

25 September 2018

STRATEGY AND RESOURCES COMMITTEE

A meeting of the Strategy and Resources Committee will be held on **THURSDAY 4 OCTOBER 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). 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 July 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 1 OCTOBER 2018
Questions must be submitted in writing to the Chief Executive, Democratic Services, Ebley Mill, Ebley Wharf, Stroud, and sent by post or by Email: democratic.services@stroud.gov.uk.
- 5 WORK PROGRAMME**
To consider the work programme
- 6 MEMBER REPORTS**
 - a) Performance Monitoring
 - b) Investment and Development Panel

7 TASK AND FINISH GROUPS

- a) ICT Working Group – IT Strategy and Investment Progress
- b) Constitution Working Group – First report of Constitution Working Group 2018

8 RECOMMENDATION FROM HOUSING COMMITTEE – 11 SEPTEMBER 2018

Additional Housing Revenue Account (HRA) Borrowing Programme (2019/20, 2020/21 and 2021/22) (HC Agenda Item 10)

The Chair of the Housing Committee will present this item.

To approve the bids to Homes England for additional borrowing from the 'Additional HRA Borrowing Programme (2019/20, 2020/21 and 2021/22)' for the following schemes:

Broadfield Road, Eastington
Orchard Road, Ebley
Queens Drive, Cashes Green
Ringfield Close, Nailsworth
Southbank, Woodchester
Summersfield Road, Minchinhampton
Tanners Piece, Nailsworth
The former Ship Inn site, Bridgend

9 LOCAL COUNCIL TAX SUPPORT SCHEME 2019/20

To receive a report on the scheme.

10 CAR PARK REVIEW 2018

To approve the amended variation order.

11 SUBSCRIPTION ROOMS, STROUD

To receive a report on the extension of deadline for the exchange of contracts of the transfer of the Subscription Rooms to Stroud Town Council.

12 DELIVERY STRATEGY FOR THE REDEVELOPMENT OF BRIMSCOMBE PORT

To approve the delivery strategy for Brimscombe Port.

13 FINANCIAL REPORTS

- a) Housing Revenue Account Monitoring Report 2018/19 (P1)
- b) Budget Monitoring Report 2018/19 – 31 Aug 2018
- c) Budget Strategy 2019/20 – 2022/23

14 LEADERSHIP GLOUCESTERSHIRE UPDATE

The Chief Executive will provide an oral update on Leadership Gloucestershire business. (Notes from meeting on 26 July 2018 attached)

15 APPOINTMENT OF THE ACTING HEAD OF PAID SERVICE

To receive a report on the appointment.

16 MEMBERS QUESTIONS

See Agenda Item 4 for deadline for submission

Members of Strategy and Resources Committee 2018/19

Councillor Doina Cornell (Chair)

Councillor Colin Fryer (Vice-Chair)

Councillor Nigel Cooper

Councillor Stephen Davies

Councillor Nick Hurst

Councillor Keith Pearson

Councillor Simon Pickering

Councillor Mattie Ross

Councillor Tom Skinner

Councillor Chas Townley

Councillor Ken Tucker

Councillor Martin Whiteside

Councillor Debbie Young

STRATEGY AND RESOURCES COMMITTEE

12 July 2018

7.00 pm – 9.25 pm
 Council Chamber, Ebley Mill, Stroud

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Minutes

Membership:

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

P = Present A = Absent

Officers Present:

Chief Executive	Head of IT
Director of Customer Service	Accountancy Manager
Property Manager	Democratic Services Officer
Head of Business Service Planning	

Other Members Present:

Councillor Braun

SRC.017 APOLOGIES

Apologies for absence were received from Councillors Davies and Pearson.

SRC.018 DECLARATIONS OF INTEREST

Councillor Townley, declared an interest in Agenda Item no. 10, minute no. SRC.026 Subscription Rooms, Stroud as he is a Member of Stroud Town Council and left the meeting before this item was considered.

SRC.019 MINUTES

RESOLVED To approve as a correct record the Minutes of the meeting held on 14 June 2018.

SRC.020 PUBLIC QUESTION TIME

There were none.

SRC.021 **WORK PROGRAMME**

Members discussed the following items on the work programme.

- An ICT Strategy will replace the ICT Investment plan – October 2018.
- A Member Information evening will be held early in 2019 to consider procurement priorities.
- Asset Management Plan – April 2019

SRC.022 **TASK AND FINISH GROUPS**(a) Single Use Plastics

Councillor Braun gave a verbal update on the work of the Task and Finish Group. The Group included Councillors Braun, Denney and Tomblin, met with officer input from Barry Wyatt, Director of Development Services and Stroud Valleys Plastic Group.

An action plan was being put together, with involvement from local stakeholders and the community on how the district will use single use plastics in the future. Members were encouraged to be champions in their communities. The group need to put a structure to the plan and how they see wider community engagement. A report will be presented to future meetings of the Environment Committee and Full Council.

(b) Terms of Reference for 2018/19 IT Working Group

The Head of Business Service Planning explained that the Task and Finish Group would investigate options, together with input from SOCITM, officers, councillors and stakeholders, on how we use IT now and in the future.

- RESOLVED**
- 1. The Group examine the issues and conduct its business as, outlined in Section 2 of the report;**
 - 2. Membership shall comprise Cllrs Butcher, Cornell, Davies, Hayward, Baxendale and McCasey;**
 - 3. In the event that a representative can no longer attend, then their group leader can nominate a replacement member at the committee chair's discretion;**
 - 4. The T&F group chair shall be Cllr Cornell.**

(c) Terms of Reference for 2018/19 Constitution Working Group

Councillor Cornell explained that the group would be considering three issues which would run parallel to the group looking at Members' conduct. The issues are:

- The amalgamation of Community Services and Licensing Committee and Environment Committee.
- The Financial Regulations and how Committees and Members engage with these.
- Scrutiny and Performance Management, looking at public speaking at meetings.

This work will be presented to Committee at a future date.

Councillor Whiteside proposed that the Chair should rotate between the members of the group, deleting (c) from the decision box, which stated 'The Committee Chair should be Cllr Pearson'. This was seconded by Councillor Pickering. On being put to the vote the proposal was not carried.

- RESOLVED**
1. **The Group examine the issues and conduct its business as, outlined in Section 2 of the report;**
 2. **Membership shall comprise Cllrs Cooper, Pearson, Townley, Reed, Kay and Studdert-Kennedy; and**
 3. **The Committee Chair shall be Cllr Pearson.**

SRC.023 CHIEF EXECUTIVE'S APPOINTMENT PANEL

Councillor Cornell updated Committee explaining that Councillors on the panel are Councillors Cornell, Cooper, Whiteside, Tucker, Pearson and Ross. Applications had been received from a broad range of applicants and interviews would take place on 31 July and 1 August 2018. A Council meeting would take place on 9 August to confirm the appointment.

SRC.024 LEADERSHIP GLOUCESTERSHIRE UPDATE

The Chief Executive provided an update on the meeting which took place on 14 June 2018 explaining issues regarding Gloucestershire Health and Wellbeing Board, Adverse Childhood Experiences and Social mobility. Gloucestershire 2050 would be debated at a future Council meeting.

SRC.025 CAPITAL PROJECT MONITORING

(a) Littlecombe Business Units, Dursley

The Property Manager gave an update to Committee. It was reported that practical completion of the units had been achieved within budget. The units had been handed over to the Council and are being marketed but were still vacant, no firm offers had been received.

(b) Brimscombe Port Redevelopment

An update was given to Committee on progress explaining that the development panel workshop had taken place and had discussed possible options. A report would be presented to Committee in October 2018.

(c) Housing Initiatives – Investment Options

As detailed in the report a number of options were being worked on by officers. A progress report will be presented to a future Committee.

(d) ICT Investment

The Head of Business Service Planning explained that the delegations as set out below for the Head of IT were important in order to be able to deliver the ICT programme.

- RECOMMENDATION TO COUNCIL**
1. **That the following delegations be provided to the Head of IT:**
 - (a) **To invite tenders and accept tenders where provision has been made in the budget subject to both the Contract and Procurement and Financial Procedure Rules.**
 - (b) **To ensure procedures are in place (and communicated) to protect Council ICT assets from any inappropriate activity, use, loss or removal. This will include adhering to all appropriate legislation and**

Council rules regarding the acquiring, use, retention and removal/destruction of all Council ICT assets (including information).

- (c) To procure contracts, additional goods, works and services as appropriate which fall within this area of responsibility subject to such being within approved budget and not contrary to policy.

RESOLVED

2. To note the remainder of the report.

Councillor Townley left the Council Chamber.

SRC.026 SUBSCRIPTION ROOMS STROUD

The Director of Customer Service updated Committee and explained that terms had now been agreed and the resolution clarifies the procedure which would take place to complete the transfer of the Subscription Rooms to Stroud Town Council.

Following questions and debate and on being put to the vote the resolution was carried by 6 in favour, 3 against and 1 abstention.

RESOLVED

1. Transfer the Council's freehold interest in the Subscription Rooms (which includes the forecourt) and the business operated therefrom to Stroud Town Council for a consideration of £1, subject to the following:
 - (a) exchange of contracts for the transfer (*to include (i) agreed terms in respect of the matters referred to in resolutions (b), (c) and (d), (ii) overage provisions (iii) terms relating to the application of TUPE and (iv) any interim management arrangements*) to be exchanged by the 30th September 2018 with completion of the transfer to take place on or before the 31st March 2019.
 - (b) the provision of a one-off grant of £230,000 to the Town Council towards the operating costs, subject to the completion of a grant agreement.
 - (c) this council funding the costs of and procuring the works to replace the roof and to carry out repairs to the flat roof and masonry, subject to a maximum cost of £125,000.
 - (d) the sale to include fixtures and fittings and all fixed and movable assets as part of the transfer (currently valued at £20,000).
2. Subject to the above, to delegate authority to the Head of Property Services to approve the terms of the contract, transfer and all associated agreements.

SRC.027 MEMBER QUESTIONS

A question was submitted and answered by the Chair. (Refer to the [Council's](#) webcast and [Item 11](#)).

The meeting closed at 9.20 pm.

Chair

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

4 OCTOBER 2018

5

WORK PROGRAMME

Date of meeting	Matter to be considered	Reporting Member/Officer
17.01.19	Work Programme	All the committee
	Member report: a) Investment and Development Panel	Leader
	Task and Finish Groups a) ICT	Head of IT and Head of Business Service Planning
	Brimscombe Port Redevelopment	Head of Property Services
	Housing Initiatives	Director of Development Services
	ICT Strategy	Head of Business Service Planning
	Financial Reports a) Housing Revenue Account (HRA) Budget 2019/20 and Medium Term Financial Plan 2019/20 to 2022/23. b) General Fund Revenue Estimates – Revised 2018/19 and Original 2019/20 c) The General Fund Budget 2019/20, Capital Programme and Medium Term Financial Plan 2019/20 to 2022/23	Head of Finance
	Subscription Rooms Update	Head of Property Services
	Leadership Gloucestershire Update	Chief Executive
	Fair Pay and Senior Pay Policy Statement – 2019/20	HR Manager
	Pension Committee	Councillor Cooper
	Council Tax Discount from April 2019 - Long Term Empty Properties	Revenue and Benefits Manager
	07.03.19	Work Programme
Member reports: a) Performance Monitoring b) Investment and Development Panel		Councillor Whiteside Leader
Task and Finish Groups a) ICT b) Constitution Working Group		Head of IT and Head of Business Service Planning Head of Legal Services and Monitoring Officer
Brimscombe Port Redevelopment		Head of Property Services
Housing Initiatives		Director of Development Services
ICT Strategy		Head of Business Service Planning
Subscription Rooms Update		Head of Property Services / Task and Finish Group
Leadership Gloucestershire Update		Chief Executive

Date of meeting	Matter to be considered	Reporting Member/Officer
11.04.19	Member reports: a) Performance Monitoring b) Investment and Development Panel	Councillor Whiteside Leader
	Brimscombe Port Redevelopment	Head of Property Services
	Housing Initiatives	Director of Development Services
	ICT Strategy	Head of Business Service Planning
	Financial Reports a) Housing Revenue Account Budget Monitoring Report 2018/19 (P3) b) General Fund Revenue and Capital Budget Monitoring Report 2018/19 (P3)	Head of Finance
	Subscription Rooms Update	Head of Property Services
	Leadership Gloucestershire Update	Chief Executive
	Asset Management Plan	Head of Property Services

To be presented to a future meeting – yet to be decided - The LEP making a presentation on Growth Hub and Local Industrial Strategy.

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

4 OCTOBER 2018

7a

Report Title	IT Strategy and Investment progress
Purpose of Report	To update the committee on progress made in terms of the development of a Digital Vision, Digital Strategy & IT Strategy and provide an update on investment in our IT infrastructure, replacing what was the capital projects monitoring report
Decision(s)	The Committee RESOLVES that: (a) It notes the report
Legal Implications	This report is intended for noting only and does not in itself give rise to any legal implications. It is presumed that the legal implications of the projects referred to herein will be considered in due course. Mike Wallbank Solicitor Mike.Wallbank@stroud.gov.uk
Financial implications and risk assessment	This report sets out progress made in the development of an IT Strategy and the investment to date in IT infrastructure. The Capital Programme includes a £1.8m capital scheme for IT, and this report updates members on the spend to date. It also indicates that the profiling of the capital scheme will be amended as investment priorities become clearer. The budget setting process in future years will need to assess the ongoing revenue and capital expenditure required on an on-going basis as a result of the £1.8m investment. David Stanley – Accountancy Manager Tel: 01453 754100 Email: david.stanley@stroud.gov.uk
Consultation and Feedback	An IT workshop took place on 9 th August involving members and officers and was which was facilitated by SOCITM. A T&F group has also been set up with whom further discussion of options on the way forward will be undertaken, leading to the completion of a Digital Vision, Digital Strategy & IT Strategy which will be brought to this committee to consider

Report Authors	<p>Tim Power, Head of Business Service Planning Te: 01453 754155 Email: tim.power@stroud.gov.uk</p> <p>Mark Fisher, Head of ICT Tel: 01453 754258 Email: mark.fisher@stroud.gov.uk</p>
Background Papers	<p>SOCITM review of IT, January 2018, presented previously at S&R committee</p> <p>Notes from the IT digital strategy workshop, 9th August, electronic copy sent to committee member's SDC email inbox</p>

BACKGROUND

- 1.1 A review of our IT by SOCITM in January 2018, led to a number of recommendations supporting improvements in the way we use IT in the future to deliver services to citizens and how we can improve levels of overall Council efficiency, by the application of technology.
- 1.2 One of these recommendations was the need to ensure that our IT strategy both links with and supports service and corporate objectives and that we have a very clear vision of how we will use technology and apply this in the shaping of service delivery.
- 1.3 At the S&R committee meeting on 12 July 2018, it was agreed that a T&F group would be set up to look at the issues and options presented to us in the use of IT and to identify a way forward, which will involve the development, with our advisers, SOCITM, of a draft digital vision, digital strategy and an IT strategy.

