs - Arts and Culture	9	787	792	788	(4)
Cultural Svcs - Sport & Health Dev.	10	153	177	115	(62)
Cultural Svcs - Sports Centres	11	172	233	(25)	(257)
Public Spaces		1,037	1,067	1,052	(14)
Revenues and Benefits	12	284	284	211	(73)
<b>Community Services TOTAL</b>		<b>3,701</b>	<b>3,809</b>	<b>3,299</b>	<b>(510)</b>

<b>Housing Committee</b>	<b>Para Refs</b>	<b>2017/18 Original Budget (£'000)</b>	<b>2017/18 Revised Budget (£'000)</b>	<b>2017/18 Actual Outturn (£'000)</b>	<b>2017/18 Outturn Variance (£'000)</b>
Housing (General Fund)	13	562	573	512	(62)

<b>Reconciliation of CS&amp;L / Housing Budget</b>		<b>4,263</b>	<b>4,382</b>	<b>3,810</b>	<b>(572)</b>
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<b>Environment Committee</b>	<b>Para Refs</b>	<b>2017/18 Original Budget (£'000)</b>	<b>2017/18 Revised Budget (£'000)</b>	<b>2017/18 Actual Outturn (£'000)</b>	<b>2017/18 Outturn Variance (£'000)</b>
Canal	14	7	7	139	132
Director (Development Services)		115	115	110	(5)
Head of Health and Wellbeing		69	69	71	2
Environmental Health	15	837	870	632	(238)
Statutory Building Control	16	168	168	3	(165)
Planning Strategy/Local Plan		319	304	297	(6)
Development Control	17	182	182	111	(71)
Economic Development	18	187	160	101	(59)
Carbon Management		93	71	34	(37)
Waste and Recycling	19	2,546	2,546	2,819	273
Street Cleansing	19	601	601	624	23
<b>Environment TOTAL</b>		<b>5,124</b>	<b>5,093</b>	<b>4,942</b>	<b>(151)</b>

Strategy & Resources Committee	Para Refs	2017/18 Original Budget (£'000)	2017/18 Revised Budget (£'000)	2017/18 Actual Outturn (£'000)	2017/18 Outturn Variance (£'000)
Investment Assets	20	(19)	(13)	58	71
Other Assets		14	46	39	(6)
Car Parks	21	(422)	(416)	(527)	(111)
Head of Property Services		82	82	66	(16)
Property Services Team	22	337	326	305	(21)
Facilities Management	23	801	799	745	(54)
Democratic Representation and Management	24	440	418	380	(38)
Resources and Finance - Direct Spend	25	1,604	1,589	1,630	41
Chief Executive		189	189	196	7
Marketing		53	53	55	2
Director (Corporate Services)		46	46	53	7
Corporate Services (HR & BS)	26	577	538	580	42
Corporate Services (Legal)	27	616	585	517	(67)
Head of Finance		111	0	14	14
Financial Services	28	722	742	795	53
ICT & Business Projects	29	953	953	1,125	172
<b>Strategy &amp; Resources TOTAL</b>		<b>6,104</b>	<b>5,936</b>	<b>6,030</b>	<b>94</b>

(Table contains roundings which can affect the arithmetic accuracy of the figures)

5. The outturn position is attributable to the items outlined in Table 2. The report headlines and more significant variations are summarised in themes below:

#### **Additional Grant/External Funding**

- Additional grant and external funding Flood prevention funding from Gloucestershire County Council and Environment Agency

#### **Salary variations**

- In year salary variations in relation to Community Safety, Subscription Rooms, Environmental Health, Building Control, Asset Management Team and Corporate Services. As previously reported to the committee, salary costs in relation to the Canal project were charged to revenue and funded from the overall net variation on salaries.

#### **Additional Income**

- Income surplus(es) have been achieved in relation to Dursley Pool Recycling Credits, income from Car Park charges, Building Control and Development Control

## Carry Forwards

- Table 3 provides details of the carry forwards of £273k that have been requested. These are mainly concerned with the carry forward of matched funding from the council, or the continued roll-forward of a reduced balance of previous external funding.

**Table 3 – Summary of Carry Forwards**

Committee	Committee Subheading	Amount (£'000)
Revenue Budgets		
Community Services	Museum in the Park	2
Community Services	Youth Services	10
Community Services	Sports & Health Development	61
Environment	Environmental Health (Land Drainage)	141
<b>GF Provisional Carry Forwards</b>		<b>214</b>
Housing Committee		
Housing	Housing - General Fund	60
<b>Total Provisional Carry Forwards</b>		<b>273</b>

Table contains roundings which can affect the arithmetic accuracy of the figures.

## Transfers to Reserves

- Table 4 provides a summary detail of the transfer to reserves (for budgets included in service revenue expenditure). The outturn figures in tables 1 and 2 are shown net of these transfers.

**Table 4– Summary of Reserve Transfers**

Committee	Committee Subheading	Amount (£'000)
Environment	Building Control	38
Environment	Planning Strategy	36
Environment	Community Infrastructure Levy	(65)
Strategy & Resources	Merrywalks car park	205
Strategy & Resources	Pension WFP	120
<b>GF Transfer to Reserves</b>		<b>334</b>
Housing Committee		
Housing - General Fund	Homelessness	65
<b>Total Transfer to Reserves</b>		<b>399</b>

## COMMUNITY SERVICES AND LICENSING COMMITTEE

### 6. Community Safety – (£83k) underspend

(Mike Hammond 4447, [mike.hammond@stroud.gov.uk](mailto:mike.hammond@stroud.gov.uk))

This underspend is made up of several variances across the service.

#### Careline services – (£22k) underspend

The Careline service is currently run by 1.5 FTE staff. The service also had a maintenance contract with Tunstall that was costing in excess of £30k pa. An analysis was undertaken which proved it was more cost effective to renew faulty units with new machines if required. Officers now deal with all queries in house with the assistance of the on-call officer for facilities and the Neighbourhood Wardens. Following the Community Services review any permanent saving will be looked at as part of the revised budget setting process.

#### Neighbourhood Warden Service – (£30k) underspend

This variation is due to an in year salary saving for a Warden's post. The post has now been recruited to but with a delayed start date.

#### Car Park Enforcement – (£33k) underspend

The outturn variance includes an underspend within the salaries budget. It has been difficult to recruit to the team during the year despite an extensive recruitment campaign.. Due to the vacancy level in year, enforcement had reduced, resulting in a decrease in the number PCNs. Issued. Neighbourhood Wardens have provided interim support by incorporating an element of the workload into their normal shift patterns. The Car parking staffing team is now well established, with an increase in PCNs issued through enforcement.

There is an additional (£5k) saving on the Hardwicke Youth project which is proposed to be carried forward to 2018/19 to support the programme.

A small overspend has also arisen within Abandoned Vehicles, this is a reflection of the salary costs in dealing with the service for the authority. Costs for collection and disposal are recovered from the County Council.

### 7. Youth Services – (£35k) underspend

(Mike Hammond 4447, [mike.hammond@stroud.gov.uk](mailto:mike.hammond@stroud.gov.uk))

The youth participation support service contract was extended to the incumbent contractor to September 2017 with a procurement process to be undertaken for a 2.5 year contract, thereafter. This process took place throughout Q1 and Q2 of 2017/18 but the outcome was unsuccessful with no bids received. From October 2017 to March 2018, minimal delivery was carried out by two part-time project staff on a case by case basis.

## 8. Director (Customer Services) – £36k overspend

(Joanne Jordan 4005, joanne.jordan@stroud.gov.uk)

This overspend is directly related to the project management support and associated costs of the Subscription Rooms review.

## 9. Cultural Svcs - Arts & Culture – (£4k) underspend

(Joanne Jordan 4005, joanne.jordan@stroud.gov.uk)

### Subscription Rooms – £45k overspend

The final outturn position is an overspend of £45k – a deterioration in the financial performance of the Subscription Rooms and a move from a projected underspend position to an overspend.

Clearly, this level of change in the forecast is not satisfactory, with the explanation being that the previous forecast overstated the potential income and did not fully take into account the costs associated with booking/running the arts and entertainment programme. The forecasting of the financial performance of the Sub Rooms will need to be improved over the 2018/19 financial year, with additional support from service management to the Sub Rooms team.

The narrative below explains the outturn variance in more detail.

A net overspend on events of £57k (event income has increased by £50k, however expenditure has overspent by £107k), building maintenance is overspent by £7k and there are general overspends of £7k. Salaries have underspent by (£26k).

The TIC have underspent by (£16k), which means that the net overspend on the whole Sub Rooms and TIC operation was £29k.

### Tourism – (£13k) underspend

This variance is due to cumulative underspends across the Tourism budgets. Savings have been made due to a reduction in requests for contributions to support tourism initiatives, organisers have been encouraged to ensure that events are sustainable and self-sufficient.

### Museum in the Park – (£20k) underspend/additional income

Additional income has been achieved across both commercial activities, and public programmes along with small collective underspends across all areas. A carry forward of £2k (external funding of an archaeological deposit) is proposed.

## 10. Cultural Svcs - Sport & Health Dev – (£62k) underspend

(Jane Bullows xtn 4322, jane.bullows@stroud.gov.uk)

(Jon Beckett xtn 4443, jon.beckett@stroud.gov.uk)

There are a number of variances that make up this underspend, mostly external funds that will support on-going projects in 2017/18. (£62k) of this underspend is proposed to be carried forward as all external funding.



(£11.5k) of external funding for the 'On Target' weight management and development connected to county weight management services.

(£1.5k) external funding is requested to be carried forward. For the Cycling4Health scheme for continued cycling development across the district.

(£2.4k) of external funding from Badminton England. This is funding for Stroud Community Badminton Development Plan.

(£2.5k) of External funding from GCC for Health Inequalities Project towards a grants scheme for local health & wellbeing projects.

(£43k) External funding from Gloucestershire County Council for the 'Strengthening Local Communities' project which will be spent over the next two years.

## 11. Cultural Svcs – (£257k) additional income

### The Pulse Dursley – (£270k) additional income

(Angela Gillingham 01453 540995, [angela.gillingham@stroud.gov.uk](mailto:angela.gillingham@stroud.gov.uk))

2017/18 has been a fantastic year of business for The Pulse. Targets have been exceeded in all areas and we would look to continue this direction going forward by adopting a structured and reactive approach to trends and community needs.

Looking to the future we plan to increase our social media awareness and improve aspects of our website to make it as accessible and interactive as it can be for present and future customers.

The forecast for the budget was based on the original business plan and income targets for this financial year have been continually updated at each quarter to reflect the current performance. Going forward there will be historic data and trends to predict forecasts more accurately.

The additional income variation is directly attributable to the continued growth in the take up of both swimming lessons and gym memberships in 2017/18.

This has been achieved due to a planned approach to marketing of memberships and fitness classes, along with looking at 'up and coming' trends and staple favourites to reach a wider audience.

A 50 week programme has also been introduced for lessons and on line access for parents to top up lessons and view their children's progress.

An increase in demand for children's holiday activities has also realised additional income.

Continued staff development in swimming teaching and fitness enables the very best service to be offered to our cliental.

### Stratford Park Leisure Centre - £21k overspend

(Mike Hammond 4447, [mike.hammond@stroud.gov.uk](mailto:mike.hammond@stroud.gov.uk))

This overspend relates to the feasibility study costs of £10k for the Stratford Park Lido project. These costs are not eligible to be treated as capital expenditure and have been charged to the revenue budget.

The remaining variance is to fund ongoing improvements to the centre identified in the PPMP (Planned, preventative maintenance plan).

## 12. Revenues and Benefits – (£73) underspend

(Simon Killen xtn 4013, [simon.killen@stroud.gov.uk](mailto:simon.killen@stroud.gov.uk))

The outturn has identified salary savings within Revenue and Benefits. This is due to a number of vacancies arising within the team through retirement, general staff turnover and reduction of hours. Posts have not been filled permanently due to the work being absorbed within existing teams as well as utilising the CIVICA on-demand service, for off-site processing within Benefits.

Income surplus relates to the work undertaken around in-house enforcement (bailiffs) for Council Tax, Business Rates and Car Parking debts. This service was bought back in-house with estimated net income of £50k from this work for 2017/18.

The future remains uncertain within benefits, particularly as Universal Credit was rolled out in October 2017, the impact on demand and workload will be hard to capture in its infancy. The potential risk around workload is that there may be a decrease in the number of cases processed directly by the Revenues and Benefits team. However, the introduction of Universal Credit across the district may mean recipients move in/out of eligibility frequently during the year so the 'churn' within the system increases both in volume and complexity.

The subsidy system estimates are prepared using the actual data at a specific point in time, e.g. Initial forecast due in on 1st March will be prepared using figures April to January. Due to the large sums involved any variation will be a big figure, even if it is a small percentage. The estimate for this year 2017/18 was complicated by the fact that we knew Universal Credit (UC) full service was due to start on 04/10/2017, and there would be a gradual downward turn in Housing Benefit (HB) claims as people moved from HB to UC due to changes in their individual circumstances. Trying to estimate the rates of change has proved very difficult; we have no prior year data to use to try and estimate a trend. Coupled with the decrease in caseload is the fact that private rent thresholds have been frozen since 2016, and social housing rents are subject to a -1% decrease in core rents year on year 2016-2020. It is also worth noting that legislative changes to the way in which Homeless Housing Benefit claims are funded through the subsidy system, there is an increased cost to authority in the current year of around £57k as the subsidy no longer covers all of the Council's expenditure.

## **Housing Committee – (£62k) underspend**

### **13. Housing Strategy – (£60k) underspend**

(Pippa Stroud extn 4099, [pippa.stroud@stroud.gov.uk](mailto:pippa.stroud@stroud.gov.uk))

£45k of the underspend is directly related to DCLG funding for the promotion of self build opportunities in line with the Self-build and Custom Housebuilding Act 2015. This will be allocated when there is site specific self build opportunities in the future. An additional grant of £14.6k has been received on behalf of the Stroud Beresford group. This amount is proposed to be carried forward to 2018/19.

## Environment Committee

### 14. Canal - £132k overspend

(Dave Marshall xtn 4646, [dave.marshall@stroud.gov.uk](mailto:dave.marshall@stroud.gov.uk))

Additional expenditure on the Canal project relates to salaries of the Canal Project Team. Whilst an element of the staffing costs relates to volunteer-led work on the Stroudwater Connected phase, the outturn position on the General Fund suggested it was more prudent to charge these costs to revenue for 2017/18.

Work between Stonehouse and Brimscombe is virtually complete and the canal fully navigable to Bowbridge. Maintenance continues on some towpath work to improve access. The Heritage Lottery Fund has approved funding for the Development Stage of the community-led project to restore the canal between Stonehouse and Saul Junction. This development work is underway and will be complete by the end of 2019.

### 15. Environmental Health – (£238k) underspend/additional income

(Jon Beckett xtn 4443, [jon.beckett@stroud.gov.uk](mailto:jon.beckett@stroud.gov.uk))

There are a number of variations that make up this underspend.

**Land Drainage** – An (£81k) underspend is partly due to monies carried forward from previous years external funding from the County Council to fund land drainage enforcement work. It was intended to use the fund as matched funding for a bid for European funding for the Stroud valleys initiative, however the bid was not successful. This is proposed to be carried forward for future match funding projects.

The income surplus of (£60k) is a combination of funding from the Environment Agency for flood prevention projects and S.106 monies for flood prevention work. For various reasons outside the control of the council, the projects will not be ready for delivery this year. This is requested to be carried forward to 2018/19.

**Contaminated Land** – There has been a (£12k) saving due to fewer contaminated land samples requiring analysis this year and specialist consultancy services not being required.

Additional savings have been achieved generally across the service, the most significant being in relation to professional training and seminars which although not required this year, will be required in future years due to staff being recently employed in career development posts.