2. IT workshop outcomes

- 2.1 In support of the work to be undertaken by the T&F group, this workshop was convened to look at the issues and options the Council has in regard to an approach to the digital provision of services. From this we will need to agree a view on how we will offer services digitally, which in turn will shape our IT strategy
- 2.2 As a starting point, the group discussed what our approach as a Council to a digital strategy might consider and looked at an overview of how: we might design services for a digital customer, what a digital Council might look like and what Stroud as a digital place might offer to visitors, businesses and residents?
- 2.3 An electronic copy of the notes of this meeting will be sent to members of S&R, through your SDC email account

2.4 A summary of some of the key points covered were:

- The need to decide on direction we wish to take in terms of on-line service provision, i.e. self service, automated services, single customer account based service, mobile 'app' services, social media, etc., to identify where efficiencies can be made and how we can improve convenience to customers in terms of easy and any-time access to services, leading to decisions on how far this can replace current channels of access?
- The need to understand the extent to which customers are able to interact with the Council through digital means and their expectations from this
- To understand how the Council can better promote and facilitate an extension to digital services and access to these throughout the district and how we might be able to apply this for the benefit of citizens and to improve services we offer, such as reporting issues, etc.
- The use of digital technology to support local business
- Opportunities presented and where we might wish to be by 2022

3. **Task and Finish Group**

- 3.1 It was decided at the July S&R committee that a T&F group will steer the development of our approach to the use of IT, which will take the outcome of the working group forward. Diary issues, including the holiday period, had made it difficult to get members and officers together to work on this, but this is now moving forward.
- 3.2 We will be making use of SOCITM to assist and facilitate at some of these T&F group meetings and understand that this resource will be available from October.
- 3.3 T&F group meetings have been arranged with the first taking place on 26 September and others following on: 17 October, 7 and 28 November. This leaves time for a draft strategy to be circulated to members of the S&R committee prior to the meeting in January 2019.

4. **Current IT projects and capital investment update**

- 4.1 The Capital Programme, as approved by Council in January 2018, included a £1.8 million capital scheme for IT improvements. Whilst this has been profiled in fairly equal amounts over the project, there may be a need to front-load costs depending on investment priority. We currently have an allocation of £400K for 2018/19.

4.2 Investment during the current financial year is:

Description	Projected cost	Actual cost	Status
SAN – tier 1 storage	£100K	n/a	Specification being re-developed
Server upgrades –phase 1	£40K	£41K	Completed
Server upgrade – phase 2	£40K	£41K	Completed
Back up server disk array1	£8K	£6K	Completed
Fibre optic links	£2K	£3K	Completed
Cat6 cabling	£5K	£5K	Completed
Server licences	£10K	£13K	Completed
Telephony upgrade	£14K	£12K	Underway
Lease line upgrade	£16K	n/a	Not started
Network replacement	£160K	n/a	Not started
Back up server disk array2	£8K	n/a	Underway
Total	£403K	£121K	

4.3 The focus of investment so far has been on maintaining and modernising existing systems. These can be built upon later when we develop our IT systems as they become shaped by our digital and IT strategy.

4.4 Current projects include:

4.5 The upgrading of our telephone system - later versions of which will enable more flexible working by offering cost effective telephone options which are not linked to a desk phone, where staff can manage calls from anywhere in the building or beyond.

4.6 Improvements to our business continuity process increasing options and security in the event of a disaster

4.7 A review of on-line form submission (housing benefit, council tax and other applications), to facilitate the delivery of a self serve option emerging from the IT Strategy

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

4 OCTOBER 2018

7b

Report Title	First Report of Constitution Working Group 2018
Purpose of Report	For the committee to note the findings of the Working Group; and if appropriate resolve / recommend accordingly.
Decision(s)	<p>The Committee RESOLVES that:</p> <p>(a) no changes be made to the committee structure;</p> <p>(b) the Chairperson and the lead officer for each committee ensure that officer attendance is reduced as outlined in the report paragraph 2.3; and</p> <p>(c) the practice applied to the budget setting process in 2013/2014 to 2017/18 which ensured that all service committees had the opportunity to consider the annual budget proposals, be continued.</p> <p>The Committee RECOMMENDS TO COUNCIL that the terms of reference of the District Planning Review Panel (aka 'PRP') be amended as outlined in the report paragraph 2.7.</p>
Consultation and Feedback	The Group has included both independent members and members from each political group to provide the opportunity for consultation with all members.
Report Author	<p>Andrew Cummings, Head of Finance Services (Section 3) and Karen Trickey, Head of Legal Services on behalf of the Working Group:</p> <p>Cllr Pearson (Chair); Cllr Cooper; Cllr Kay; Cllr Reed; Cllr Studdert-Kennedy; Cllr Townley and Cllr Cornell (the latter attended the group's third and fourth meeting as a Labour Group representative).</p> <p>Tel: 01453 754369 Email: karen.trickey@stroud.gov.uk</p>
Background Papers	Committee Costs 2015 and 2017; Webcasting figures; Notes on number of views; Decisions taken during civic year; Member attendance records.

BACKGROUND

1.1 This is the first of two reports which the Group will be submitting to the Committee. As part of this initial phase of work, the cross party working group was tasked with considering:

- (a) Whether a further redistribution of functions between committees should take place to reduce the number of committees (in particular whether the Environment and Community Services & Licensing Committees might be amalgamated); and
 - (b) A review of the Council's Financial Regulations to assess how best to engage committees and Members in the budget setting process.
- 1.2 Members may recall that (a) was raised with a view to potentially reducing committee costs. The Group's findings on this matter are addressed below in Section 2 of the report. Turning to (b), this issue was raised in response to Members' concerns about the process for setting the annual budget applied in December 2017 and the limited involvement of committees in the budget process flagged up in January 2018's budget meeting. This matter is addressed in Section 3.

2. The Committee Issue

- 2.1 In approaching the question as to whether the Environment and Community Services & Licensing committees (ES and CS&L respectively) might be amalgamated, the Group agreed it was important that the objective of cost reduction should not be considered in isolation of securing effective decision making. In undertaking the review, the Group looked for example, at committee costs, the number of decisions made by each committee, the terms of reference of the committees and webcasting viewing figures. It also discussed the matter with members of the two committees and the Chairpersons / former chairs of the affected committees, namely Cllrs Pickering, Ross and Robinson. The Group records their thanks to the latter members for their constructive comments.
- 2.2 It was noted that the average and total costs of all Member meetings with the exception of Housing Committee had fallen since the committee structure was assessed in 2015. This was due to a reduction in agenda and report printing costs. The key cost was officer time in terms of preparing reports and in particular in attending committee, the latter of which was not always the best use of their time. It was recognised that officer costs were not in practice likely to be significantly reduced (if at all) if the two committees were amalgamated as officers were still needed as part of the democratic decision-making process and for the majority of work undertaken outside of committees.
- 2.3 Members had noted officer attendance at some meetings seemed unnecessary and attendance had increased to some extent since the Group's last review in 2016. The Group considered it incumbent upon committee chairpersons to ensure that their lead officers (i) keep officer attendance to the essential; (ii) avoid officer "buddying" at committee; and (iii) any officers present are able to deal with questions regarding the reports of non essential / non attending colleagues, as indeed some seemed to already. The Group also wished to remind all Members that it was important for them to read the committee papers ASAP before the meeting thereby providing sufficient time to raise any questions on the report with the relevant officers in advance of the committee meeting.

- 2.4 The Group assessed whether or not moving away from evening to earlier committee times might be beneficial (e.g. by officers being 'on call' for committee rather than simply sitting in committee during the evening). This issue had been raised as a potential cost saving although previous considerations of such had indicated savings would be negligible and this would be particularly the case if officer attendance was effectively managed as outlined above.
- 2.5 It was noted that evening meetings remained beneficial as they enabled and encouraged a wider demographic of Members to attend. With the availability of webcasting and a diverse range of working hours etc., it was not considered that evening meetings were as large a driver for public attendance as might have been the case some years ago. Nevertheless, webcasting viewing figures did illustrate that individuals were remotely viewing meetings particularly when contentious items were considered and that (viewer) interest in ES and CS&L was generally lower than the other service committees.
- 2.6 Having considered the views expressed by those who had chaired and / or attended ES and CS&L, the Group noted that the two committees' approach / style of working (not just the nature of their work) varied from each other, such variations being possible and advantageous within the existing Constitution. Whilst the total number of decisions made by both committees together did not exceed that of any other individual committee, it was not considered by those familiar with the work of the two committees, that a single committee would improve the effectiveness of the decision making (given their diverse approach / work) nor significantly reduce costs (as more meetings might be required, meetings would be longer and officers would still have to be engaged by the Council).
- 2.7 In the course the Group's discussion with the Chair of ES, it was highlighted that the work of the District Planning Review Body (known as PRP or the Planning Review Panel) most closely aligns with the strategic local plan responsibilities of ES. Further, in practice local plan matters discussed by the PRP have been reported to ES and are more likely to do so over the coming months in view of the current local plan review. The Group noted that there is overlap between the terms of reference of the PRP regarding which committee it might report to. For example, on local plan issues the ES would be more relevant and for general planning management issues, the responsible committee would be S&R. In short, this is all at odds with the Constitution which provides that the PRP should (only) report to the Strategy and Resources Committee (S&R), being the committee which is currently responsible for PRP. (The PRP's terms of reference cover (i) issues affecting the delivery of the Council's strategic planning policies; (ii) review of planning appeal decisions which have key implications for the Council's strategic planning policy or performance; and (iii) where appropriate, making recommendations to S&R to promote the continuous improvement in planning performance and policy strategy). Consequently, it is proposed that the PRP terms of reference be amended to enable (a) the Group to report to ES or S&R as appropriate and (b) for there to be amendments to the previously resolved requirement that the

body be chaired by a member of S&R, so that the existing chairing arrangements accord with the terms of reference. For the avoidance of doubt, no other changes are proposed to the PRP.

- 2.8 In summary for the 'Committee Issue', taking all matters into account, the Group concludes that the current committee numbers should not be changed. However, relatively minor amendments should be made to the Constitution to address the issues regarding the PRP.

3. The Budget Issue

- 3.1 The Group agreed the importance of clarifying that revenue budget estimates will be presented, by the S151 Officer, to each service committee. These estimates will include those items where the budgeting monitoring process has identified cost pressures or savings within the budget. The estimates will be produced within the overall scope of the Budget Strategy, agreed in advance by Strategy and Resources Committee. Committees will then have the ability to feed into the overall budget process by making recommendations to Strategy and Resources Committee and to Council.
- 3.2 The Group also felt that it was important that service committees have an ability to be involved in the budget process early on rather than just in the final stages. The S151 Officer highlighted that the Q1 Budget Monitoring estimates to Committees are an early indication of the sorts of issues which may be raised when the estimates return to Committees and discussion around those reports should be framed on that basis
- 3.3 With regards to the Financial Regulations, Section B1 is to be adjusted under the delegated powers of the Monitoring Officer to clarify that the committees referred to are the service committees.

4. Next steps

- 4.1 Subject to any additional comments from the Committee regarding the group's next phase of work, the Committee resolved at its meeting in July 2018 that the group would "*undertake a review of the Role Profiles for Councillors (Part 16 Constitution) to further promote and improve Member involvement in the decision making process... the aim of such [being] to help ensure that all Members have the support they need and are clear as to their responsibilities as elected representatives... This potentially includes consideration of a range of matters such as Member engagement including the better recognition of Member Champion roles in promoting Council policy objectives; improving work plans for committees including scrutiny and review functions; extending public speaking; assessing the effectiveness of the current opportunities for Members to challenge committees; and the possible use of substitutes.*" It is anticipated that the Working Group will reconvene in early November.

STRATEGY AND RESOURCES COMMITTEE

4 OCTOBER 2018

8

Housing Committee Report – 11 September 2018 – Agenda Item 10

Report Title	Additional Housing Revenue Account (HRA) Borrowing Programme (2019/20, 2020/21 and 2021/22)
Purpose of Report	To provide the Committee with details of the proposed bids to Homes England for the Additional HRA Borrowing Programme.
Decisions	<p>The Committee RECOMMENDS to Council:</p> <p>To approve the bids to the Ministry of Housing, Communities and Local Government (MHCLG), through Homes England, for additional borrowing from the 'Additional HRA Borrowing Programme (2019/20, 2020/21 and 2021/22)' for the following schemes:</p> <p style="text-align: center;"> Broadfield Road, Eastington Orchard Road, Ebley Queens Drive, Cashes Green Ringfield Close, Nailsworth Southbank, Woodchester Summersfield Road, Minchinhampton Tanners Piece, Nailsworth The former Ship Inn site, Bridgend </p>
Consultation and Feedback	Consultation has taken place with the relevant ward councillors, with the Chair and Vice Chair of Housing and the proposal was discussed at Housing Review Panel on the 14 August 2018 and Housing Committee on 11 September.
Financial Implications and Risk Assessment	<p>This is an opportunity for the debt cap of the HRA to be increased, which would open up available headroom and allow the HRA to borrow to build new affordable housing.</p> <p>Any additional borrowing would have associated interest costs, and although not compulsory in the HRA it would be recommended that provision is made from the rental income to repay the additional borrowing.</p> <p>The net rental income from the new housing would need to be sufficient to fund these costs so that it doesn't negatively impact the overall position of the HRA over the medium and long term. The funding mix included in this report is such that it is supportable by the rental income and so doesn't materially impact the HRA. Once the borrowing is repaid (modelled at 30 years), and interest payments cease, the rental income would be expected to positively contribute to the HRA.</p> <p>Should SDC be successful in securing additional borrowing capacity, careful management of the schemes would be necessary to ensure deliverability within the timescales. Any</p>

	<p>major slippage could result in the borrowing being reallocated to other councils.</p> <p>If the additional borrowing bid is not awarded by the Ministry of Housing, Communities and Local Government (MHCLG), these schemes would not all be able to go ahead within these timescales as the funding is not currently fully available within the HRA.</p> <p>Any new schemes would need to be included in the capital programme for 2019/20 – 2022/23 and be approved by Council.</p> <p>David Stanley, Accountancy Manager Tel: 01453 754100 Email: david.stanley@stroud.gov.uk</p>
<p>Legal Implications</p>	<p>The government has produced a prospectus, FAQ's and online submission guidance, any bid will need make sure it adheres to those. Bids for additional borrowing will need to be signed off, and certified by the section 151 officer who will also need to confirm in the bid that the borrowing is affordable. Bids will need to confirm that (aside from Shared Ownership and Affordable Homes Programme grants, where applicable) that schemes are not expected to receive other Government grant funding (this does not stop the use of developer contributions secured through the planning regime).</p> <p>The bids will have been submitted (as there is a deadline of 30th September 2018) in advance of this committee, the FAQ's note that <i>"...local authorities can submit bids ahead of formal sign-off and use the 'additional information' free text box to explain the extenuating circumstances."</i> Should formal sign-off not be received the bids will need to be withdrawn.</p> <p>The Government anticipates that successful authorities will be permitted to vire additional borrowing between one agreed project and another within an individual year (subject to SDC's Scheme of Virement), but not be able to vire additional borrowing between projects across different years, as such the financial implications in respect of careful management and slippage are reiterated. It is essential that the affordability of the payments of any loan is adequately considered before the loan is entered into and a risk assessment should be conducted prior to any bid being submitted.</p> <p>Craig Hallett, Solicitor & Deputy Monitoring Officer Tel: 01453 754364 Email: craig.hallett@stroud.gov.uk (Ref: r11.09c13.09d20.09)</p>
<p>Report Author (s)</p>	<p>Leonie Lockwood, New Homes and Regeneration Manager Tel: 01453 754153 Email: leonie.lockwood@stroud.gov.uk</p>

	Lucy Clothier, Principal Accountant Tel: 01453 754343 Email: lucy.clothier@stroud.gov.uk
Options	The alternative option is to not bid for additional borrowing through this Homes England's programme and to limit the development of new homes to those that can be contained within the existing MTFP.
Performance Management Follow Up	The outcome of the bids will be contained in the next update to members on the New Homes and Regeneration Programme following the announcement of the allocations from Homes England due in the autumn 2018
Background Papers/ Appendices	None

1.0. Introduction

- 1.1 In October 2017, the Government announced that an additional £1bn of HRA borrowing headroom would be made available to areas of high affordability pressure and on 26 June this year the prospectus was launched. The guidance shows that this is expected to be split with £500m for London councils and £500m for authorities outside of London. This is over a three year period from 2019/20 to 2021/22.
- 1.2 The Council is currently at its debt cap and is unable to borrow further money in the HRA. The increase in headroom would allow further borrowing to take place to enable a further programme of new council homes to be delivered and the council has been lobbying central Government to allow it to do this
- 1.3 The benchmark for 'high affordability pressure' has been determined as being a difference of £50 or more per week between social and private rents. On this basis the Council has been assessed as being eligible to bid for the £500m additional headroom, along with 165 councils outside of London, of which approximately 90 have HRAs.
- 1.4 The deadline for bids is 30 September 2018. A bid must be made for each specific scheme and therefore we would not be able to group together schemes, but are able to bid separately for each one. Bids will be assessed individually and therefore the Council may be allocated funding for none, one or more, or all of the schemes.
- 1.5 Additional borrowing can be combined with Right to Buy (RTB) receipts or grant funding through the Homes England SOAHP 2016-21 programme, but not a combination of both. The affordability of additional borrowing must be signed off by the Section 151 Officer.
- 1.6 Bids need to demonstrate, and will be ranked on, three key elements:

Value for money – looking at unit scheme costs and the amount of additional borrowing per unit, and as a percentage of total scheme costs. Supplemented by reducing costs through bringing forward own land and procurement efficiencies. Bids may include regeneration schemes, but there must be reassurance on the additionality of housing, as well as value for money.