### 16. Statutory Building Control – (£165k) underspend/additional income

(Bowley xtn 4250, [paul.bowley@stroud.gov.uk](mailto:paul.bowley@stroud.gov.uk))

Gloucestershire Building Control Partnership is a shared service with Gloucester City Council and hosted by Stroud. The service is provided under the auspices of the Building Act 1984, an element of the service is in competition with the private sector. The shared service was established

on the 1<sup>st</sup> July 2015 and has resulted in an increase in income due to receiving applications from both Stroud and Gloucester areas.

There are in year salary savings of (£160k) as a result of 3 vacancies (Building Control Technician, Building Control Surveyor and a Principal post). Two of these posts have recently been filled. The Building Control Surveyor post will be reviewed against workload midway through 18/19. Any surplus/deficit will be transferred in to the trading account to re invest in the building control service.

**17. Development Control – (£71k) underspend / additional income**  
(Geraldine LeCointe xtn 4233, [geraldine.lecointe@stroud.gov.uk](mailto:geraldine.lecointe@stroud.gov.uk))

There are a number of reasons for the net variation on this budget which are outlined below.

Application Fees have achieved a healthy surplus of (£230k). 2018/19 will also include the full-year effect of the 20% increase in all planning application fees introduced through legislation in January 2018.

Salaries are overspent by £79k. This variance is a year on year cost to cover additional staff directly employed to manage the planning application workload, which shows no signs of decreasing. This overspend is offset against the income surplus referred to above.

The Council's existing pre-application fee charges are significantly less than neighbouring districts and do not reflect the actual cost to the Council of providing this service to the public. The intention is to increase fees, principally for larger scale developments. Pre-application fees were increased in April 2018. We intend to offer a high quality, efficient service, it is not anticipated that the fee increase will impact on the numbers of pre-application enquiries made, which is also increasing year on year.

Planning Appeal costs are £45k over budget. It is common for complex applications which do not accord with the local plan to go to appeal. Such appeals need to be defended robustly, which is expensive because of legal costs and specialist input. If appeal cases are not properly defended, this leaves the Council open to an award of costs, which will have to borne by the Council.

**18. Economic Development – (£59k– underspend)**  
(Mark Russell, xtn 4305, [mark.russell@stroud.gov.uk](mailto:mark.russell@stroud.gov.uk))

This variance is mainly due to cumulative underspends within Economic Development and Regeneration. In addition there is reserve funding to cover overheads within CIL that are not accounted for within the actual costs of this report.

## **19. Waste & Recycling – £273k overspend**

### **Street Cleansing – £23k overspend**

(Mike Hammond, xtn 4447, [mike.hammond@stroud.gov.uk](mailto:mike.hammond@stroud.gov.uk))

#### **Section 151 Officer narrative**

The overall financial position on the Multi Service contract continues to put pressure on the Council's finances in the current financial year and over the medium term. Members will recall that £1.15m of additional funding was allocated in 2016/17 to support the increased costs of the Multi-Service Contract with Ubico and mitigate risk on a number of income streams.

The 2017/18 outturn position shown in this report is a slightly improved from the previous forecast, but still represents a significant pull on the Council's resources. The net overspend on the Multi Service Contract is explained by the 2017/18 gross cost of the Ubico contract (£5.452m) which exceeds the available budget by around £820k. An additional £60k overspend has been forecast by Ubico (although we are still awaiting final confirmation), taking into account the additional income from Recycling Credits and the JWP Incentive Payment, there is a total projected net overspend on Multi-Service budgets of £295k. Members will recall that additional budget of £400k was approved for 2017/18.

The position for 2018/19 is likely to be worse for a number of reasons. The draft Ubico budget for 2018/19 shows an increase of £187k from £5.452m to £5.639m. This is, in part, offset by an improved level of income from incentive payments and recycling credits. Taking into account the planned reduction in the contingency budget of £200k (from £400k in 2017/18 to £200k in 2018/19), it was initially forecast that the Multi Service Contract will be overspent by £595k. However, with reduced expenditure and service provision in a number of areas (e.g. Building Cleaning, Grounds Maintenance), it is forecast that the gross expenditure through the Ubico contract will stabilise to around £5.4m in 2018/19.

Managers are currently in detailed discussions with Ubico around a range of options so that decisions can be made around the service provision that seeks to mitigate inflationary pressures in future years. It is likely that the MTFP will need to reflect a higher base budget and will be included in the Budget Strategy report to Strategy and Resources committee in October 2018.

Therefore, it is considered prudent to set aside funding in an earmarked reserve to provide some mitigating budgetary support whilst service provision options to reduce costs are reviewed and implemented. A transfer of £600k is proposed.

#### **Budget holder narrative**

A more favourable outturn variance compared to the Q3 forecast has been achieved. There are a number of factors which contribute towards this. Increased income than previously predicted from the 'Joint Waste Partnership (JWP) Incentive payment' which supports the reduction in landfill waste through incentive payments; this reduction in overall waste,

diversion of recycling materials, food waste and garden waste all contribute towards the desired aim. The forecast income demonstrates the success of the service as a whole. Whilst not to the same degree, additional income has also been generated through recycling credits. In addition to this Ubico forecast for expenditure was lower than originally expected due to the continued efforts of both SDC and Ubico to reduce costs. With the combined efforts of the Task & Finish group greater savings and efficiencies are being worked on for the 18/19 financial year.

## STRATEGY AND RESOURCES COMMITTEE

### 20. Investment Asset – £71k overspend

(Alison Fisk xtn 4430) [alison.fisk@stroud.gov.uk](mailto:alison.fisk@stroud.gov.uk))

This variance is attributable to Phase 4 Oldends Lane Industrial Estate. There are currently two vacant units which are on the market, as a result there is a shortfall in income. The units are proving more difficult to let than usual because the Councils head lease expires in 2 years so only short term leases can be offered. In addition there is some non-recoverable expenditure that the Council has to fund because of the two vacant units.

### 21. Car Parks – (£111k) additional income

(Mike Hammond xtn 4447) [mike.hammond@stroud.gov.uk](mailto:mike.hammond@stroud.gov.uk))

The additional revenue is due to an increase in tariffs which were introduced in October 2017. As part of the budget setting process the budgets were adjusted to reflect additional proposed income for 2018/19, with any additional income in 2017/18 treated as 'windfall'.

### 22. Property Services Team – (£21k) underspend

(Alison Fisk), xtn 4430 [alison.fisk@stroud.gov.uk](mailto:alison.fisk@stroud.gov.uk))

The underspend of (£16k) is directly related to salaries within Property Services. This is an in year salary saving due to vacancies arising for a Business Support Officer post. The service has recently undertaken a review of its establishment and a new approved structure has been implemented. Any permanent savings were dealt with within phase 1 of the workforce plan. The remaining variation is additional income received from the S106 Coopers Edge agreement for SDC's Officers' professional fees.

### 23. Facilities Management – (£54k) underspend/additional income

(Mike Hammond xtn 4447) [mike.hammond@stroud.gov.uk](mailto:mike.hammond@stroud.gov.uk))

There is a (£24k) saving within salaries due to a number of in-year vacancies. The structure formed part of the review of the workforce plan.

The remaining variance is attributable to an improved level of income from the letting BB3 than was originally anticipated in 2017/18.

### 24. Democratic Representation and Management - (£38k) underspend

( Karen Trickey, xtn 4369, [karen.trickey@stroud.gov.uk](mailto:karen.trickey@stroud.gov.uk))

(Hannah Emery, xtn 4383), [hannah.emery@stroud.gov.uk](mailto:hannah.emery@stroud.gov.uk))

#### Members Expenses – (£31k) underspend

There is a general underspend on a range of costs within the service. The two main areas are around 'other course & seminars' and 'internal catering'. A reduction to these budgets has been reflected in the 2018/19 budget setting process.



The remaining variance is due to cumulative small underspends within Elections and Democratic Representation and Management.

**25. Resources & Finance – Direct Spend - £41k overspend**

(David Stanley xtn 4100), [david.stanley@stroud.gov.uk](mailto:david.stanley@stroud.gov.uk))

The variation on the direct spend budgets largely relates to a minor overspend on pension costs in year and an associated past service cost adjustment. The council has an ongoing liability to pay discretionary payments from the pension fund for historic workforce planning decisions.

**26. Corporate Services – £42k overspend**

(HR (52k) underspend – (Lucy Powell xtn 4286) [lucy.powell@stroud.gov.uk](mailto:lucy.powell@stroud.gov.uk))  
(Business Services £181k overspend – Tim Power xtn 4155, [tim.power@stroud.gov.uk](mailto:tim.power@stroud.gov.uk))

There are a number of larger offsetting variances that need to be considered.

Within HR there are two main areas of underspend, (£32k) of the variance is related to vacant corporate apprentice posts and (£17k) on Skills for Stroud budget, which includes the cost of delivering the Ambitions career event.

The remaining variance are costs associated with the staffing resource of the Change Team of £180k, with a proportion of this being offset from the previous Policy & Review team budget of (£89k). For 2018/19, the costs associated with the Change Team must be met from the delivery of the savings target (£100k).

**27. Corporate Services – Legal (£67k) underspend**

(Karen Trickey, xtn 4369, [karen.trickey@stroud.gov.uk](mailto:karen.trickey@stroud.gov.uk))

The salary variation of (£40k) is in relation to two career graded posts and a third post that is currently on phased retirement. There have been additional savings from backfilling maternity leave by an increase in grade of an existing post.

There is a general underspend within Democratic Services of (£27k) over a cumulative range of costs. These areas of savings have been reflected in the 2018/19 budget setting process.

**28. Financial Services – £53k overspend**

(David Stanley xtn 4100), [david.stanley@stroud.gov.uk](mailto:david.stanley@stroud.gov.uk))

The variation is attributable to ongoing support from an external 3<sup>rd</sup> party consultant prior to the major system upgrade of the Council's Agresso financial system including an improved business continuity position through a 'cloud-hosted' system. Considerable work has been required during the year to ensure that the current version of Agresso remains stable and functional.

The remaining element of the variation relates to additional staffing and recruitment costs for the Principal Accountant role, and transitional support for the 2016/17 Statement of Accounts.

## 29. ICT – £172k additional expenditure

(Mark Fisher xtn 4258, mark.fisher@stroud.gov.uk)

(Sean Ditchburn xtn 4256. sean.ditchburn@stroud.gov.uk)

This overspend is made up of two major variances.

### ICT - £233k overspend

£122k is directly related to salaries. There has been an exceptionally high turnover of staff over the last year and recruitment of new staff has been particularly difficult in the current market. In order to run a 'business as usual' service, contractors have been employed to cover these vacancies. The two contractor posts currently cover two vacant STR6 posts, Principal Network Security Officer and a Principal Infrastructure Officer. There are also unbudgeted salary costs relating to the Head of ICT and Development Projects.

The additional overspend of £111k is due to the MS Office Licence annual maintenance costs that have increased sharply over the last few years and the ICON cloud based software solution. Members will recall that these budgets have been increased as part of the budget setting process for 2018/19 to ensure IT software is fit for purpose to deliver efficient and effective services in the future.

Whilst it does not directly impact on the outturn position for ICT, the Statement of Accounts will reflect a contingent liability of £120k in relation to a licensing issue with Microsoft. No direct provision will be made for this in the accounts due to the adequate level of balances and reserves.

(A contingent liability is a potential liability that may occur, depending on the outcome of an uncertain future event. A contingent liability is recorded in the accounting records if the contingency is probable and the amount of the liability can be reasonably estimated)

### Business Projects – (£61k) underspend

This underspend is the vacant Business Development Officer post. This saving will offset the unbudgeted salary costs within ICT.

## 30. Corporate Income and Expenditure

(David Stanley xtn 4100, david.stanley@stroud.gov.uk)

The variation reported on this line refers to the additional £400k of budget provision that was made to support the Multi-Service contract. Rather than allocate directly to the service budget, it has been held as a contingency to ensure members are aware of the underlying budget variation against the contract.

When taken against the variations reported within Environment committee's budgets, it could be seen that the Multi-Service contract is

working within the increased level of resource. However, members should also note that this additional resource has reduced from £400k in 2017/18 to £200k in 2018/19. As such, further action will be required from the budget holder to ensure the contract can remain close to or within its revised budget allocation next financial year.

To mitigate against this unbudgeted cost pressure, it is proposed that £600k is transferred to the Waste Management reserve to provide additional funding over the next 18 months whilst corrective management action is put in place to put the contract on a more sustainable financial footing.

As indicated in the last budget monitoring report to Strategy and Resources committee in April 2018, a further £250k is to be transferred to the Workforce Planning reserve to provide further resources to fund costs associated with the Workforce plan. These costs are likely to be significant over the medium term, and a further review of the level of resource required to implement the workforce plan will be undertaken in the first half of the financial year and reported to members as part of the Budget Strategy in October 2018.

## **Business Rates**

### **Funding**

There are two significant funding variations concerning business rates – Stroud's financial performance as the billing authority and the pool position.

Firstly, the financial performance on business rates has remained robust during the year, with the level of business rates income holding-up well. Members may recall that the government introduced a number of additional business rates reliefs in the March 2017 budget. As a result, the level of Section 31 grant received as compensation for the loss of business rates income is significantly greater. Whilst it was expected to be relatively cash neutral (i.e. reduced business rates income, increased s31 compensation), the overall position on business rates is a net surplus of £355k.

### **Gloucestershire Business Rates Pool**

Based on the NNDR3 returns, the GBRP is reporting a surplus of £3.993m. This is predominantly due to an improved position across the majority pool members (in particular Gloucester and Stroud) and the consequential impact of the lower pool levy rate as a result of Tewkesbury leaving the pool in April 2016 \*\*

In accordance with the Pool Governance agreement, the pool benefit has been distributed as follows:

- 20% to the Strategic Economic Development Fund
- Remaining balance split: 20% to County, 80% to Districts

Therefore, Stroud has received £561k of pool benefit in 2017/18 which was not budgeted for. A significant proportion (£500k) has been transferred to the Business Rates reserve to provide safety-net funding to smooth out any fluctuations in funding in future years.

Members will be aware that Gloucestershire is a 100% Business Rates Pilot for 2018/19 which provides the opportunity for £10m+ of additional business rates income to be retained across the County. However, there is additional risk associated with 100% rates retention, and the ongoing legal proceedings instigated by NHS Trusts remains a concern.

**\*\* Note on Levy Rate**

The levy rate determines the amount of business rate growth that is payable back to Government. Outside of the business rates pool, Stroud would ordinarily pay a levy rate of 50%. However, the pool levy rate is reduced to 3.73% (as the levy is calculated at the pool level which includes all Gloucestershire councils with the exception of Tewkesbury).

**Earmarked Reserves**

The Council periodically reviews its reserves. With the changing nature of local government finance, a comprehensive review was undertaken as part of the budget setting process to realign general fund balance and reserve levels to reflect the financial pressures, risks and priorities of the Council.

As part of the budget setting 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.

Earmarked reserves were also reviewed as set out in the report to Council on the 2018/19 Budget and Medium Term Financial Plan. The level of reserves have been reviewed as part of the General Fund outturn with a number of transfers made to specific earmarked reserves to mitigate cost and risk pressures identified in the Medium Term Financial Plan and the Capital Programme.

Table 6 sets out the final reserve balances, with table 5 below summarising the transfers to and from reserves proposed in this report.