Deliverability within programme timescale – it should be shown that the Council has the skills and resources for schemes to be started in the relevant year (as per the

bid) and delivered on time and on budget. This would include for example the position of any planning applications, ownership of required land and the track record of the Council in delivering new housing. The Council has Investment Partner status with Homes England and received a 'green' compliance audit in 2017/18 with no breaches and therefore is in a good position in this regard. If there is slippage the additional headroom may be reallocated.

For schemes that involve a bid for the SOAHP grant alongside additional borrowing the Council must ensure that starts on site take place by March 2021.

Affordability – Schemes meeting the above requirements will be ranked on the difference between average social and private rents with areas with a higher differential attracting the additional headroom. It should be noted that there are a large number of local authorities eligible to bid for the funding and where we stand in the rankings is not known.

1.7 Results of the bidding process will be announced in the autumn.

2.0. The Proposed Bids

2.1. The Council has been aware since last autumn that this opportunity was to be launched and therefore has been preparing for this eventuality on the assumption that it would fall within the affordability eligibility criteria for bidding.

2.2 A programme of schemes and indicative funding has been prepared as detailed in the table below.

	No Of Units			Costs						NPV £000s
	Rented	Shared Ownership	Total	Total Scheme Costs £000s	HE Grant £000s	RTB receipts £000s	Sales Income £000s	Other HRA Funding £000s	Borro wing Bid £000s	
Former Ship Inn Site, Bridgend	6	3	9	1,500	198		194	225	883	-236
Southbank, Woodchester	3	2	5	1,202	60	225	128	260	529	-80
Tanners Piece, Nailsworth	11		11	1,794		538		896	360	-47
Queens Drive, Cashes Green	7		7	1,040		310			730	39
Orchard Road, Ebley	5		5	715		212			503	24
Ringfield Close, Nailsworth	16	5	21	3,213	150	708	378		1,977	365
Broadfield Road, Eastington	7	2	9	1,115	60	235	144		676	-28
Summersfield Road, Minchinhampton	7		7	920		274			646	77
Totals	62	12	74	11,499	468	2,502	844	1,381	6,304	114

Net Present Value (NPV) is the difference between the present value of income and expenditure over a period of time, in this case 30 years.

- 2.3 These sites are considered to be those that will meet the deliverability criteria with all of the sites already having had pre application planning advice and ground investigations, ecology and topographical surveys have been commissioned.
- 2.4 It is proposed that for schemes for rent the borrowing is mixed with the Council's Right to Buy (RTB) Receipts, subject to available receipts. For the shared ownership homes (as RTB receipts can only be used to fund rented homes), it is proposed that grant funding is secured through the Homes England's 2016-21 SOAHP programme, subject to available funding within this programme.
- 2.5 Members resolved at the Housing Committee on 28 June 2018, to authorise the Head of Property Services, in conjunction with the Section 151 Officer and the Chair of Housing to sign the Homes England Grant Agreement for the 2016-21 SOAHP and to submit bids. This agreement has now been received and is in the process of being reviewed and signed. This will then give the Council access to the grant funding for the shared ownership properties that form part of this bid.
- 2.6 As the deadline for the submission of bids is the 30 September the bids will be made on the clear understanding that the application is subject to Council approval. If approval is not confirmed SDC can withdraw its application.
- 2.7 Housing Committee, in June 2017, approved that Affordable Rents be charged on properties built or acquired using RTB receipts. As we are proposing to mix RTB receipts with this borrowing for rented homes then affordable rents will be charged for this programme of council homes.
- 2.8 Homes England has announced that bids for social rents under the SOAHP can now be made. However, it is also a condition of this bid for borrowing that each scheme demonstrates that the net rental income is sufficient to support the cost of the additional borrowing (any schemes that do not meet this criteria will put further pressure on the HRA 30 year position). This is already difficult to achieve with affordable rents and, therefore it is not possible when charging lower social rents, without the contribution of significant internal subsidy. Internal subsidy means that the Council's existing residents would be subsidising these new homes as savings would need to be found across existing HRA spend.
- 2.9 Members will note that three of the schemes already form part of the current New Homes and Regeneration programme, namely The former Ship Inn site, Southbank and Tanners Piece. The funding for these schemes is already contained within the MTFP. It has been confirmed in the FAQs circulated by MHCLG that existing schemes can be included in the Council's additional borrowing bid. The remaining funding contained within the MTFP for these schemes can then be used for other schemes that are less advanced and may not pass the deliverability test for this bidding round.

3.0. Recommendation

- 3.1 In view of the increasing need to provide affordable homes, the current cap on further HRA borrowing and the council's desire to deliver as many new affordable homes through its New Homes and Regeneration programme as possible it is

proposed that this Committee recommends to Strategy and Resources Committee that the bids, (as detailed in this report) to Homes England for additional borrowing from the 'Additional HRA Borrowing Programme (2019/20, 2020/21 and 2021/22)' are approved.

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

4 OCTOBER 2018

9

Report Title	LOCAL COUNCIL TAX SUPPORT SCHEME
Purpose of Report	To set a Council Tax Support Scheme for the period 01 April 2019 to 31 March 2020.
Decision(s)	Strategy and Resources Committee RECOMMENDS to Council that it adopts the current Local Scheme as the scheme for Stroud District Council for the period 01 April 2019 to 31 March 2020, keeping the scheme unchanged.
Consultation and Feedback	Consultation took place between 06/08/2018 - 14/09/2018
Financial Implications and Risk Assessment	<p>The report recommends that the Council continues with the default Local Council Tax Support scheme that was adopted in April 2013. The report also sets out the cost associated with providing the same level of Council Tax support locally that was previously provided under the national Council Tax Benefit scheme.</p> <p>Whilst an element of this cost has been absorbed through increases in the overall taxbase and changes to other discounts and exemptions, the overall cost has increased year-on-year. This is due to the initial funding from the government being included within the Revenue Support Grant and the Business Rates baseline assessment. As RSG has reduced, the total cost to the council has increased despite a reduction in caseload numbers.</p> <p>To reduce the cost to the Council, changes would have to be made to the level of support provided to working age claimants. Most local authorities have already incorporated a reduced level of support into their local schemes. This should be reviewed and considered on an annual basis as part of the statutory consultation process. There is a risk that the cost of maintaining the current local scheme will increase if the number of claimants rise due to a deterioration in the local and national economy.</p> <p>David Stanley – Accountancy Manager Tel: 01453 754100 Email: david.stanley@stroud.gov.uk</p>

Legal Implications	The Council is required each year to consider whether to revise its scheme or replace it with another. The Council is also required to undertake consultation when reviewing the scheme and certain stakeholders are required to be informed and this has been dealt with in the body of the report. Craig Hallett, Solicitor & Deputy Monitoring Officer Tel: 01453 754364 Email: craig.hallett@stroud.gov.uk (Ref: r12.09c17.09d20.09)
Report Author	Simon Killen – Revenue and Benefits Manager Tel: 01453 754013 Email: simon.killen@stroud.gov.uk
Options	Council could choose to adopt a scheme that reduces the Council Tax Support that working age claimants receive
Performance Management Follow Up	Scheme impact and costs will be monitored on an on-going basis and any significant changes will be reported to the committee.
Background Papers/ Appendices	Appendix A – Summary of Scheme

1. BACKGROUND

- 1.1 The Welfare Reform Act 2012 abolished Council Tax benefit. Under the Local Government Finance Act 1992 local authorities are required to develop a local Council Tax Support scheme which protects pensioners.
- 1.2 Following a countywide consultation, all of the Gloucestershire districts have adopted the default scheme since 2013/14 (apart from Cotswold DC) which basically mirrors the previous Council Tax Support scheme and has meant no changes or reduction in support.
- 1.3 Consultation has been carried out on ways by which the scheme could be changed for 2019/20. Within the consultation were included some models by which we could reduce the level of Council Tax support for working age claimants only.
- 1.4 Members were consulted during the budget workshops earlier in the year. This included some options for an income banding scheme along with cost and increase in council tax charge.

2. WORKING WITHIN THE COUNTY

- 2.1 We have been working with the other districts on a new scheme for 2019/20. Some of the other Gloucestershire districts are now proposing to make changes to their schemes.

2.2 Nationally, just 37 councils continue to provide the same level of support as was available under the Council Tax benefit scheme ([Key Changes to Council Tax Support in 2017/18, New Policy Institute 2017](#))

2.3 As the billing authority, we must consult with our major preceptors, the Police and Crime Commissioner and Gloucestershire County Council on our proposed scheme. As the majority of Council Tax collected is on their behalf, should we decide not to change the scheme, they are most affected by any reduction in funding.

2.4 Between 06/08/2018 and 14/09/2018 a consultation has been carried out on the council's website seeking views from residents, as well as directly with interested parties such as Citizens Advice .

3. FUNDING AND COST OF THE SCHEME

3.1 Caseload data shows a reduction in the number of claimants entitled to Council Tax support

Year	CTAX Property Charge (£)	CTAX Support (£)	Cost of scheme (SDC share 12%) (£)	Working age case count	Pensionable case count	Total Funding in RSG/BRR (£)	Shortfall (£)
2013/14	69,177,196	6,483,035	777,964	3,539	3,785	729,493	48,471
2014/15	70,156,842	6,254,020	750,482	3,520	3,596	636,603	113,879
2015/16	71,199,540	5,990,547	718,866	3,443	3,448	543,583	175,283
2016/17	74,528,050	5,971,690	716,603	3,294	3,288	443,924	286,679
2017/18	77,508,861	5,904,049	708,486	3,225	3,114	338,568	369,918
2018/19	82,105,107	5,755,073	690,609	2,998	2,979	291,797	398,812

*RSG – Revenue Support Grant / BRR – Business Rates Retention.
RSG+BRR = SFA (Settlement Funding Assessment)

Note: The figures in the table above provide an indicative analysis of the difference between the cost of the local scheme and the total funding included with the Settlement Funding Assessment available to support it.

3.2 The changes made to council tax discounts on empty properties have generated additional income to help offset the reduction in Government funding.

4. IMPLICATIONS

- 4.1 If the option to reduce Council Tax support is taken, we will be collecting money from claimants who may previously have paid nothing and also be faced with having to pay small amounts. There is a potential for a drop in the Council Tax collection and increase in cost of collection as a result of having to take more recovery action for non-payment..
- 4.2 If the Council Tax charge is increased in 2019/20 then there is a financial implication and risk to the council as government funding towards the Council Tax support scheme will not change

Council Tax Support Scheme

Summary of the proposed scheme for Pension Credit Age persons and Working Age persons 2019/20

Introduction

The current Council Tax Support Scheme will end on 31st March 2019 and, from 1st April 2019, Councils will put in place (if necessary) a new local Council Tax Support scheme. Stroud District Council is proposing to continue the qualifying criteria from the current Council Tax Support Scheme as our local scheme. This means that all entitlements will remain the same. A consultation process in relation to this proposal was carried out between 06/08/2018 and 14/09/2018.

The purpose of this document is to give a high level overview of the current scheme, so that it is clear what we are proposing to continue. This document will also highlight any differences between the current scheme and the new local scheme that will take effect from 1st April 2019.

The Council Tax Support Scheme for Pensioners

The Government has protected Pensioners (i.e. those who have reached the age at which Pension Credit can be claimed) from change within local schemes. For Pensioners, the rules under the new local scheme will therefore be very similar to those of the current Council Tax Support scheme. An overview of the three basic types of qualification follows:

To qualify for Council Tax Support the person must:

- a. have attained the qualifying age for state Pension Credit,
- b. not be somebody with a partner of Working Age in receipt of Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance,
- c. be liable to pay Council Tax for property in which they are resident,
- d. not have capital and/or savings above £16,000, and
- e. have made a valid application for a Council Tax Support.

The three types of qualification are summarised as follows:

1. Where an applicant meets all of the criteria (a-e above) and receives a level of weekly income which is less than or equal to the living allowance set by Central Government (known as the 'applicable amount'); that person qualifies for 100% reduction on their Council Tax and has nothing to pay. However, this may be reduced if they have another adult living with them who is not their partner (this is known as a Non-Dependant Deduction).
2. Where an applicant meets all of the criteria (a-e above) and receives a level of weekly income which is above their applicable amount; the level of reduction will be calculated by taking 20% (known as the taper) of the difference between the income and the applicable amount away from their weekly Council Tax liability. Therefore, dependant on the level of income, the support could be anywhere between 0% and 100%. Again, this may be reduced if they have another adult living with them who is not their partner (this is known as a Non-Dependant Deduction).

3. Where the applicant meets all of the criteria, apart from the capital limit (a, b, c & e above) and has another adult living with them who is on a low income or on state benefits (who is not their partner and does not pay rent to them); they may qualify for a reduction (known in the current Council Tax Benefit scheme as 'Second Adult Rebate'). Dependant on the level of income received by the 'second adult' this could give a reduction of up to 25%. This may be up to 100% for qualifying student applicants.

The Council Tax Support Scheme for Working Age claimants

As with the current Council Tax Support qualifying criteria, to qualify for Council Tax Support the person must:

- a. be someone who has not reached Pension Credit age, for whom a Council Tax Support claim can be calculated,
- b. be liable to pay Council Tax for property in which they are resident,
- c. not have capital and/or savings above £16,000,
- d. have made a valid claim for Council Tax Support.

The three types of qualification are summarised as follows:

1. Where an applicant meets all of the criteria (a-d above) and receives a level of weekly income which is less than or equal to the living allowance set by Central Government (known as the 'applicable amount'); that person qualifies for 100% reduction on their Council Tax and has nothing to pay. However, this may be reduced if they have another adult living with them who is not their partner (this is known as a Non-Dependant Deduction).
2. Where an applicant meets all of the criteria (a-d above) and receives a level of weekly income which is above their applicable amount; the level of reduction will be calculated by taking 20% (known as the taper) of the difference between income and applicable amount away from their weekly Council Tax liability. Therefore, dependant on the level of income, the support could be anywhere between 0% and 100%. Again, this may be reduced if they have another adult living with them who is not their partner (this is known as a Non-Dependant Deduction).
3. Where the applicant meets all of the criteria, apart from the capital limit (a, b & d above) and has another adult living with them who is on a low income or on state benefits (who is not their partner and does not pay rent to them); they may qualify for a reduction (known in the current Council Tax Benefit scheme as 'Second Adult Rebate'). Dependant on the level of income received by the 'second adult' this could give a reduction of up to 25%. This may be up to 100% for qualifying students.

Legislation

It is proposed that eligibility under the new local scheme mirrors what is already set out in legislation relating to the previous Council Tax Benefit scheme. Our scheme will mirror any changes made to the HB regulations after the CTB regs ended including.