**Table 5**

	<b>Balance 01/04/2017 (£'000)</b>	<b>2017/18 Financing (£'000)</b>	<b>2017/18 Review (£'000)</b>	<b>Est. Balance 31/03/2018 (£'000)</b>
<b>Balance and Reserves</b>				
GF Balances	(2,169)	0	0	(2,169)
<b>Earmarked Reserves</b>				
Capital	(5,835)	497	(700)	(6,038)
Revenue budget support	(6,000)	0	0	(6,000)
Risk	(281)	(500)	0	(781)
Equalisation	(138)	(316)	0	(454)
Other earmarked reserves	(2,386)	(1,303)	700	(2,989)
	<b>(14,640)</b>	<b>(1,622)</b>	<b>0</b>	<b>(16,262)</b>
<b>TOTAL</b>	<b>(16,809)</b>	<b>(1,622)</b>	<b>0</b>	<b>(18,431)</b>

For completeness, the transfers to/from the reserves are set out below:

- £600k to Waste Management reserve
- £500k to BRR Safety Net reserve
- £250k to Workforce Planning reserve
- £250k to MRP/Vol MRP Equalisation reserve
- £273k to Carry Forwards reserve (as set out in Table 4)
- £400k to other earmarked reserves (as set out in Table 4)

**Note:** A further transfer will be made in relation to the budgeted transfer to the MTFP equalisation reserve of £17k (as noted at the foot of Table 1). This hasn't been included in the table above for presentation purposes.

The remaining earmarked reserves have been identified and held for a series of specific purposes as set out in the Appendix. 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 6**

<b>Reserve Type</b>	<b>Earmarked Reserve</b>	<b>Purpose</b>	<b>Balance 01/04/2017 (£'000)</b>	<b>2017/18 Financing/ Outturn (£'000)</b>	<b>2017/18 Review (£'000)</b>	<b>Est. Balance 31/03/2018 (£'000)</b>
Capital	Capital Reserve	Funding to support Capital Programme	(5,835)	497	(700)	(6,038)
Committments	The Pulse	Revenue surplus to fund Capital	(130)	0	0	(130)
Risk	Merrywalks	To provide mitigation against risk of commercial loan default	0	0	0	0
Equalisation	MRP/Vol MRP Equalisation	To provide additional funding for the revenue impact of the capital programme	0	(250)	0	(250)
Equalisation	Legal Counsel	To fund the cost of legal counsel advice within services	(50)	0	0	(50)
Equalisation	Pension Fund	To provide funding for pension fund deficit	0	(120)	0	(120)
Equalisation	Planning Appeals	To provide adequate resource to fund any planning appeals or tribunals	(100)	0	0	(100)
Equalisation	Local Plan	To provide adequate resource to fund the Local Plan review	0	(36)	0	(36)
Risk	BRR Safety Net	Amount set aside for any potential business rates income shortfall under the Business Rates Retention Scheme	(281)	(500)	0	(781)
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)
Equalisation	CIL	Smoothing reserve for CIL Administration costs	42	90	0	132
Other	CIL	Funding to support the provision of district-wide infrastructure	0	(25)	0	(25)
MTFP	MTFP Equalisation	To provide support to the MTFP	(6,000)	0	0	(6,000)

Reserve Type	Earmarked Reserve	Purpose	Balance 01/04/2017 (£'000)	2017/18 Financing/ Outturn (£'000)	2017/18 Review (£'000)	Est. Balance 31/03/2018 (£'000)
Other	Homelessness Prevention	Funding for ongoing support to Homeslessness	0	(65)	0	(65)
Other	Opportunity Land Purchase	To fund land acquisitions	(250)	0	0	(250)
Other	Workforce Planning	To fund any costs arising from delivering the Workforce Plan in future years	(400)	(250)	0	(650)
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)
Other	Climate Change	To Fund the Carbon Management Programme	(671)	153	350	(167)
Other	Littlecombe	Transferred to the Capital Reserve	(50)	0	50	0
Other	Waste Management	To provide additional funding to support service provision over the medium term	0	(600)	0	(600)
Other	Neighbourhood Planning	Funding received to support development of Neighbourhood Plans	(71)	0	0	(71)
Other	Jobs and Growth	Supporting the Capital Programme	(450)	0	450	0
Other	Carry Forwards	Budgets carried forward into following financial year	0	(273)	0	(273)
Partnership	Building Control	Building Control Partnership surplus/(deficit)	(142)	(38)	0	(180)
Partnership	Merrywalks	Net income held prior to distribution as per Management agreement	(222)	(205)	0	(427)
			<b>(14,640)</b>	<b>(1,622)</b>	<b>(0)</b>	<b>(16,262)</b>
<b>GF Balances</b>	<b>GF Balance</b>	<b>Risk-based balance - minimum level to be held</b>	<b>(2,169)</b>	<b>0</b>	<b>0</b>	<b>(2,169)</b>

**STROUD DISTRICT COUNCIL**  
**STRATEGY AND RESOURCES COMMITTEE**

**AGENDA  
ITEM NO**

**24 MAY 2018**

**6c**

<b>Report Title</b>	<b>CAPITAL OUTTURN REPORT 2017/18</b>
<b>Purpose of Report</b>	To advise the capital outturn for 2017/18. To seek authority to carry forward capital budgets and corresponding finance into the 2018/19 capital programme. To report the latest capital programme and funding position.
<b>Decision(s)</b>	That the Strategy and Resources Committee: <u>RESOLVES</u> : -  a) that the capital expenditure outturn statement for 2017/2018 is approved;  b) that carry forward budgets identified in Appendix A, together with the sources of finance, are approved and added to the 2018/19 capital programme;  c) the revised capital programme and funding for 2018/19 is agreed.
<b>Consultation and Feedback</b>	Budget holders.
<b>Financial Implications &amp; Risk Assessment</b>	There are no direct financial implications arising from this report. The capital budgets and associated financing for schemes that have slipped will need to be carried forward for the projects to be completed.  The revised Capital Programme reflects decisions taken on the Merrywalks shopping centre and Brimscombe Port. It is expected that expenditure profiles on other elements of the capital programme will need to be amended (e.g. Canal, Brimscombe Port) and will have an impact on the capital financing options and the MTFP. An updated capital programme will be included in the Budget Strategy report to Strategy and Resources committee in October 2018.  David Stanley, Accountancy Manager Tel: 01453 754100 Email: <a href="mailto:david.stanley@stroud.gov.uk">david.stanley@stroud.gov.uk</a>
<b>Legal Implications</b>	None beyond the legal requirement upon the Council to ensure that it monitors and reviews its capital expenditure in line with approved budgets for the relevant year. Karen Trickey, Head of Legal Services (Ref:RCD11.5,D10.11C1.5)
<b>Report Author</b>	Graham Bailey, Principal Accountant Tel: 01453 754133 Email: <a href="mailto:graham.bailey@stroud.gov.uk">graham.bailey@stroud.gov.uk</a>



<b>Options</b>	Carry forward of capital budget not spent in 2017/2018 is required to successfully deliver the schemes' required outcomes.
<b>Performance Management Follow Up</b>	Further budget monitoring reports during 2018/19.
<b>Background Papers Appendices</b>	<ul style="list-style-type: none"> <li>A. Capital Outturn Statement 2017/2018</li> <li>B. Revised Capital Programme 2018/2019</li> <li>C. Capital Programme 2018/2019 – 2022/2023</li> <li>D. Capital Financing Statement</li> </ul>

## Background

1. This report sets out the capital expenditure outturn for 2017/18 and budget carry forwards that need to be included, with finance, into the 2018/19 capital programme.
2. The Council budget meeting on 25 January 2018 approved funding for the Council's current four year capital programme together with the latest housing revenue account capital programme. A number of schemes were removed or reprofiled during 2017/18.

## Outturn 2017/2018

3. Members have received regular Capital Monitoring reports during the financial year in addition to the financial reports. These have provided members with an update on each scheme. The capital outturn report largely confirms the financial performance across the capital programme, and in light of the regular monitoring reports does not provide detailed explanations for variations.
4. Details of the schemes and the variations from the budget are set out in Appendix A to this report. The total capital expenditure in 2017/18 was £10.480m compared with a budget of £14.034m, a difference of £3.554m. This expenditure equates to 75% of the budget. Overall there is a requirement to carry forward £0.692m to increase planned expenditure in 2018/19. This is set out in detail at Appendix A.
5. In total General Fund capital expenditure is £0.367m (7.5%) under spent. A total slippage of £0.665m that includes Affordable Housing – Support to Registered Providers (£30k), Canal (53k), Multi-Service Contract Vehicles (£268k), Health Through Warmth Grants (£140k), and Brimscombe Port (£212k).
6. Housing Revenue Account capital expenditure was £6.002m compared with a budget of £9.189m. This is a £3.187m (34.7%) under spend in 2017/18. There is a separate report to this meeting setting out the detail.