- Removal of the family premium from 01 May 2016 for new claims and changes of circumstances for existing claimants who have a child or become responsible for a child after 30 April 2016

- Match the removal of allowances for third and subsequent children born after April 2017
- The restrictions in tax credits for two children and the removal of the family element from 2017
 - Restrictions for those claimants leaving the UK for longer than one month
 - Exception will be that Backdating will be limited to a maximum of three months for all CTS claimants

For reference these regulations are;

- The Social Security Contributions and Benefits Act 1992,
- The Social Security Administration Act 1992,
- The Council Tax Benefit Regulations 2006
- The Council Tax Benefit (Persons who have attained the qualifying age for state Pension Credit) Regulations 2006,
- The Housing Benefit Regulations 2006,
- The Housing Benefit (Persons who have attained the qualifying age for state Pension Credit) Regulations 2006.

These regulations set out how Council Tax Benefit was claimed, calculated and paid. The local Council Tax Support scheme will mirror all of these criteria and a summary of the key factors follow:

Applicable Amount

This is the living allowance that determines the financial needs of claimants. These are determined annually by Central Government and the local scheme will use the same figures in line with Social Security benefits. As shown in the detailed qualifying criteria above, they are used to determine your entitlement. Generally, if your income (including benefits and assumed income from capital) is lower than your applicable amount you will receive full support (less any deduction for any non-dependants living in your household). If your income is higher than your applicable amount then you will receive less than 100% support. Applicable amounts are calculated by making allowance for your personal needs, any children in the household, as well as premiums for certain household circumstances; for example if there is a disabled person within the household.

Income and Capital

Income is all of the money that the applicant (and other members of their household) have coming in from earnings, social security benefits, maintenance payments, pensions and other sources. Some forms of income will have what is known as a 'disregard' applied to them. This means that, for the purposes of calculating Council Tax Support, they may be partially or fully ignored.

Any capital that the applicant has (for example savings, shares or other property) will contribute to the calculation as well as their income. The Council will work out an assumed weekly income from the applicant's capital/investments (known as tariff income) and this will be used to calculate a total income figure, so that this can be used to calculate entitlement. Again, some capital will be disregarded within the calculation.

Evidence

The Council will, as with the current Council Tax Support scheme, require all applicants to provide evidence of most forms of income and capital. The Council will also require evidence of applicant's identity upon making a claim for Council Tax Support.

Change of Circumstances

Recipients of Council Tax Support must notify the Council immediately if there are any changes that might affect their right to, or the amount of, Council Tax Support received.

This will include where they live; who they live with; changes in earnings, benefits and capital; the employment status of everyone in the household; a member of the household leaving or going into hospital or prison. Applicants will have a duty to notify the Council of any change of circumstances that they might reasonably be expected to know might affect their Council Tax Support entitlement.

Payment and Notification

All awards of Council Tax Support will be credited direct to the applicant's Council Tax account. Applicants will be notified in writing about their weekly award and how it was calculated or (where they are not entitled) that their claim has been unsuccessful. Where Council Tax Support is awarded the applicant will also receive a new Council Tax bill with their reduced liability (even where they are entitled to 100% support and the bill is zero).

Overpayments

As with the current Council Tax Support scheme, where an applicant has been awarded support and it is later determined that they should not have been entitled, an overpayment will have occurred. In most instances, where this is the applicants error, this overpayment will be added to their Council Tax account and collected as normal. Where this is not possible (for example if the account is now closed because the applicant has moved) normal recovery actions will be undertaken. The Council will be able to get an attachment to that benefit to recover Council Tax; which is possible within the current arrangements.

Claiming

Currently claims for Housing Benefit and Council Tax Support are made on the same form. It is proposed that this will remain the same when the new local Council Tax Support scheme is introduced. Minor adjustments will need to be made to take account of the change in the name of the scheme (for example); however it is anticipated that a very similar form will be used and be available in exactly the same formats as with the current scheme. A shortened claim form has been introduced for use by claimants who are claiming and / or receiving Universal Credit.

Moving Over to the New Scheme

The Council will not be asking existing Council Tax Support recipients to make a fresh claim for Council Tax Support. As the same qualifying criteria will apply, we will simply transfer all Council Tax Support claims in payment on 31st March 2018 to the new scheme.

Universal Credit

Full service was rolled out across the district for a broader range of claimants from 4th October 2018. It has become more widely available for couples and families but only for new claims or where there is a significant change of circumstances.

The impact of Universal Credit will be monitored with a view to introduce a “tolerance level” of income change which would mean we ignore changes of less than a certain per cent or a certain amount.

Where claimants are employed and receiving Universal Credit, their net wage after tax, national insurance and pension deductions will be used in the assessment.

Where claimants are self-employed and are or were receiving Universal Credit, we will follow Universal Credit and use the relevant national minimum wage to make an assessment on their income where they have declared no profit.

It is proposed that eligibility under the new local scheme mirrors what had already been set out in legislation relating to the old Council Tax Benefit scheme, other than the annual uprating of premiums, allowances, non-dependant deductions and any changes to the national pension age scheme that need to be reflected in the local working age scheme.

Our scheme will also mirror any changes made to the HB regulations after the CTB regs ended including:

- Removal of the family premium from 1 May 2016 for new claims and changes of circumstance for existing claimants who have a child or become responsible for a child after 30 April 2016.
- Match the removal of allowances for third and subsequent children born after April 2017
- The restrictions in tax credits to two children and the removal of the family element from 2017
- restrictions for those claimants leaving the UK for longer than one month
- Exception will be that backdating will be limited to a maximum of three month for all CTS claimants.

HBRO = Housing Benefit Run On, an additional award of benefit for the first four weeks of employment where the customer was previously unemployed for a continuous period of 26 weeks

CTS = Council Tax Support

Taper = the rate at which benefit is reduced as income increases

Second Adult Rebate = an award of benefit based on the income a second person in a property

What are the differences between the old Council Tax Benefit Scheme and the new local Council Tax Support Scheme?

There are some things, aside from the name, that will be different under the new local scheme. However, these are factors that will not generally affect the main qualifying criteria.

These differences are:

- **Discretionary Housing Payments** – Where someone did not receive full benefit (Housing Benefit or Council Tax Benefit) and there was the risk of financial hardship; the

Council had a discretionary budget that it could use to top up Housing and/or Council Tax Benefit. Under the new local Council Tax Support scheme this discretionary allocation of money is not available and there will not be any payment of discretionary support. This has not caused wide-ranging difficulties as we have been operating a Council Tax Support Scheme since April 2013.

- **Fraud** – The previous Council Tax Benefit scheme operated under Benefit Legislation and the Council had powers to investigate and prosecute fraudsters accordingly. The new scheme is not a benefit. It is a discount under Council Tax legislation and benefit investigation powers do not apply. However, under the Fraud Act 2006 the Council has very similar powers to investigate and prosecute those that fraudulently claim Council Tax Support.
- **Appeals** – The current appeals system (and processes) changed from those we had in place in relation to Council Tax Benefit. The Valuation Tribunal Service will be responsible for hearing appeals against Council Tax Support.
- **Universal Credit** – The introduction of Universal Credit may change the level of evidence and information that we require from applicants. Currently, for claimants of such benefits as Income Support and Job Seeker's Allowance, we receive information from the Department for Work and Pensions that reduces the duplication for the claimant. The DWP will only tell us of Universal Credit amounts if the claimant gives their permission, otherwise we will need to contact them like any other claimant.

STRATEGY AND RESOURCES COMMITTEE

4 OCTOBER 2018

10

Report Title	CAR PARK REVIEW 2018
Purpose of Report	To approve and adopt the amended Variation Order
Decision(s)	<p>The Committee RESOLVES that:</p> <ol style="list-style-type: none"> 1. The amended Variation Order (appended to this report) be approved for implementation 2. That car parking charges are not introduced in Dursley, Nailsworth, Stratford Park and Wotton-under-Edge
Consultation and Feedback	<ol style="list-style-type: none"> 1. Informal meetings with relevant town and parish councils 2. Members Information Evening undertaken – 8th May 2018 3. Public and statutory consultation 4. Town & Parish Councils and other organisations as detailed in the answer to Q2 Question at 9 August Council meeting (see link) https://www.stroud.gov.uk/media/738408/item-10-members-qa-council-9-8-18.pdf 5. A total of four petitions https://www.stroud.gov.uk/council-and-democracy/about-the-council/have-your-say/petitions/current-petitions
Financial Implications and Risk Assessment	<p>This report provides members with an update on the Car Park review and gives rise to the following financial implications:</p> <ol style="list-style-type: none"> 1. The amended variation order makes provision for ‘free after 3.00pm’ parking in the Council’s car parks in Painswick and Stonehouse. This report estimates that the reduction in income from such a change is £3k per annum. This will be contained within existing budgets. 2. The report recommends that charges are not introduced to the Council’s car parks in Dursley, Nailsworth, Stratford Park and Wotton-under-Edge. The Medium Term Financial Plan, as approved by Council in January 2018 included a savings target of £100k per annum from 2019/20 (increasing by £10k per annum thereafter) associated with the introduction of car parking charges to market towns. Whilst the Car Park Review 2018 report to Strategy and Resources in June 2018 provided an updated financial assessment of the costs and fee income associated with charging, the MTFP will need to be adjusted to recognise the current position as set out in this report. <p>David Stanley – Accountancy Manager Tel: 01453 754100 Email: david.stanley@stroud.gov.uk</p>

Legal Implications	The revised draft Variation Order does not seek to introduce any changes which were not proposed in the version of the document which was previously published for consultation. As such, the required statutory consultation has already taken place.
Report Author	Joanne Jordan Director of Customer Services Tel: 01453 754005 Email: joanne.jordan@stroud.gov.uk Michael Towson Community Services Manager Tel: 01453 754336 Email: michael.towson@stroud.gov.uk
Options	1) No Change 2) Accept Variation Order 3) A change to the Variation Order
Background Papers	Parking Consultants Report – Ove Arup & Partners (Arup) https://www.stroud.gov.uk/parking-streets-and-travel/parking/stroud-district-car-parking-review Original Committee Report – 14 th June 2018 https://www.stroud.gov.uk/media/682550/item-6-car-park-review.pdf
Appendices	Appendix - Variation Order

1. Background and Context

1.1 A Car Park Review report was considered by this committee on 14 June 2018. It was resolved by committee to consult on the Draft Variation Order appended to the report and then report back to the committee at the end of the consultation.

1.2 At the 19 July 2018 Council Meeting the Leader made the following announcement:

”In view of the level of public interest, the Administration Group Leaders agreed that any recommendations on introducing car parking charges from the Strategy and Resources Committee would be referred to Council for determination.”

1.3 On 16 August 2018 the following press release was issued:

Statement from Councillor Doina Cornell, Leader of Stroud District Council:

“After carefully considering the views of the public, parish and town councils, and businesses, Stroud District Council is stopping proposals to charge for car parking in Dursley, Nailsworth, Wotton-under-Edge and Stratford Park in Stroud. “We have listened to concerns and it is has become clear during the past months that high street traders face a rapidly changing commercial challenge from a wide range of online services. I am keen to continue dialogue with traders and councils about these ongoing challenges for town centres.”

2. Consultation Responses

- 2.1 The consultation received 1,080 submissions during the six week period. Responses from the Town and Parish councils can be found at the following link: <https://www.stroud.gov.uk/parking-streets-and-travel/parking/stroud-district-car-parking-review/consultation>
- 2.2 There were also four petitions, totalling 2,856 signatures, opposing the proposal to introduce charges, submitted.
- 2.3 The majority of submissions focused exclusively on the charging proposals and were overwhelmingly opposed to introducing charging.

3. Recommendations

- 3.1 Taking into consideration the Leaders statement on 16 August 2018 in 1.3 above, we will not be recommending the introduction of car parking charges in Dursley, Nailsworth, Wotton-under-Edge or Stratford Park. The Variation Order appended to this report has been amended to reflect this.
- 3.2 As the introduction of charging is not being recommended, Strategy and Resources Committee can resolve this, rather than referring to Council for determination (see para 1.2 above).
- 3.3 There are some minor tidying up adjustments detailed in the Variation Order that are being recommended. Further detail in para 3.4 - 3.8 summarised as:
 - The introduction of free parking after 3pm in Stonehouse and Painswick
 - The introduction of long stay car parking in Cheapside and Stonehouse
 - The inclusion of Stratford Park on the Parking Place Order
 - Provision for future improvements
- 3.4 To support smaller high streets in Painswick and Stonehouse, where car park charges currently exist, the charging hours will be amended to include 'free after 3pm' parking. Based on current usage in these car parks, after 3pm, this is likely to reduce revenue by approximately £2,000-£3,000 p.a. This will bring Stonehouse and Painswick in line with Stroud, where an offer of free parking after 3pm already exists.
- 3.5 To support rail users a 72 hour parking tariff at both Cheapside Car Park and Stonehouse Car Parks will be introduced. Users of associated railway stations will then have certainty of an appropriate parking space. This is likely to be of particular benefit in Stonehouse where 'on street' parking can be problematic for local residents.

- 3.6 Although Stratford Park will not be subjected to parking charges, it will be brought in to line with other paying and non-paying car parks and placed on the Parking Place Order (it is currently not included). Patrons will still be able to park for free all day. However, this minor alteration will allow appropriate enforcement – for example if a vehicle is parked in a disabled bay without a blue badge.
- 3.7 As charging is not being recommended, there is no funding provision for the potential future introduction of both contactless payment systems and electric vehicle charging points. However, this will be included in the Variation Order to future proof the regulatory framework, should these facilities be subsequently introduced.
- 3.8 Other minor tidying of the Parking Place Order, including the update of site plans and cessation of permitted commercial vehicle parking in Cheapside Car Park will proceed.

4. Timeline

- 4.1 Should the appended variation order be approved, preparatory work would be undertaken, with a view to introducing the changes in January 2019.

STROUD DISTRICT COUNCIL

(OFF STREET PARKING PLACES) (CONSOLIDATION) ORDER 2010 (AS AMENDED)

VARIATION ORDER 2018

WHEREAS the Stroud District Council (Off-Street Parking Places) (Consolidation) Order 2010 (“the 2010 Order”) was made by the Council for the purposes of consolidating previous off-street parking orders;

AND WHEREAS the 2010 Order has been amended by variation orders dated 11th January 2011, 28th April 2011 and 16th April 2013 and the parking charges referred to in the 2010 Order were amended by a notice dated 28th September 2017;

NOW THE STROUD DISTRICT COUNCIL in the County of Gloucester in the exercise of its powers under section 35(1) and Schedule 9 Part IV of the Road Traffic Regulation Act 1984 (hereinafter referred to as “the Act”) and of all other powers enabling it in that regard and with the consent of the Gloucestershire County Council pursuant to Section 39(3) of the Act and after consultation with the Chief Officer of Police in accordance with Schedule 9 Part III paragraph 20(1) of the Act hereby makes the following Order:

1. This Order may be cited as the Stroud District Council (Off Street Parking Places) (Consolidation) Order 2010 (as amended) Variation Order 2018.
2. The Order shall have effect so as to vary the 2010 Order as set out in the Schedule to this Order.
3. This Order shall come into operation on 7th January 2019.