## Summary of capital carry forwards

7. The final column in Appendix A totals £0.692m, and lists 2017/18 budgets recommended for carry forward into 2018/19.

### **Revised capital programme 2018/2019**

8. The revised capital programme of £18.609m for 2018/19 is shown in detail in Appendix B.
9. Appendix C has details of the latest budgets for capital schemes for the period 2018/19 to 2021/22. No changes have been made to the existing capital expenditure profiles. These will be considered during the financial year with an update to be included in the Budget Strategy report to Strategy and Resources committee in October 2018.

### **Funding**

10. A summary of capital expenditure and financing is shown in the capital financing statement at Appendix D.

### **New Schemes**

11. This report includes new schemes Merrywalks Redevelopment and Brimscombe Port additional funding approved since the budget was set by Council 25 January. Canal HLF funding bid for development funding was successful.

<b>Capital Outturn Statement 2017/2018</b>				
<b>Capital Scheme</b>	<b>Latest Budget (£'000)</b>	<b>Outturn (£'000)</b>	<b>Variation (£'000)</b>	<b>Carry forward (£'000)</b>
<b>Community Services</b>				
Community Buildings Investment	50	62	12	(12)
Stratford Park Lido	20	-	(20)	20
Stratford Park Sensory Garden	8	8	-	-
<b>Total Community Services</b>	<b>78</b>	<b>70</b>	<b>(8)</b>	<b>8</b>
<b>Environment</b>				
Canal	184	469	285	-
Canal - Stroudwater Connected	250	197	(53)	53
CMP - Invest to Save	141	153	12	-
Stroud Valleys Initiative	-	17	17	-
Multi-Service Contract - Vehicles	334	66	(268)	268
<b>Total Environment</b>	<b>909</b>	<b>902</b>	<b>(7)</b>	<b>321</b>
<b>Housing General Fund</b>				
Affordable Housing - Support to Registered Providers	120	90	(30)	30
Affordable Warmth Grants	-	3	3	-
Disabled Facilities Grant Scheme	330	215	(115)	-
Health through Warmth Grants	200	60	(140)	140
Private Sector Home Loan Scheme	60	43	(17)	-
Warm Homes Fund	-	47	47	-
<b>Total Housing General Fund</b>	<b>710</b>	<b>458</b>	<b>(252)</b>	<b>170</b>
<b>Strategy and Resources</b>				
Brimmscombe Port Redevelopment	450	238	(212)	212
Littlecombe Business Units, Dursley	1,850	1,896	46	(46)
Multi-Service Contract - Depot	-	66	66	-
Housing Initiatives	848	848	-	-
<b>Total Strategy and Resources</b>	<b>3,148</b>	<b>3,048</b>	<b>(100)</b>	<b>166</b>
<b>Total General Fund</b>	<b>4,845</b>	<b>4,478</b>	<b>(367)</b>	<b>665</b>
<b>Housing Revenue Account</b>				
Capital Repairs and Maintenance	6,602	3,442	(3,160)	-
New Build and Development	1,967	1,945	(22)	22
Sheltered Programme	620	615	(5)	5
<b>Total Housing Revenue Account</b>	<b>9,189</b>	<b>6,002</b>	<b>(3,187)</b>	<b>27</b>
<b>Total Capital Expenditure</b>	<b>14,034</b>	<b>10,480</b>	<b>(3,554)</b>	<b>692</b>

**Note:** Stroud Valleys Initiative scheme costs have been funded from a revenue contribution to capital, but have not been capitalised.

Revised Capital Programme 2018/2019				
Capital Scheme	Original Budget (£'000)	2017/18 Carry Fwd (£'000)	Budget Changes (£'000)	Latest Budget (£'000)
<b>Community Services</b>				
Community Buildings Investment	100	(12)	-	88
Stratford Park Lido	80	20	-	100
<b>Total Community Services</b>	<b>180</b>	<b>8</b>	<b>-</b>	<b>188</b>
<b>Environment</b>				
Canal - Stroudwater Connected	500	53	-	553
Market Town Centres Initiative Fund	100	-	-	100
Multi-Service Contract - Vehicles	250	268	-	518
Stroud District Cycling & Walking Plan	100	-	-	100
Wallbridge - Gateway	190	-	-	190
<b>Total Environment</b>	<b>1,140</b>	<b>321</b>	<b>-</b>	<b>1,461</b>
<b>Housing General Fund</b>				
Affordable Housing - Support to Registered Providers	119	30	-	149
Disabled Facilities Grant Scheme	330	-	-	330
Health through Warmth Grants	-	140	-	140
<b>Total Housing General Fund</b>	<b>449</b>	<b>170</b>	<b>-</b>	<b>619</b>
<b>Strategy and Resources</b>				
Brimscombe Port Redevelopment	1,600	212	1,600	3,412
ICT Investment Plan	400	-	-	400
Littlecombe Business Units, Dursley	100	(46)	-	54
Merrywalks Redevelopment (Commercial Loan)	-	-	2,000	2,000
MSCP Resurfacing	120	-	-	120
Housing Initiatives	600	-	-	600
<b>Total Strategy and Resources</b>	<b>2,820</b>	<b>166</b>	<b>3,600</b>	<b>6,586</b>
<b>Total General Fund</b>	<b>4,589</b>	<b>665</b>	<b>3,600</b>	<b>8,854</b>
<b>Housing Revenue Account</b>				
Capital Repairs and Maintenance	6,657	-	-	6,657
New Build and Development	3,004	22	(1,992)	1,034
Sheltered Programme	2,059	5	-	2,064
<b>Total Housing Revenue Account</b>	<b>11,720</b>	<b>27</b>	<b>(1,992)</b>	<b>9,755</b>
<b>Total Capital Expenditure</b>	<b>16,309</b>	<b>692</b>	<b>1,608</b>	<b>18,609</b>

<b>Capital Programme 2018/19 to 2022/23</b>				
<b>Capital Scheme</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>
<b>Community Services</b>				
Community Buildings Investment	88	50	-	-
Stratford Park Lido	100	100	-	-
<b>Total Community Services</b>	<b>188</b>	<b>150</b>	<b>-</b>	<b>-</b>
<b>Environment</b>				
Canal - <i>Stroudwater Connected</i>	553	1,500	750	-
Market Town Centres Initiative Fund	100	50	50	-
Multi-Service Contract - Vehicles	518	250	166	-
Stroud District Cycling & Walking Plan	100	100	100	-
Wallbridge - Gateway	190	-	-	-
<b>Total Environment</b>	<b>1,461</b>	<b>1,900</b>	<b>1,066</b>	<b>-</b>
<b>Housing General Fund</b>				
Affordable Housing – Support to Registered Providers	149	-	-	-
Disabled Facilities Grant Scheme	330	330	330	330
Health through Warmth Grants	140	-	-	-
<b>Total Housing General Fund</b>	<b>619</b>	<b>330</b>	<b>330</b>	<b>330</b>
<b>Strategy and Resources</b>				
Brimscombe Port Redevelopment	3,412	482	-	-
ICT Investment Plan	400	500	500	400
Littlecombe Business Units, Dursley	54	-	-	-
Merrywalks Redevelopment	2,000	-	-	-
MSCP Resurfacing	120	-	-	-
Housing Initiatives/Homes for Rent	600	600	400	400
<b>Total Strategy and Resources</b>	<b>6,586</b>	<b>1,582</b>	<b>900</b>	<b>800</b>
<b>Total General Fund</b>	<b>8,854</b>	<b>3,962</b>	<b>2,296</b>	<b>1,130</b>
<b>Housing Revenue Account</b>				
Major Works	6,657	6,103	6,027	5,919
New Homes and Regeneration	1,034	1,992	-	-
Sheltered Housing Modernisation	2,064	311	462	1,836
<b>Total Housing Revenue Account</b>	<b>9,755</b>	<b>8,406</b>	<b>6,489</b>	<b>7,755</b>
<b>Total Capital Programme</b>	<b>18,609</b>	<b>12,368</b>	<b>8,785</b>	<b>8,885</b>

Appendix C

<b>Committee</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>
Community Services and Licensing	188	150	-	-
Environment	1,461	1,900	1,066	-
Housing (General Fund)	619	330	330	330
Strategy and Resources	6,586	1,582	900	800
<b>TOTAL General Fund</b>	<b>8,854</b>	<b>3,962</b>	<b>2,296</b>	<b>1,130</b>
Housing Revenue Account	9,755	8,406	6,489	7,755
<b>TOTAL Capital Programme</b>	<b>18,609</b>	<b>12,368</b>	<b>8,785</b>	<b>8,885</b>

## Capital Financing Statement

	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000
<b>1. Capital Expenditure</b>				
Community Services	188	150	-	-
Environment	1,461	1,900	1,066	-
Housing General Fund	619	330	330	330
Housing Revenue Account	9,755	8,406	6,489	7,755
Strategy and Resources	6,586	1,582	900	800
<b>Estimated Expenditure</b>	<b>18,609</b>	<b>12,368</b>	<b>8,785</b>	<b>8,885</b>
<b>Financed by:</b>				
Borrowing HRA	-	-	-	-
HCA Grant	99	99	-	-
HRA Reserves	2,326	360	10	-
HRA Usable capital receipts (3)	172	2,197	400	1,750
Revenue funded	7,158	5,750	6,079	6,005
<b>HRA Financing Total</b>	<b>9,755</b>	<b>8,406</b>	<b>6,489</b>	<b>7,755</b>
Borrowing GF	4,772	2,100	1,316	400
Capital grants (5)	1,988	812	330	330
Capital reserve (4)	1,845	1,050	650	400
External funding	100	-	-	-
General Fund usable capital receipts (2)	149	-	-	-
<b>General Fund Financing Total</b>	<b>8,854</b>	<b>3,962</b>	<b>2,296</b>	<b>1,130</b>
<b>Total Financing</b>	<b>18,609</b>	<b>12,368</b>	<b>8,785</b>	<b>8,885</b>
<b>2. General Fund Usable Capital Receipts</b>				
Brought forward 1 April	574	450	475	500
add: received in year	25	25	25	25
less: applied as above	(149)	-	-	-
Carried forward 31 March	450	475	500	525
<b>3. HRA Usable Capital Receipts</b>				
Brought forward 1 April	4,658	6,786	5,789	5,989
add: received in year	2,300	1,200	600	600
less: applied as above	(172)	(2,197)	(400)	(1,750)
Carried forward 31 March	6,786	5,789	5,989	4,839
<b>4. Capital Reserve</b>				
Brought forward 1 April	6,038	4,193	3,143	2,493
add: received in year	-	-	-	-
less: applied as above	(1,845)	(1,050)	(650)	(400)
Carried forward 31 March	4,193	3,143	2,493	2,093
<b>5. Capital Grants</b>				
Disabled Facilities Grant due	330	330	330	330
Health through Warmth	140	-	-	-
Homes and Community Agency Grant	1,518	482	-	-
Capital grants	1,988	812	330	330

**STROUD DISTRICT COUNCIL**  
**STRATEGY AND RESOURCES COMMITTEE**

**AGENDA  
ITEM NO**

**24 MAY 2018**

**7**

<b>Report Title</b>	<b>STROUDWATER NAVIGATION CONNECTED – REGENERATING CULTURAL AND NATURAL HERITAGE FOR EVERYONE</b>
<b>Purpose of Report</b>	To provide an update on the progress made in implementing the Canal Project, particularly in securing further Heritage Lottery Fund support and to make provision for progressing the project through its development stage.
<b>Decision(s)</b>	<p><b>The Strategy and Resources Committee RESOLVES</b></p> <ol style="list-style-type: none"> <li><b>1. To accept the Heritage Lottery Fund’s offer of £842,800 for the Development Stage of <i>Stroudwater Connected</i> on the terms set out in the offer.</b></li> <li><b>2. To agree the establishment of a Council-led Canal Project Board, as outlined at Section 4 of this committee report.</b></li> <li><b>3. Delegate authority to the Canal Manager in consultation with the Head of Legal Services to review and agree terms for a partnership agreement with the Council’s project partners to progress the project through the development stage</b></li> <li><b>4. Delegate authority to the Canal Manager in consultation with the Leader of the Council to make decisions on behalf of the Council in order to progress the Development Stage of the project subject to the approval of the Chief Executive to any decision involving capital expenditure or anticipated capital expenditure in excess of £75,000 and provided that any expenditure is within the Council’s approved budget for the project.</b></li> </ol>



<p><b>Consultation and Feedback</b></p>	<p>34 letters of support were received from various organisations in support of the bid to the Heritage Lottery Fund. Consultation during the life of the Canal Project has been extensive with, for example, regular meetings with the Western Canals Consultative Committee representing town/parish councils and interest groups affected by the project. Furthermore, the Cotswold Canals Partnership receives updates on a quarterly basis.</p> <p>The council has also included questions on further canal restoration in its 2015 and 2017 Budget Consultations with residents and businesses. At the same times, the Cotswold Canals Trust received 1548 completed questionnaires.</p>
<p><b>Financial Implications and Risk Assessment</b></p>	<p>This report sets out the next stage of the Stroud Navigation Connected project following the successful bid to the HLF for funding.</p> <p>Paragraphs 3.1 to 3.6 outline the Development Stage and the financing required to enable a Round 2 submission to the HLF. A total of £2.205m of funding is set out in the report, with £843k in the form of HLF Grant. The Council will provide up to £438k in funding (in line with the allocation included in the Council's Capital Programme). As lead partner in the project, the Council does bear some financial risk should there be a shortfall in fundraising or the contingency for inflation and risk prove to be inadequate.</p> <p>Given the scale of the project (£23.4m as outlined in paragraph 2.2), a report will need to be taken to a future Council meeting when the Round 2 bid submission is made. The report will provide members with a detailed cost-plan and risk mitigation strategy, along with a thorough assessment of the financial risks the Council will be taking as the lead partner in delivering the project.</p> <p>David Stanley, Accountancy Manager (s151 Officer)  Tel: 01453 754100  Email: <a href="mailto:david.stanley@stroud.gov.uk">david.stanley@stroud.gov.uk</a></p> <p><u>Risk Assessment</u></p> <p>The financial implications outline some financial risk to the authority at the development stage in terms of cashflow financing the project and risk around cost pressures.</p> <p>In common with major construction projects, there will be risk associated with project delivery – particularly</p>

	around inflationary cost pressures. The Development Stage will identify any further project risks and possible mitigation measures. Given the nature of the project, there are risks around issues such as contaminated land, and the costs associated with dealing with them.
<b>Legal Implications</b>	At this stage the terms of grant are not onerous and the commitment of the Council to the project does not raise significant legal implications. Those implications will need to be reviewed as and when the project moves on to the Delivery stage.  Alan Carr, Solicitor Tel: 01453 754357 Email: alan.carr@stroud.gov.uk
<b>Report Author</b>	David Marshall, Canal Manager Tel: 01453 754646 Email: <a href="mailto:david.marshall@stroud.gov.uk">david.marshall@stroud.gov.uk</a>
<b>Performance Management Follow Up</b>	The progress of this Project is managed and monitored by the Canal Project Board which meets regularly and currently comprises the Leader of Council, the Chair of the Environment Committee, the Chief Executive and the Head of Finance, with the Canal Manager in attendance. Regular reports will be made to the Environment Committee.
<b>Background Papers</b>	The following Background Paper is relevant to this Report: <i>STROUDWATER NAVIGATION CONNECTED – Regenerating cultural and natural heritage for everyone. 2017 Bid to the Heritage Lottery Fund – Project Summary. This can be found at <a href="http://www.stroud.gov.uk/canalbidsummary">www.stroud.gov.uk/canalbidsummary</a></i>

## 1. BACKGROUND

- 1.1. In November last year, a boat carrying Heritage Lottery Fund (HLF) project monitors made a continuous trip from Stonehouse Ocean to Bowbridge Lock. This was the criterion set by the HLF to signify practical completion of phase 1A. Phase 1A comprised £20m of work to reopen a 6 mile stretch of canal.
- 1.2. Crucially, completing phase 1A enabled SDC to make a further funding application (*Stroudwater Connected*) to the HLF on 30<sup>th</sup> November; this being restoration of the canal between Stonehouse and Saul Junction, which will make Stonehouse and Stroud canal towns once again.
- 1.3. That bid was successful. This report sets out the implications of that success and also provides a brief update on phase 1A.