GIVEN UNDER THE COMMON SEAL of the STROUD DISTRICT COUNCIL the

_____ day of _____ 2018

THE COMMON SEAL OF)
STROUD DISTRICT)
COUNCIL WAS AFFIXED)
IN THE PRESENCE OF)

.....
Proper Officer

SCHEDULE

Variations to the Original Order

1. a. In the Interpretation clause, the definition of *“Penalty Charge”* shall be varied so that the words *“charge set by the Council”* are deleted and replaced with the words *“charges set out in Schedule 7 adopted by the Council”*;
b. Clause 30 of Part V shall be amended so that the words *“an excess charge shall be payable as”* are deleted and replaced with the words *“a Penalty Charge shall be payable”*;
c. A new Schedule 7 shall be inserted after Schedule 6 and the new Schedule 7 shall read as set out in Appendix 1 of this Order.
2. Clause 4 of Part II shall be amended so that:
 - a. the words *“as shown on the plans at Appendices 1.1 to 5.12”* are deleted and replaced with the words *“referred to in this Order”*;
and
 - b. the words *“on such terms and conditions as are advertised at each Parking Place or as set out in Schedules 1 to 6 and Table 1 of this Order”* are deleted and replaced with the words *“as are set out in this Order (including Schedules 1 to 6 and Table 1 hereof).”*
3. Clause 13 of Part III shall be amended so that the words *“, debit or credit card (contactless or chip and pin)”* are inserted after the words *“mobile phone payment”* and before the words *“or other approved method”*.
4. After Part IV and before Part V (between clauses 29 and 30), the following shall be added:

“PART IVA

ELECTRIC VEHICLE CHARGING POINTS

- 29A. *Where one or more Electric Vehicle Charging Points (EVCPs) are situated within a Parking Place, the following regulations shall apply to their use:*
- a. *EVCPs may only be used by vehicles which are powered wholly or partly by electricity and which are compatible with the charging apparatus provided;*
 - b. *Vehicles using EVCPs must park wholly within the marked bay immediately adjacent to the charging apparatus (“the EVCP bay”) being used;*
 - c. *EVCPs shall only be used in accordance with the instructions and regulations published by the supplier or manufacturer of the charging apparatus or the Council and displayed on or near to the charging apparatus;*
 - d. *No vehicle may be parked in an EVCP bay for a longer period than that stipulated on Council signage on or adjacent to the charging apparatus;*
 - e. *No vehicle shall remain in an EVCP bay whilst not being charged; and*
 - f. *Vehicles using EVCP bays must comply with all requirements relating to the payment of the tariff applicable to the parking place in which the EVCP is situated and in this respect the EVCP bay shall be treated as though it were any other bay in the same parking place.”*
5. In the Use of Parking Places and Scale of Charges table entry relating to Stonehouse - Long Stay, the Maximum Stay Length of “23 hours” shall be deleted and replaced with “72 hours”.
6. In the Use of Parking Places and Scale of Charges table for Stroud - Long Stay, the entry for Cheapside shall be varied as follows:
- i. The Maximum Stay Length of “23 hours” shall be deleted and replaced with “72 hours”; and
 - ii. All of the words in the “Class of Vehicle” column shall be deleted and replaced with the words “All vehicles up to a maximum gross vehicle weight of 3,500KG”.

7. Schedule 6 of the 2010 Order shall be varied so that Clause 24 shall be deleted and replaced with the following words: *“Failure to comply with the above terms and conditions will result in a Penalty Charge being applied.”*

8. Table 1 shall be varied as follows

- a. The Charging Times for Painswick Car Park shall be deleted and replaced with the hours *“08:00am – 3:00pm all days excluding Sundays and Bank Holidays”*
- b. The Charging Times for Stonehouse Car Park shall be deleted and replaced with the hours *“08:00am – 3:00pm all days excluding Sundays and Bank Holidays”*
- c. The Scale of Charges relating to Cheapside shall be deleted and replaced with the following:

- £0.80 up to 1 hour
- £1.40 up to 2 hours
- £1.80 up to 3 hours
- £2.10 up to 4 hours
- £3.00 up to 24 hours
- £6.00 up to 48 hours
- £9.00 up to 72 hours

- d. The Scale of Charges relating to Stonehouse shall be deleted and replaced with the following:

- £0.40 up to 1 hour
- £0.60 up to 2 hours

- £1.10 up to 3 hours
- £1.80 up to 5 hours
- £2.50 up to 24 hours
- £5.00 up to 48 hours
- £7.50 up to 72 hours

9. On the first page of Schedule 5 of the 2010 Order, after the listing for “Rodborough Long Stay Butterow West”, the following shall be inserted

“● **Stratford Park**”

and in the table in Schedule 5, after the entry for Rodborough – Long Stay Butterow West, the following shall be inserted:

<i>Car Park</i>	<i>Maximum Stay Length</i>	<i>Class of Vehicle</i>	<i>Hours of Operation</i>	<i>Period of No Return</i>	<i>Plan of Car Park</i>
<i>Stratford Park</i>	<i>Buses and coaches – 2 hours. All other vehicles -12 hours</i>	<i>All classes of vehicle up to a maximum gross vehicle weight of 3,500KG and buses and coaches</i>	<i>06:30 – 22:30</i>	<i>1 hour</i>	<i>Appendix 1.7A</i>

10. The following appendices of the 2010 Order shall be deleted and replaced with the following:

- a. The plan of Church Street Car Park Short Stay dated 31.03.2010 at Appendix 1.8 shall be replaced with the plan of Church Street Car Park Short Stay at Appendix 2A to this Order.
 - b. The plan of Newmarket Road, Nailsworth Long Stay dated 31.03.2010 at Appendix 3.1 shall be replaced with the plan of Newmarket Road, Nailsworth Long Stay at Appendix 2B to this Order.
 - c. The plan of Old Market West, Nailsworth Short Stay dated 31.03.2010 at Appendix 3.6 shall be replaced with the plan of Old Market West, Nailsworth Short Stay at Appendix 2C to this Order.
11. The plan of Stratford Park Car Park referred to in the table at clause 9 of this Order shall be the plan at Appendix 2D to this Order and shall be inserted as Appendix 1.7A of the 2010 Order.

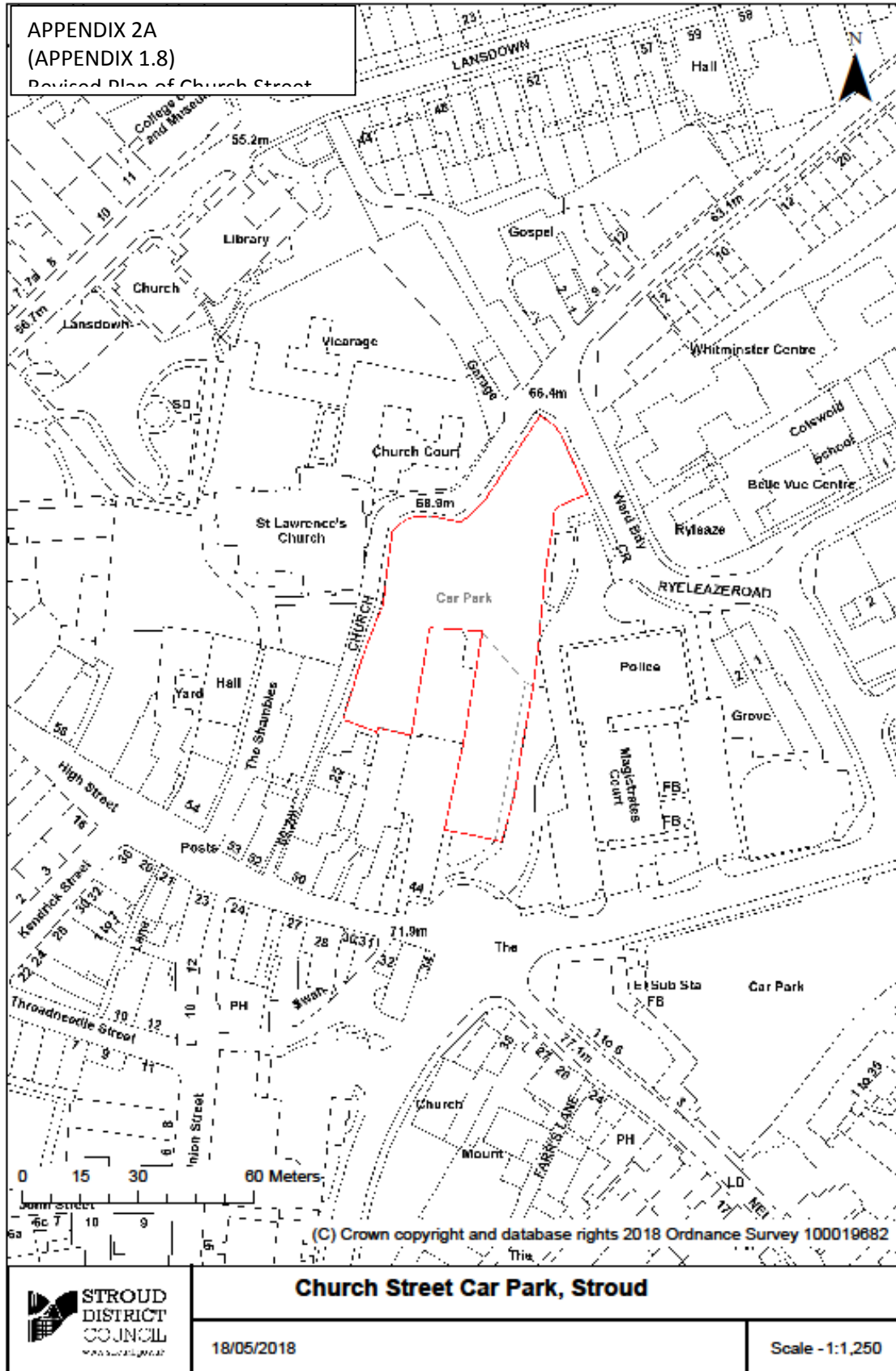
APPENDIX 1

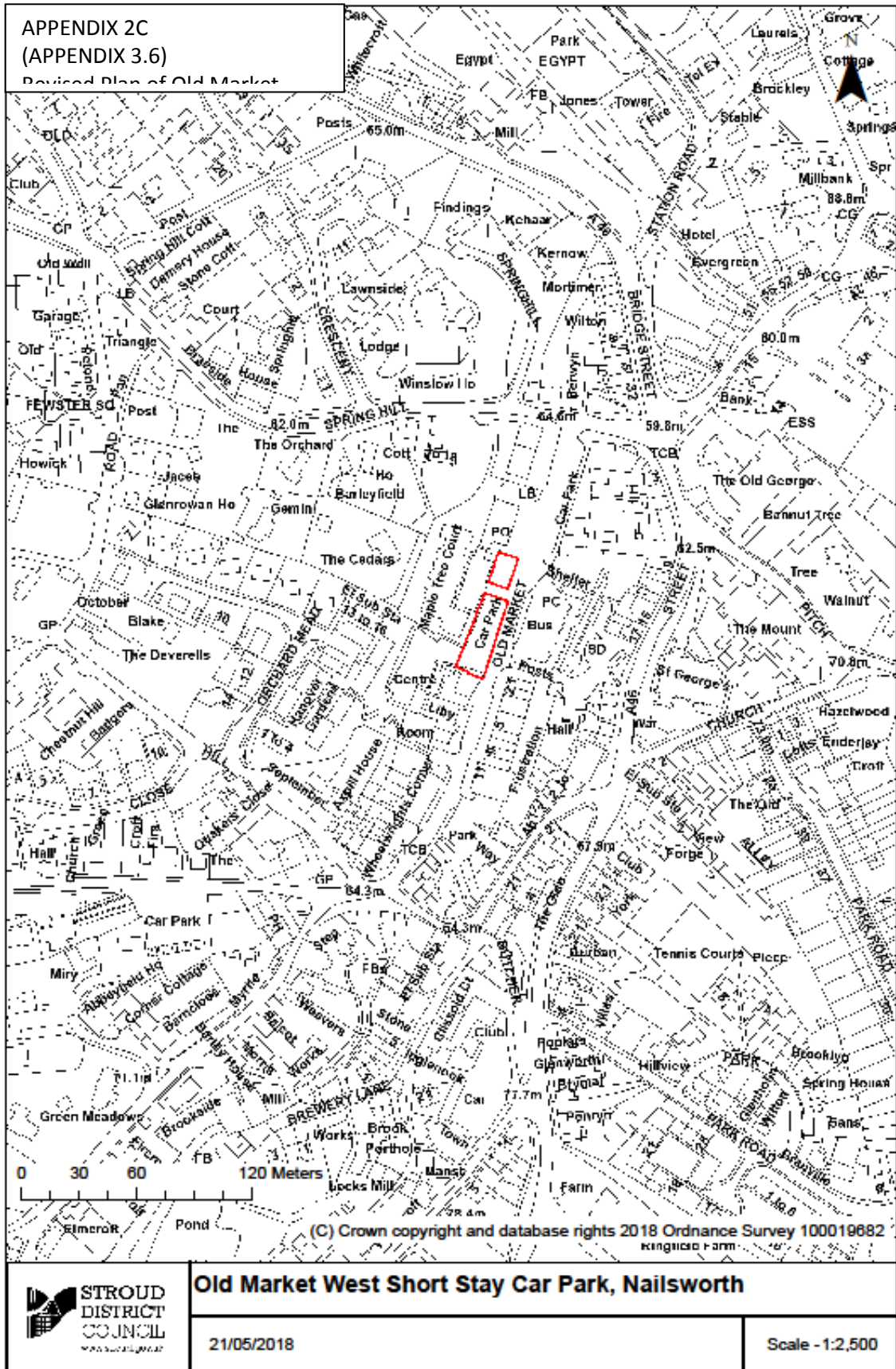
SCHEDULE 7

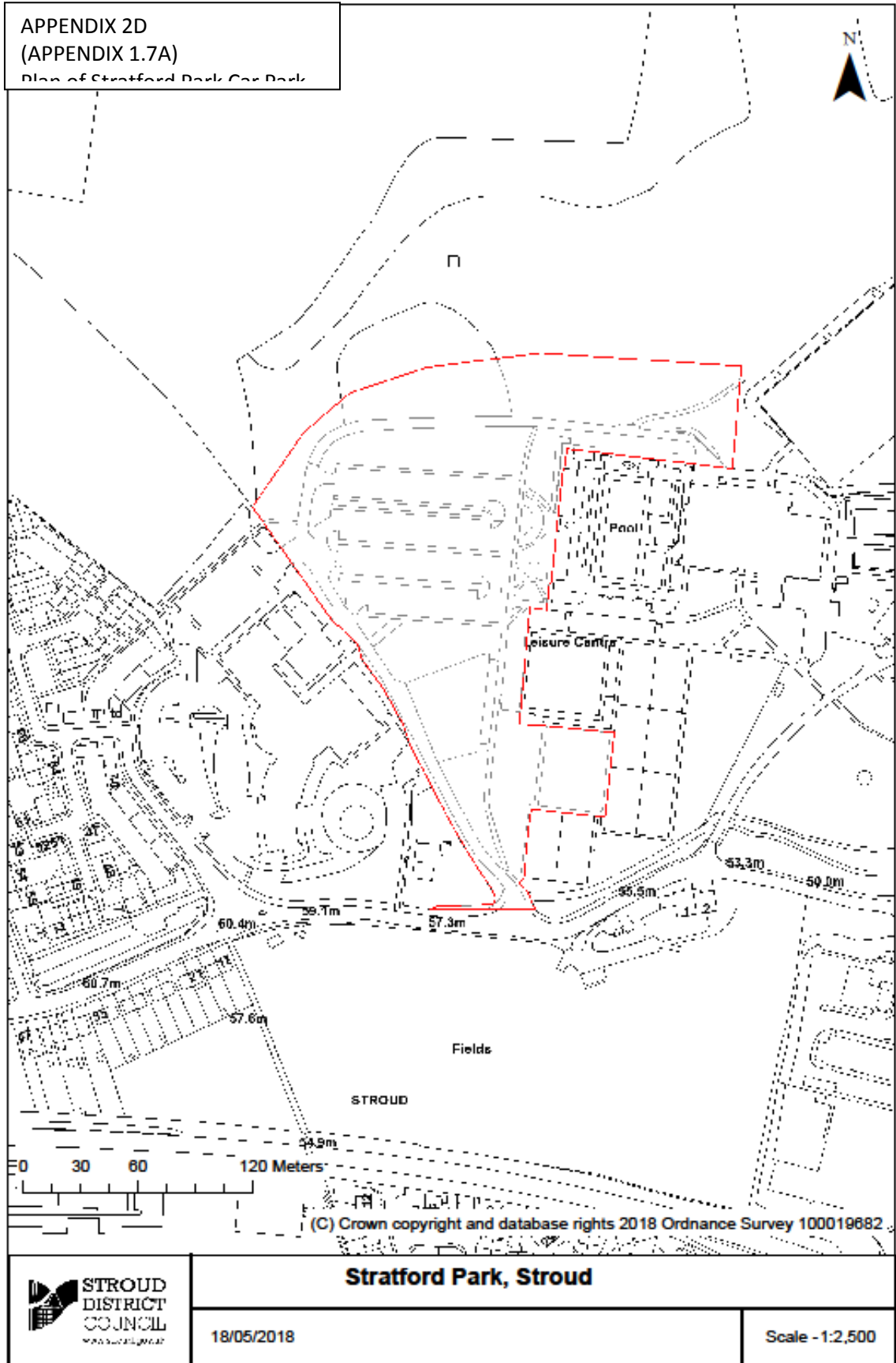
PENALTY CHARGES

1. The following breaches of the provisions of this order shall incur a penalty of £70.00, which shall be reduced to £35.00 if paid within 14 days:
 - a. Parking in a loading area during restricted hours without reasonable excuse;
 - b. Using a vehicle in a parking place in connection with the sale or offering or exposing for sale of goods when prohibited;
 - c. Parking in a restricted area in a car park;
 - d. Parking in a permit bay without clearly displaying a valid permit;
 - e. Parking in a disabled person's parking space without clearly displaying a valid disabled person's badge;
 - f. Parking a vehicle which exceeds the maximum weight and/or height and/or length permitted in the area;
 - g. Parking in a car park or area not designated for that class of vehicle; and

- h. Parking causing an obstruction.
- 2. Any other breach of the provisions of this order shall incur a penalty of £50.00, which shall be reduced to £25.00 if paid within 14 days.
- 3. Where a charge certificate has been served in respect Penalty Charge which has been issued, the penalty charge payable shall be £105.00 in respect of breaches falling within paragraph 1 above and £75.00 in respect of any other breach.
- 4. For the purposes of paragraph 2 of The Civil Enforcement of Parking Contraventions (Guidelines on Levels of Charges) (England) Order 2007, all parking places referred to in this Order are hereby designated as falling within Band 2 of Table 1.







STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

4 OCTOBER 2018

11

Report Title	SUBSCRIPTION ROOMS, STROUD
Purpose of Report	To seek approval to extend the deadline for the exchange of contracts of the transfer of the Subscription Rooms to Stroud Town Council.
Decision(s)	The Committee RESOLVES to extend the deadline for the exchange of contracts of the transfer of the freehold interest in the Subscription Rooms and forecourt and the business operated therefrom to Stroud Town Council, by one month, to the 31st October 2018 at the latest.
Consultation and Feedback	None
Financial Implications and Risk Assessment	There are no direct financial implications arising from the extended deadline. If the transfer were not to proceed there would be financial implications for the Council and these would be presented when considering future options. Andrew Cummings, Head of Finance and (s151 Officer) Tel: 01453 754115 Email andrew.cummings@stroud.gov.uk
Legal Implications	There are no legal implications arising from the Recommendation to extend the deadline for exchange of contracts. Alan Carr, Solicitor Tel 01453754357 Email alan.carr@stroud.gov.uk
Report Author	Alison Fisk, Head of Property Services Tel: 01453 754430 Email: alison.fisk@stroud.gov.uk
Options	<ol style="list-style-type: none"> 1. Approve the resolution in the decision box 2. Do not approve the resolution and make a decision on the future of the building at the next meeting of the committee i.e.: <ol style="list-style-type: none"> a. Run the Sub Rooms with limited opening to reduce costs. b. Close the building c. Remarket the building on an unrestricted basis
Performance Management Follow Up	<ol style="list-style-type: none"> 1. Exchange contracts by the end of October 2018 2. Complete transfer of the building, service and staff by 31st March 2019
Background Papers/ Appendices	None

1. Background

- 1.1 At its meeting on 12th July 2018 this committee resolved to transfer the freehold interest of the Subscription Rooms and the business operated therefrom to Stroud Town Council for a consideration of £1 subject to:

- (i) exchange of contracts for the transfer by 30th September 2018 with completion of the transfer to take place on or before 31st March 2019.
- (ii) the provision of a one-off grant of £230,000 to the Town Council towards the operating costs, subject to the completion of a grant agreement.
- (iii) this council funding the costs of and procuring the works to replace the roof and to carry out repairs to the flat roof and masonry, subject to a maximum of £125,000.
- (iv) the sale to include fixtures and fittings and movable assets as part of the transfer

Subject to the above, authority was delegated to the Head of Property Services to approve the terms of the contract, transfer and all associated documentation.

2. Progress

2.1 Significant progress has been made by officers and the Town Council. All the legal agreements required have been drafted and substantially agreed (with the exception of the overarching contract –see 2.2 below). Stroud Subscription Rooms Trust has been established and is awaiting registration from the Charities Commission. The Trust and Town Council have been working on all the elements required to ensure the successful transfer of the Subscription Rooms and secure the cultural services provided from it into the future.

2.2 However, due to delays caused by annual leave over the holiday period, the Town Council has only recently received employment and legal advice regarding the TUPE transfer of staff and clauses in the contract relating to how bookings will be managed between exchange and completion. These issues in particular have raised new concerns and the Town Council will need to consider and approve the contract terms at its meeting on the 1st October. It has not, therefore, been possible to exchange contracts by the deadline of 30th September, this matter has therefore been referred back to this committee.

2.3 The deadline of 30th September for the exchange of contracts was given to ensure significant progress was made as quickly as possible, to demonstrate commitment from both parties and to ensure progress continued at pace. It also enabled the focus to move to the work required to successfully handover the operation of the building, including the transfer of staff and set up of the Trust by the end of March next year.

2.4 Whilst it is extremely disappointing that this deadline has not been met officers are confident that the grant of an extension until the end of October 2018 is sufficient time to enable contracts to be exchanged, if the Town Council approves the contract terms on the 1st October. There will be no further extension recommended and this is not an opportunity to re-negotiate the terms previously approved by committee nor for the Town Council to add any new conditions.

3. Recommendation:

3.1 Committee is therefore recommended to extend the deadline for the exchange of contracts of the Subscription Rooms with Stroud Town Council by one month. This is a final deadline, if it is not met, the matter will be referred back to the Strategy & Resources Committee to make a decision on the future of the building.

STRATEGY AND RESOURCES COMMITTEE

4 OCTOBER 2018

12

Report Title	Delivery strategy for the redevelopment of Brimscombe Port
Purpose of Report	To provide the committee with details of the proposed delivery strategy for the redevelopment of Brimscombe Port, to approve the next steps and core grant funding for Stroud Valleys Canal Company.
Decisions	<p>The Committee RESOLVES to:-</p> <ul style="list-style-type: none"> a) approve the proposed delivery strategy for the redevelopment of Brimscombe Port by means of seeking a development partner/s subject to a further report to Committee by March 2019 to approve the Heads of Terms for the development agreement, the procurement process and associated documents. b) authorise the Head of Property Services to submit a detailed planning application for the infrastructure for phase 1 and 2 of the redevelopment of the Port and an outline application for the redevelopment of phase 1. c) to provide £50k per annum grant funding to Stroud Valleys Canals Company (SVCC) from 2020/2021 until the Port is redeveloped and is providing income at this sum or above (such sum to be index-linked to the consumer prices index). Any grant money will be reduced by the sum generated from the redeveloped port and reviewed in March 2024 if the redevelopment has not completed by that date. d) To delegate authority to the Head of Property Services in consultation with the Head of Finance and Chair and Vice Chair of this committee to agree amended terms for the £2m loan from Homes England to reflect the up to date project and programme and support the redevelopment of the site.
Consultation and Feedback	Consultation has taken place with the council's Investment and Development Panel, ward councillors, Brimscombe and Thrupp Parish Council, SVCC and CCT. Liaison meetings continue with tenants on the site and local residents. A public consultation event is to be held prior to the submission of the planning applications.
Financial Implications and Risk Assessment	<p>The infrastructure works to be the subject of the detailed planning application are contained within existing capital budgets.</p> <p>The Council's revenue budget includes provision for £50k grant funding and the indexation will be contained within the annual inflationary allowance in the MTFP. At such time as the grant ceases to be payable this will represent a revenue saving to the Council.</p>

	<p>The financial implications of a joint venture arrangement will be known after a procurement process and will be reported at that stage.</p> <p>There is a risk that not updating loan terms with Homes England could lead to a requirement for repayment. Amending the agreement is likely to mitigate this risk.</p> <p>Andrew Cummings – Head of Finance (Section 151 Officer) Tel: 01453 754115 Email: andrew.cummings@stroud.gov.uk</p>
Legal Implications	<p>The recommendations in this report, if adopted will enable the re-development scheme to be progressed to a stage where a development partner can be procured. It will be at that point that a significant legal assessment of the terms of procurement and the heads of terms of any partnership agreement will need to be provided through either internal or potentially external legal resources. At this stage there are no significant legal implications arising from the recommendations.</p> <p>Alan Carr, Solicitor Email alan.carr@stroud.gov.uk Tel 01453754357</p>
Report Author (s)	<p>Alison Fisk, Head of Property Services Tel: 01453 754430 Email: alison.fisk@stroud.gov.uk</p> <p>Leonie Lockwood, New Homes and Regeneration Manager Tel: 01453 754153 Email: leonie.lockwood@stroud.gov.uk</p>
Options	<p>The Council could choose not to proceed with the redevelopment of the Port</p> <p>In redeveloping the Port it could decide not to seek a development partner for the redevelopment project and instead, either dispose of the site on the open market, or redevelop the site itself. These options for redevelopment are set out and compared in the report at Appendix B.</p>
Performance Management Follow Up	<p>Update reports are to be brought to Investment and Development Panel and a report will be brought to this committee by March 2019 recommending the Heads of Terms for the procurement process.</p>
Background Papers/ Appendices	<p>Appendix A - Site Plan, Phase 1 Appendix B - Assessment of the delivery options for the Brimscombe Port Development (Perfect Circle)</p>

1.0. Introduction

- 1.1 Following the approval by the Committee on 26 April 2018 to an allocation of a further £1.6 million of capital funding towards the infrastructure costs (to provide total funding of £4.1m to enable a development partner to be sought for the redevelopment of Brimscombe Port), progress has been made on establishing the route to take to select a partner. The purpose of this report is to seek approval to the delivery strategy which sets out the proposed procurement process for phase 1

of the development (see Appendix A), the role that the Council would take in that process and the level of risks associated with the proposed approach.

- 1.2 This report seeks approval to the proposed procurement approach to enable a consultant to be appointed to develop the necessary documentation prior to returning to committee by March to recommend approval to the Heads of Terms and to the commencement of the procurement process.
- 1.3 The report also provides an update for members on the other key issues that need addressing prior to progressing with the redevelopment.

2.0 The Delivery Strategy for the Redevelopment of Brimscombe Port

- 2.1 **Stage 1** - In order to progress with the procurement of a partner, Perfect Circle JV Ltd was appointed to assist us with advice and support in assessing the delivery options available to the Council. The first step in the process was for the consultant to engage with senior stakeholders to establish which of these would be the most appropriate means of progressing the scheme and a workshop session was held on the 9th July with members of Investment and Development Panel, SVCC the Parish Council and key officers.
- 2.2 Based on the outcomes from this workshop, and feedback obtained from soft market testing the consultant has now proposed a delivery strategy for the Council, integrated with the current design activities and pursuit of consents for flood alleviation and masterplan works, and in particular has:
 - considered financial structures based on the preferred option from above;
 - Refined the scale, mix and tenures of accommodation to be provided to optimise the scheme in line with Council expectations and the requirements of the market through a range of development appraisals that reflect these different commercial structuring options;
 - Undertaken soft market testing with potential partners to establish market appetite and refined the proposal in order to stimulate competition in the OJEU tender process to follow.
- 2.3 The outcome of this first stage is a report on the delivery strategy which is attached at Appendix B.

Based on:

- the projects desired outcomes, (see sections 4.2 and 4.3 of the report)
- work completed to date by the council
- the council's appetite for risk/reward as expressed in the workshop
- feedback from developers
- a positive development appraisal and
- a comparison of the different delivery options (see section 6, Appendix B)

it is recommended that the council proceeds with the redevelopment of Brimscombe Port by seeking a development partner and submits planning applications to support this (full for the infrastructure works and outline for the housing, commercial, community facilities and public realm for phase 1 of the site – see below).

- 2.4 **Planning applications** - With regard to the design of the necessary infrastructure to take the site out of the flood plain and to create a new access to the site, Atkins has been progressing the detail of the design in consultation with the Highways Authority and the Environment Agency (EA) and the flood modelling is expected to be submitted to the EA shortly.
- 2.5 A planning application is being prepared for the infrastructure for the whole site (phases 1 and 2) , which will include the canal, basin, new access road into the port and the road, bridge and canal and river crossing under Brimscombe Hill, with the submission of the application due to made in the autumn of 2018. This remains subject to third parties (in particular the EA) providing their approvals within the agreed timescales.
- 2.6 In addition all the investigations and surveys that SDC has undertaken to support the infrastructure design and work done to de-risk the site means that it is also in a position to submit an outline for the development site, i.e. phase 1 as proposed by Perfect Circle. The applications may be submitted as a hybrid or consecutively, depending on the final documentation required.
- 2.7 Public consultation will take place prior to the submission of these planning applications.
- 2.8 **Stage 2** - As the conclusion of this first stage is that there is a positive way to take the scheme forward in a commercially viable manner, and subject to approval from committee to the delivery strategy, a proposal is being sought from Perfect Circle to carry out stage two of the process which is to help enact this strategy and secure the delivery partner. Their appointment for stage two is subject to committee giving its approval to proceed with this next stage.
- 2.9 It is proposed that following approval of the delivery strategy, Perfect Circle will, in consultation with the Project Board, prepare the necessary documentation, to enable us to commence an OJEU compliant procurement process, to include the Development Agreement, Pre Qualification Questionnaire and Invitation to Tender. Prior to commencement of the procurement process a further report will be presented to Strategy and Resources to approve the Heads of Terms of the procurement process and development agreement.

3.0 The Transfer of Brimscombe Port from SVCC to the Council

- 3.1 Members will be aware that the council requires the freehold interest in Brimscombe Port as part of the loan agreement with Homes England (formerly the HCA) and before it spends any further funding, but also to simplify the delivery of the project and indeed the management of the site.
- 3.2 Negotiations have been protracted because of the need to be able to agree terms that will meet SVCC's charitable objects (and satisfy the Charities Commission in relation to the transfer) and its need to receive an ongoing income stream from the site and protect the route of the canal and basin.
- 3.3 Terms have now been agreed and it is anticipated that solicitors will have been instructed by the time of this meeting .The intention is that the transfer completes by the end March 2019 and before the council starts the process to procure a development partner.

3.4 It should be noted that the terms for transfer include the continuing provision of £50k per annum (index linked) from the council to SVCC for maintenance of the canal, subject to the approval of this committee. The expectation is that this is replaced by income generated from moorings, surface water drainage etc. once the site is redeveloped. This reflects the original position when SVCC was set up to hold Brimscombe Port and was allowed by HE to retain £50k of the surplus income arising from the management of the site.

4.0 Core Funding for Stroud Valleys Canal Company (SVCC)

4.1 In October 2015 the council, having taken on the management of Brimscombe Port agreed to grant fund SVCC directly, rather than from the surplus income from the management of the Port. The Port income was lower at that time and can fluctuate significantly depending on rent and occupation levels, its use is also subject to HE's discretion. Instead the surplus of the Port has been accrued towards the funding of the redevelopment of the site.

4.2 The grant funding from the council was approved until 2019/2020 and then it was due to be reviewed. This was the earliest redevelopment would start and income from moorings etc. would be possible from the site. This date is now anticipated to be 2022/23.

4.3 Securing future income has been a key part of SVCC's concern in negotiations for the transfer of the freehold of the Port to the council, and the sustainability of the restored canal is clearly important to all the partners involved and critical to the recent Heritage Lottery Fund bid, protecting the capital investment made.

4.4 In the absence of income from boating and other canal use, SVCC uses this funding to provide equipment and materials to maintain and enhance the canal. Dredging, for example, is an ongoing need due to low boat traffic and the presence of river flow within the canal. The popularity of the restored canal and towpath also drive up maintenance costs – for example, towpath wear and tear. In effect, the restored canal represents a linear public and wildlife amenity, which inevitably requires maintenance.

4.5 The actual maintenance work is carried out by volunteers. Thus this sum is being used as cost effectively as possible. In effect, it enables volunteers to do their work, but at a total cost of much less than if contractors were being used.

4.6 The Board of SVCC has requested that this sum should be index-linked. It has been fixed for at least 6 years, resulting in a substantial decrease in real terms. At the same time, its costs are increasing due to restoration of more canal and associated features (such as new bridges), its increasing popularity and the increasing need for dredging. In addition, the 2017 bid to the Heritage Lottery Fund assumed ongoing support from SDC for maintenance of the restored canal.

4.7 It is therefore recommended that the council continues to grant fund SVCC until the income from the redeveloped Port is secured. Any grant money will be reduced by the sum generated from the Port at that time, but reviewed in March 2024 if the redevelopment has not completed by that date. The need to provide for income to SVCC is contained within the development brief for the Port.

5.0 The Loan Agreement between the Council and Homes England

- 5.1 The loan agreement was agreed in 2015, since when significant progress has been made with the infrastructure design and up to date costings. There is a need to review and amend the agreement before the council proceeds with committing any of the additional £2m it provides to reflect the current proposed phasing of the project and altered programme.
- 5.2 Homes England has already confirmed it is happy, in principle, to amend the agreement and work has started on this.

6.0 Recommendation

- 6.1 It is recommended that the Committee approves the next stage to progress the redevelopment of Brimscombe Port, the transfer of its freehold interest and that an updated loan agreement with Homes England loan is negotiated to reflect the current project and anticipated programme.

ASSESSMENT OF THE DELIVERY
OPTIONS FOR THE BRIMSCOMBE
PORT DEVELOPMENT

13 September 2018



**STROUD
DISTRICT
COUNCIL**

www.stroud.gov.uk

Document History

Revision	Issue Notes	Originator	Approver	Date
1	Draft to limited circulation for comment	Charlotte Arnell/ Darren Crocker	Michael Davies	11/9/18
2	Issued Version	Charlotte Arnell/ Darren Crocker	Michael Davies	13/9/18

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1.0 EXECUTIVE SUMMARY

Brimscombe Port presents a significant placemaking opportunity that will not only deliver much needed housing in the District, but also create a new waterside destination for both the local community and visitors alike. First considered by Stroud DC and Homes England¹ about 8 years ago, it is expected that the current scheme will:

- Restore the canal and basin at Brimscombe Port, providing a centrepiece for the remainder of the development
- Deliver new infrastructure to provide improved access to the Port and mitigate flood risk on the site in anticipation of the more substantive development to follow
- Deliver a residentially-led mixed use development of more than 170 dwellings, together with more than 1,000m² of commercial space.
- Create new community facilities as an integrated part of this development in partnership with the Parish Council

Over this period of time, stakeholders in the scheme have developed a vision for the new Brimscombe Port and aspirations on what it may deliver in terms of place and product. The intellectual and financial investment from these stakeholders also means there is a preference that the public sector should remain a partner in the delivery phase to help realise this vision into reality. Part of the work undertaken to inform this report has sought to clarify this vision and these aspirations and test the deliverability of these with potential supply chain partners. Through a soft market test exercise, stakeholder aspirations have been found to be broadly deliverable alongside a strong support for a partnership-led scheme comprising both public and private sectors.

The primary cause for concern identified by potential partners is viability of the scheme, not only in terms the basic economics of the scheme but also having a delivery programme that allows new houses to come to market at a sustainable rate. In this report, the viability of the scheme has been assessed and, at this early stage, it is anticipated that the scheme is deliverable with an acceptable level of “headroom” in the appraisal. This provides some confidence that further investment to advance the scheme is merited.

Given the preference of both stakeholders and the market to deliver the scheme in partnership and having provided comfort over the deliverability of the scheme, this report recommends that SDC now move into a preparatory phase to procure a partner. To expedite the scheme in the most efficient way, there are a number of activities that can be undertaken alongside the planning processes to prepare procurement documentation in readiness for commencing procurement in early 2019 once planning consents have been secured. The processes to select a delivery partner will need to be cognisant of market concerns on viability articulated above, and efforts will need to be made to provide comfort to the market that these points have been addressed to ensure there is sufficient market response once the procurement is launched. In the short term, this will manifest itself through the continued pursuit of planning consents for the infrastructure that will support the scheme as this represents a very significant de-risking of the scheme.

The preparatory work will require both financial and people resources to deliver, but should enable a partner to be secured during 2019. This procurement process will further develop proposals, providing greater comfort to SDC prior to any significant commitments being made. Once engaged, SDC and their partner can then move forwards positively and with an expectation of commencing on the realisation of the new Brimscombe Port in 2020.

¹ Previously the Homes & Communities Agency

2.0 PURPOSE AND SCOPE

2.1. Purpose of this Report

The purpose of this report is to:

- consider the deliverability of the Brimscombe Port development, which has previously been the subject of market failure in 2012;
- consider the options available to Stroud District Council (hereafter “SDC”) to deliver the Brimscombe Port development and recommend the most appropriate route having regard to all of the relevant factors.

In doing the above, it is hoped that SDC can progress the site as soon as possible and minimise the risk of committing significant time and resources to the scheme only to meet with market failure once more.

2.2. Scope of Activity

In completing this report, Gleeds has been engaged by SDC to undertake the following activities;

- Provide advice and support in assessing the delivery options available to SDC and determining, through engagement with senior stakeholders, which of these would be the most appropriate means of progressing the scheme having regard to:
 - Time;
 - Limitations on Council resources: time and money (recognising any competing demands and corporate priorities);
 - Appetite for risk.
- Development of a delivery strategy for the Council based on the outcomes from the above integrated with the current design activities and pursuit of consents for flood alleviation and masterplan works, in particular:
 - Developing financial structures based on the preferred option from above;
 - Refining the scale, mix and tenures of accommodation to be provided to optimise the scheme in line with Council expectations and the requirements of the market through a range of development appraisals that reflect these different commercial structuring options.
- Undertaking soft market testing (SMT) with potential partners to establish market appetite and refine the proposition as might be appropriate in order to stimulate competition in the OJEU process to follow. This market consultation would be undertaken consistent with best practice and is reflective of ensuring fairness and transparency in the subsequent tendering process.

3.0 CONTEXT AND BACKGROUND

3.1. Historic and Current Status

Brimscombe Port was at one time the largest inland port in the Country dating back to the 1780's. Following the decline in canals the Port became redundant. The canal was in-filled in the 1930's and the site developed as an industrial estate during the 1960/70's.

Today the industrial estate is now dilapidated and the land that it sits on has a legacy of contamination following the tipping of waste into the old canal basin.

3.2. Current Opportunity

Brimscombe Port offers a residential led development opportunity on a 7-acre brownfield site owned by SDC.

The scheme presents a number of opportunities and challenges;

- Funding has been secured from Homes England (HE), supplemented by funding from the Council to restore the canal that originally passed through the site, which would create a significant focal point for any scheme. This includes for a basin development that will house a number of moorings, some of which could be residential. The Stroud Valleys Canal Company (hereafter "SVCC") was established to manage this and retain long term ownership and stewardship of the restored canal which would include the section and basin at Brimscombe Port.
- A significant proportion of the site currently sits within the 100 year flood plain of the River Frome which also flows to the [southern] edge of the site.
- The site is already designated for residential use within the Local Plan and therefore is consistent with SDCs aspirations. The scale of potential development is such that some commercial and/or leisure uses would be appropriate as part of a residentially led mixed-use development.
- New access arrangements would be required from the A419, including a bridge crossing on Brimscombe Hill [spanning both the canal and river]. The A419 is sited at a considerably higher level than the site, which is broadly level and is currently mainly occupied by industrial units. SDC has confirmed that it is able to secure vacant possession of these units and is currently planning to achieve this no later than January 2020.
- Within the site are a number of listed buildings. These can in all likelihood be beneficially integrated into any development to enhance the setting.
- The scheme is supported by the Parish Council, who have made a commitment to consider funding new community facilities within any development to replace the existing aged nearby facility.

3.3. Funding Sources

Funding has been secured from several sources:

- SDC have pledged contributions totalling £4.1m. £1m has been spent on the scheme to date, in particular the work to develop a solution to the flood plain and to maximise the developable area of the site. The balance remains available to invest in the scheme and is included in the financial appraisals.
- A loan agreement has been signed between SDC and HE which provides £2m of loan funding for the scheme, repayable by SDC from any development proceeds². This agreement dates back to November 2015 and given the passage of time, a number of the provisions within it have become out of date. SDC is in the process of renegotiating this agreement with HE and it is anticipated that this report will act as an informant to that renegotiation with particular reference to the timescales for the development.

² The terms of this agreement as drafted also provides that SDC make further payments from development proceeds up to a further £7.7m in consideration of the original transfer of the site from SWRDA to SVCC.

- The Parish Council commitment to fund new community facilities has been confirmed in principle but the amount of support to be provided is yet to be ascertained.

The scheme was originally taken to market in 2012, but only one bid was received that had a negative land value of between £3.5m to £5m. This was prior to the above financial commitments being made. In the intervening period, SDC has also applied for funding from the Local Enterprise Partnership but has not been successful.

4.0 SCOPE OF THE PROJECT

4.1. Scope Requirements

The complexity of the scheme and the challenges it presents means a diverse range of activities that will be required in order to successfully deliver the Brimscombe Port development. In summary these comprise:

- Professional services: design team services including substantial engineering input to bring forward a deliverable scheme;
- Ecology and sustainability works – site surveys: ground investigations, environmental investigations, etc;
- Demolition works – existing warehousing, etc;
- Infrastructure works (including any temporary works) to cover;
 - excavation and construction of the new canal channel and basin including lock and towpath
 - construction of the flood alleviation works to the River Frome including culverting proposals, overflow weir, etc. as it connects with the reinstated canal
 - construction of new highways and public realm, including bridges over both the canal, river and surface water drainage proposals and access onto the A419
 - potential earthworks to adjust site levels, construction of retaining walls, etc. This ideally includes distribution of arisings from the above works, including the stretch of canal from Brimscombe Hill to Gough's Orchard lock
 - utilities diversions and potential upgrades
- Construction works – new community building/facility;
- Developer activities – housing – multiple archetypes and potential products, commercial premises, etc.

4.2. Site Constraints

The site is within a flood zone and therefore extensive flood alleviation measures will need to be implemented to maximise land available for development. A detailed scheme has been designed by Atkins in consultation with the Environment Agency to achieve an outcome that permits the scale of residential development envisaged. This is due to be submitted for planning consent in Q4 2018. This consent is a key element in de-risking the scheme before engagement with the market.

4.3. Works Undertaken

SDC has committed to de-risking the scheme and has commenced on some of the above activities at the “front-end” of the development process including:

- Selected ground investigations, topographical, utilities and drainage surveys;
- Selected environmental/ecological surveys;
- Arising from the above, the design and shortly the implementation of bat preservation arrangements prior to selected demolition of an existing dilapidated structures;
- Conceptual/master-planning of the site, a development brief and design guide.

5.0 SCHEME IMPERATIVES AND ASPIRATIONS

5.1. Understanding Stakeholder Requirements

A consultation workshop was held on 9th July in the Ebley Mill Council Offices. Attendees included a mixture of Members, Officers, SVCC and Brimscombe and Thrupp Parish Council members.

Through a facilitated workshop arrangement (a copy of which can be found in Appendix D), the following matters were explored in relation to the nature of the Brimscombe Port development and how it might be delivered;

- Development imperatives, constraints and parameters
- Development aspirations and priorities
- Identification/validation of key stakeholders
- High level overview of delivery options
- Planning strategy

5.2. Development Imperatives, Constraints and Parameters

The workshop established that first and foremost, the absolute imperative was to ensure the development can be delivered as one of the key strategic housing sites for SDC. To meet this imperative, the stakeholders acknowledged that there was some flexibility in most variables however a number of key considerations were noted that reflect commitments and messaging made to date;

- Reinstatement of the canal and associated infrastructure including the towpath, site remediation and flood alleviation is obviously at the core of the development. The canal will act as a key placemaking component and will provide an attractive setting for the community and a potential visitor destination. Nothing in the development should materially compromise the premise that the canal regeneration is at the heart of the scheme. Delivery of the scheme is expected to act as a catalyst for adjacent development alongside the reinstated watercourse and provide an impetus to 'Stage 2' of the canal restoration to connect Stroud to Stonehouse, currently planned to commence 2019/2020 for a 2023 opening and for which provisional funding has been secured by SDC and SVCC through the Heritage Lottery Fund (it is hoped that the success of this development will secure additional funding for the remaining stretches of the original canal to be reinstated – the missing gap).
- A low density "executive home" type residential development will be dismissed. Consistent with the above, a higher density development will not only provide greater choice and opportunity for the community but it will also add to the sense of place. It will also provide housing that will address current housing need i.e. 2 – 3 bedroom dwellings through a mixture of homes and apartments.
- There is a commitment to provide new community facilities, albeit no commitment exists in terms of the form and scale these may take. As a minimum (and assuming that the existing nearby community facility is replaced) then any new facility must include community meeting space broadly on a like-for-like basis to maintain the commitment of the Parish Council.
- There is a requirement for a small amount of accommodation for the facilities for boaters and SVCC will have a pre-emption right for the Salt House building for these.
- Whilst there is no definite idea on commercial/retail units/offices, there is an expectation that there will be a 'mixed use' element, again linking back into the placemaking objectives above.
- With the exception of affordable housing provision which will clearly be subject to the overall viability assessment, the general standards of development sought by SDC through the planning function (sustainability, etc.) should be respected as a minimum requirement.

5.3. Development Aspirations and Priorities

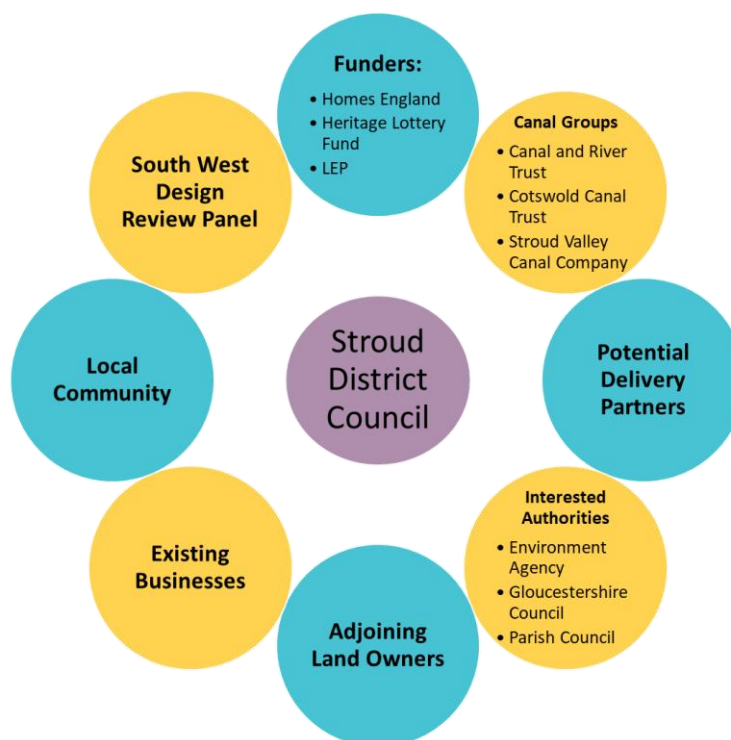
Over and above the imperatives above, the stakeholders expressed a range of features that they would like to see as part of any development solution. It was recognised that the delivery of some or all of these was highly dependent on the ultimate viability of the scheme and the workshop concluded that none of these were so fundamental as to become a “showstopper” were they not to be achieved.