## 2. THE STROUDWATER CONNECTED BID

- 2.1. The bid, led by SDC and the Cotswold Canals Trust (CCT), was compiled with much assistance from 'Core Partners' in the project – Gloucestershire County Council (GCC), the Canal & River Trust (C&RT), the Stroudwater Navigation

Archive Charity, Gloucestershire Wildlife Trust, the Inland Waterways Association and the Stroud Valleys Canal Company.

- 2.2. The total cost of the project is estimated at £23.4 million, including the Development Stage and provision for contingencies and inflation. Income against this figure is estimated as follows:

Committed cash:	£5,065,000
'In kind' assistance:	£1,460,000
Heritage Lottery Fund:	£9,800,000
Environmental grants and offset credits:	£500,000
Donations/Trusts/Foundations:	£1,000,000
Commercial/business:	£1,000,000
Fundraising:	£1,375,000
Volunteer effort (cash equivalent):	<u>£3,200,000</u>
TOTAL	£23,400,000

The risk and inflation provision in the bids totals £4.8 million, which exceeds the fundraising target. Effective cost management will thus minimise any risk of not meeting fundraising targets.

- 2.3 The bid was 'community led'. In effect, restoring the canal is a tool for community involvement, learning, economic development, biodiversity, health and wellbeing, leisure and conservation.

### 3. THE DEVELOPMENT STAGE

- 3.1 We have secured from the HLF a 'Round 1' pass; one of only four in the country. This awards us £842,800 funding to work up the bid into a fully costed and planned project. A further application for 'Round 2' Delivery Stage funding has to be made within 2 years. Whilst Round 1 funding does not automatically guarantee a Round 2 pass, the HLF was clearly sufficiently impressed to offer Development funding. Provided that the project looks certain to deliver its outcomes to budget, there is no reason why a Round 2 bid should fail.
- 3.2 The Development Stage allows the project, and its 33 sub projects, to be fully worked up, designed, costed and with all approvals in place. This massively reduces risk in the Delivery Stage. Other Development Stage work includes:-
- Base line surveys so that the impact of the project can be measured
  - Reach agreement with utilities for dealing with canal crossings
  - Draw up 3 Conservation Plans, covering the restoration, the historic archives and wildlife/biodiversity. Each of these will include an Action Plan for the Delivery Stage
  - Negotiate land acquisitions and draw up legal agreements
  - Develop community involvement plans – volunteering, internships, training, mentoring
  - Develop an interpretation plan for the archive and a pilot website
  - Prepare a Project Business Plan
- 3.3 The bid assumed recruitment of a professional Fundraiser, Project Engineer, Administrator, Environment Manager and a Community Engagement team in order to deliver the Development Stage. Discussions are underway with partner organisations to establish whether this is necessary, or whether some capacity exists within partner organisations, at cost to the project but with less risk.

3.4 Our current expectation is that the Development Stage will be completed by December 2019. This shortened timescale reduces the impact of inflation on costs. There is generally a 3-4 month time lapse between a Round 2 submission and the result being known. With HLF meetings being held quarterly, the expectation is that the Round 2 bid would therefore have to be submitted at the end of November 2019.

3.5 The total cost of the Development Stage is £2,205,200, including a contingency of £155,000 for inflation and risk. This sum is included in the table at 2.2.

3.6 This cost will be met as follows:

Cash contributions from partners:	£437,740
'In kind' assistance:	£177,060
Volunteer time:	£444,900
HLF grant:	£842,800
Fundraising:	<u>£302,700</u>
	£2,205,200

#### 4. GOVERNANCE

4.1 As per the October S&R Report, the Development Stage will be overseen by a Project Board, chaired by SDC, with a membership expected to comprise:-

Chief Executive (SDC)	CCT Company Secretary
Leader/Chair of S&R Committee (SDC)	SVCC Chair
Chair, Environment Committee (SDC)	GCC representative
Head of Finance (SDC)	C&RT representative
CCT Chair	

An agreement was concluded between the above members for the purpose of submitting a bid for HLF funding. That agreement will need to be reviewed to accommodate the Development Stage and ultimately the Delivery Stage of the project

4.2 The partnership agreement will provide for the Council to take a lead role in administering funds and procuring works and services required to progress and complete the project both at Development Stage and Final Delivery Stage. In order to give effect to this partnership agreement it is necessary to make appropriate constitutional arrangements for relevant decisions to be made on behalf of the Council. The necessary delegation of powers can only be granted to an officer of the Council; to a committee or to a new sub-committee of this committee. It is therefore proposed that all such powers for these purposes (including spending and recruitment) are delegated to the Canal Manager subject to the conditions set out in Resolutions 3 and 4.

4.3 A further report will be made to the S&R Committee before the final Delivery Stage application is made to the HLF.

#### 5. PHASE 1A UPDATE

5.1 As reported above, the canal is now fully navigable between Stonehouse Ocean and Bowbridge Lock; a distance of 6.6 km. A CCT team is dredging the canal

above Bowbridge as far as Griffins Mill Lock initially and ultimately to Ham Mill Lock.

- 5.2 The visit by HRH The Prince of Wales on 2<sup>nd</sup> February this year was a major coup for the project – and a great challenge, with only 15 days' notice being given.
- 5.3 Remaining tasks on Phase 1A are the access ramp at Eagle Mill Close (funded by Stroud Town Council), additional landing stages and 'fine detail' work at Brewery Wall and Wallbridge Lower Lock. It is expected that SDC will be able to withdraw from phase 1A construction work by September, though maintenance activities will continue.
- 5.4 CCT teams will continue work on phase 1A projects, such as the electrification of Lodgemore Bridge and works at Ham Mill Lock.
- 5.5 As at March 2018, a sum of £165,000 remained in the phase 1A budget. The bulk of this will be taken by the works at Wallbridge Lower Lock, completed in November, but for which an invoice has yet to be received.
- 5.6 This means that the project has run to the budget outlined in July 2015, despite the unexpected £80,000 cost of dealing with a bank collapse. It should be emphasised, however, that the available £165,000 is dependant upon an s.106 contribution from Newland Homes, from an application which has not yet been implemented.
- 5.7 The £1.01 million retention held by the HLF has now been paid to SDC.
- 5.8 Benefits generated by phase 1A include:
  - Approximately 30,000 volunteer hours, valued at £370,000, put in each year
  - External investment of £115 million attracted into the canal corridor
  - Hydro-electric turbine has generated 340MWh of electricity, saving 179 tonnes of CO<sup>2</sup> emissions
  - 9.3 km of towpath upgraded for use by cyclists, mobility scooters and buggies
  - 100 nesting boxes, new wetland habitat, fish and eel passes on river section, reduced invasive plant species
  - Over 2,000 students from 33 local schools and colleges have taken part in canal-related learning
  - Over 60 young people with learning difficulties involved in the project
  - Stroud's gateway – the Brewery Wall – nearly completed
  - 61 canalside benches, 22 QR code points, 21 interpretation panels
  - Reduced flood risk
  - 5 Listed structures brought back to life.
- 5.9 In summary, the successful completion of Phase 1A – a project delivered within budget and timescale and the recipient of 12 national and regional awards – is something which should be acknowledged and celebrated.