- Maximise affordable housing provision up to policy level in support of SDC’s affordable housing target.
- Achieve completion of the Brimscombe Port development at the earliest opportunity, ideally no later than 2022/23 consistent with the programme previously developed by SDC.
- Based around the community facility, create a more substantial community “hub” that potentially ties in more expansive community uses, retail/leisure uses, facilities for canal boat users, etc.
- Recognising that through the planning function, there are controls in place that ensure designs will be of an acceptable standard, there is an aspiration to go beyond this and deliver an ‘exemplar design’ to act as a ‘beacon’ for other developments within the District.
- Enable job creation with local enterprise and business opportunities. It was acknowledged that this could take many forms, but ideas included:
 - Small business units to compliment those already provided in the Old Mill, perhaps targeting certain types of businesses or focusing on business incubation;
 - A vibrant retail offer, supporting the desire to create a visitor destination.
- Provide residential moorings on the canal (these will be provided and maintained by SVCC) to increase the diversity of the residential offer.
- Drive higher standards of sustainability, noting that the bar on issues such as Sustainable Urban Drainage Systems (SUDS) will already be high as a result of the flood plain issues.
- Provide additional ‘public realm’ space where possible including children’s play facilities.

In addition to the above and through the debate, it was also established that there may be some benefit in exploring whether or not alternative housing products could/should be included as part of the development. Examples cited included private rental, extra care, over 55 living, etc.

5.4. Key stakeholders

The following key stakeholders were identified and/or confirmed during the workshop. A stakeholder engagement plan will need to be developed at the next stage to support the delivery of the development.



5.5. Delivery options

Through the workshop, the discussion on delivery options primarily focussed on:

- The desire of the public sector to directly control and influence the nature of the development beyond that it may be able to do so using only SDC's statutory powers as the planning authority.
- The appetite of the public sector to participate in a risk/reward structure and share in development risk. This extended to the ability and appetite of SDC as the lead authority to financially invest in the scheme over and above its current commitments to assume a greater share of the risk/reward arrangements.
- The ability of the public sector to assemble and coordinate the skills, capability and capacity to drive the development forwards in an optimal fashion.

In summary the stakeholder conclusions were:

- The extent of investment made to date in the work undertaken to design the infrastructure solution, assemble the stakeholders and develop the masterplanning principles means that there is now a clear vision that should be preserved as the scheme matures. The best way to do this was for SDC to retain a material role in any delivery arrangements to protect this investment and act as a conduit for wider stakeholders.
- Further to the above, the principle of an active involvement is further reinforced by the fact that through SVCC and potentially both SDC and the Parish Council, the public sector may retain a long-term interest in managing various elements of the completed development and therefore appropriate control needs to be in place to understand and shape the outcomes accordingly.
- It was equally recognised however that as a relatively small local authority SDC does not:
 - have access to substantial financial resources that could be speculated on the success of the development. There may be some appetite for taking a greater role in development risk/reward but this would need to be understood fully before any commitments could be

made.

- have the internal resource capacity or capability to manage a development of anything like the scale of Brimscombe Port. This capacity could potentially be secured through consultancy support however this would still require substantial management and oversight that is beyond a “business usual” activity. As such, there is a clear need for suitable resources to be secured and managed with a level of expertise that could be appropriately provided by a suitable private sector partner.

On balance, the view of the workshop is that a development partner would be needed and given that the public sector would not wish to cede all control to a developer, some form of partnership arrangement would offer the best solution.

It was noted that Brimscombe Port is unlikely to be the first of several development opportunities: other sites in public sector control are both limited in number and much smaller in size. Based on this, it was agreed that any partnership arrangement would be a one-off.

5.6. Planning Strategy

The general consensus of the workshop is that, consistent with the intended strategy, the infrastructure design to address the flood plain issues should be submitted to secure planning consent once completed. This would represent a significant de-risking of the scheme for any potential delivery arrangement to follow.

In terms of the residential development, two different strategies were considered during the workshop:

- Option 1: Development Brief. Given that the site is already allocated in the Local Plan for residential uses, a development brief has been developed and could be adopted to provide guidance on the nature of development to be delivered. This development brief could then act as a reference point in any planning discussions.
- Option 2: Outline planning application. SDC could use the 2017 masterplan/conceptual design (subject to any amendments that it may wish to make) to secure an Outline Planning Consent with the intent of demonstrating the acceptability of a mixed-use development and establishing an “in-principle” layout and massing arrangement.

It was concluded that there is no compelling reason to prioritise one of these options over the other as both had their merits and disadvantages. It was acknowledged however that the strategy needed to:

- Keep the solution flexible to allow the market the opportunity to deliver a creative solution;
- Outline the vision and scope of key deliverables to safeguard their delivery.

It was agreed that these options would be explored with potential partners during the Soft Market Test to see if there was a market preference.

6.0 POTENTIAL PARTNER VIEWS

6.1. Soft Market Test Process

A Soft Market Test was held in August 2018, engaging with a number of potential delivery partners to:

- test the draft development strategy
- secure feedback on opportunities to make the scheme more attractive
- understand the general appetite to bid for the scheme.

A range of Registered Providers (RPs), local/regional and national developers and niche/specialist developers were contacted as part of the SMT. The numbers of consultees was increased to reflect the holiday period and the likelihood of a lower response rate as a result of this. Consultees are listed below.

[REDACTED]

To facilitate the SMT, each of the consultees was provided with a prospectus for the development. A copy of this can be found in Appendix A. Within this prospectus, consultees were invited to respond to a number of questions relating to scheme content and delivery strategy. With reference back to the masterplanning work and the outputs of the stakeholder workshop, each of the questions was designed to either validate thinking to date or to establish market preferences where no firm views had been formed.

Having issued the prospectus on the 14th and 15th August 2018, responses were requested for 3rd September 2018. This provided consultees with a window in which to respond that recognised the holiday season and increased likelihood of the right people being away from the office. Alongside the issue of the prospectus by email, additional follow up was made by telephone.

Out of the 41 potential delivery partners, a total of 18 actively responded (a response rate of 44%). Of the respondents, 10 organisations confirmed that they would not be interested in the scheme and therefore would not be submitting a full response. Primary reasons for non-interest were:

- site location being out of their usual operating geography
- the scale of the development either being too big or too small
- concern that the scheme did not present a proposition that would deliver the required corporate returns (viability)
- lack of appetite to tender through an OJEU process.

The following organisations provided written responses:

[REDACTED]

6.2. Key Themes

Through the SMT (including some limited follow up to clarify matters raised), the responses from potential delivery partners identified a number of 'key themes'.

Viability	Concerns over viability were consistently identified within the responses. It is unclear whether these concerns are purely as a result of the previous market failure or whether respondents had undertaken any form of analysis. Given that many later expressed potential interest in becoming a development partner, it is assumed the former is more likely.
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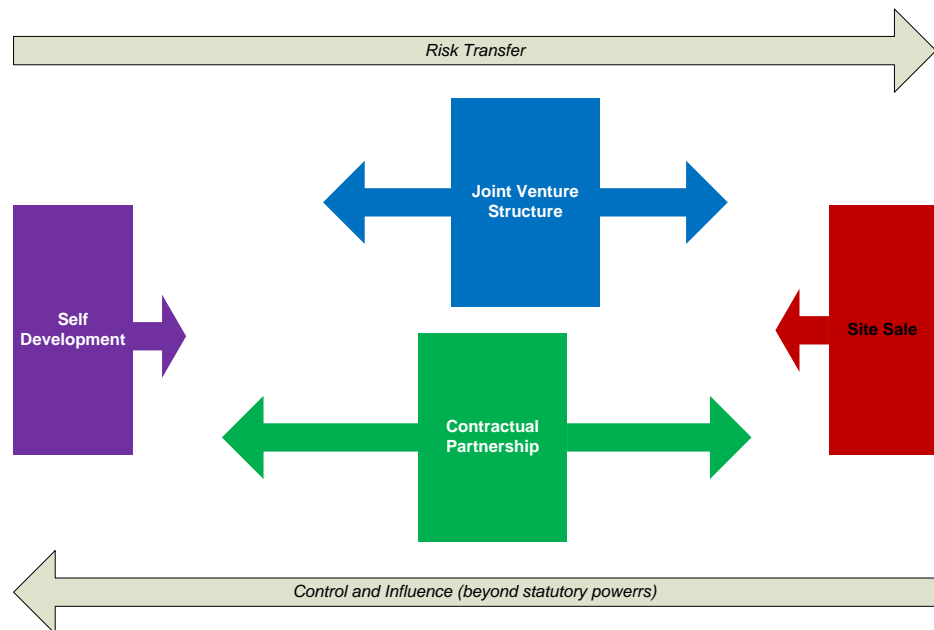
Nature of residential offer	A higher density residential development was generally considered to be suitable for the site and location however some concerns were raised regarding the number of apartments and the ability to sell this volume. The potential to introduce a broader housing offer including private rental, extra care, over 55's housing, etc. was seen as a potentially valid way of reducing reliance on private sale apartments.
Alternative housing products	<p>A number of responses noted that products such as over 55 housing and/or extra care would work particularly well at Brimscombe Port, due to its canal and riverside setting. It was noted that to ensure the success of this type of housing suitable leisure facilities will be required e.g. dining, recreation and communal gardens.</p> <p>Live/Work units were generally seen negatively and a challenge to sell: a better solution would be to provide suitable workspace as part of the development that could be accessed (on suitable commercial arrangements) by residents.</p>
Community facilities	Community facilities were generally considered to 'add value' and enhance the local community. That said, responses confirmed the need to clearly define and co-ordinate community facilities within the wider context of the proposed development and should have a robust business plan to ensure that the facility could be sustained in the long-term. Further consideration was suggested on how to better align the delivery of the community facilities with the wider development instead of this being a separate activity to improve integration and confidence in delivery.
Car Parking	<p>It was recognised in the feedback that the site will require reliance on cars due to the out of town location. Whilst the number of parking spaces for residential units was largely considered to be acceptable, the number proposed for visitors was questioned with a link clearly made to the scale/extent of the wider site leisure/commercial activity and the volume of visitors this may drive.</p> <p>Whilst the parking solution will largely be driven by the residential offer, and the overall masterplan, delivery of a cost-effective solution must be considered. A number of potential delivery partners questioned the affordability of under-croft car parking and whether this was viable.</p>
Commercial Offer	<p>A number of respondents noted the benefit that a suitable commercial offer will provide to the development, and the range of offer that could be provided. Views on the most appropriate nature/scale of commercial offer varied however, it was recognised that any offer needs to be:</p> <ul style="list-style-type: none"> • Viable for 12 months a year • Be suitably 'competitive' given the sites location and the alternative options visitors have • Enhance the community offer and link to the residential offer.
Planning Strategy	There was no consistent view expressed in terms of the optimal planning strategy. Analysis shows that views are likely to be tied to the nature of organisation responding, their appetite for risk and their appetite for a partnership arrangement. Some responses proposed a 'hybrid' application which could offer the market security of the planning consent for the canal and basin works and provide a loose but flexible framework for the residential and commercial development that would at least establish the basis of not residential uses (A1-5, B1, C2).

Delivery Models	The general consensus is that some form of partnership between public and private sector would be the most appropriate model to deliver the scheme, reflecting not only the optimal delivery strategy but also the requirement for the public sector to retain a long term management interest in the resultant development.
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7.0 PROPOSED DELIVERY STRATEGY

We have set out a number of potential delivery structures that could be adopted by the Council; these options consider the scale and nature of the development and the risk appetite of SDC as illustrated below. The four main delivery options considered for this development are;

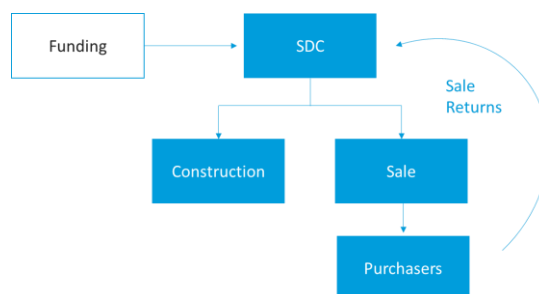
- Self-Development
- Contractual Partnership
- Joint Venture Structure
- Site Sale



7.1. Self-Development

A self-development approach would see the Council taking full development risk. The approach has the potential to generate the highest level of return as the Council retains all land value and development profit, but the returns come from the increased level of risk taken. This risk would include all cost risk, design risk and demand risk from the sale of the developments.

Given the scale and complexity of the site and consistent with the appetite expressed in the stakeholder workshop (section 5.5), we would question whether the Council has both the appetite and the resources available to take the sites forward or underwrite any potential losses. Resources can clearly be bought into the Council to increase capability but 100% of the delivery risk would reside with the Council.

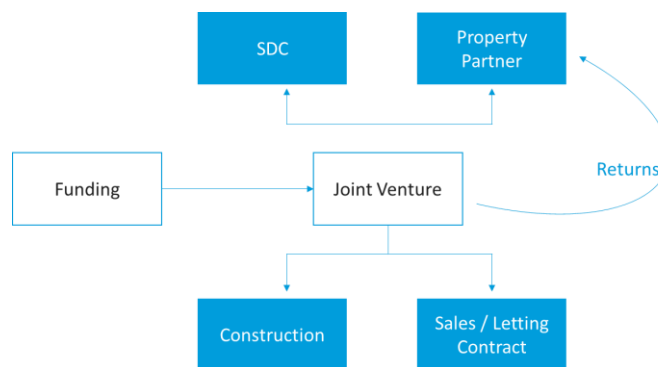


Under this option the Council has total autonomy on the structure of the developments and whether the assets created are sold or held as revenue generating investments (subject to affordability and viability).

7.2. Joint Venture Structure

Joint ventures (hereafter “JVs”) have been a popular route for property development for Local Authorities across England for a number of years and have been used to develop housing, commercial office space and retail development. JV’s can vary vastly in scale and complexity and can come in a number of legal forms such as limited companies and limited liability partnership.

The majority of JV’s follow the basic principles that a new organisation is created in which the Council invests its land holding into the JV and this land value is matched by an equivalent investment by the Private Sector Partner (hereafter “PSP”) to create a 50:50 partnership. The JV undertakes a range of development activity and the partners share the development returns based on their percentage ownership of the JV. It is anticipated in this case, in addition to the land the investment would also include financial contributions from the public sector as set out in Section 3.3.



Nuances on the JV approach would include the Local Authority acting as a funder to the JV (at commercial State Aid compliant rates which would in itself potentially provide a positive cashflow position for the Council based on current Public Works Loan Board (hereafter “PWLB”) rates) or the Local Authority accepting completed assets rather than capital receipts as a commercial return from the venture.

The key advantages of JV’s are:

- SDC would be able to exercise a level of influence and control as a major stakeholder in the JV. Note that to allow the JV flexibility, the public sector could not hold a majority shareholding nor reserve rights of veto as a condition of its shareholding.
- SDC is able to rely on the delivery capability and capacity of the JV partner – their “know how” – these transferred skills could be valuable to the Council in future commercial schemes).
- In accounting terms, only a proportion of the debt raised would be on the Council’s balance sheet therefore increasing the Council’s overall funding capacity.

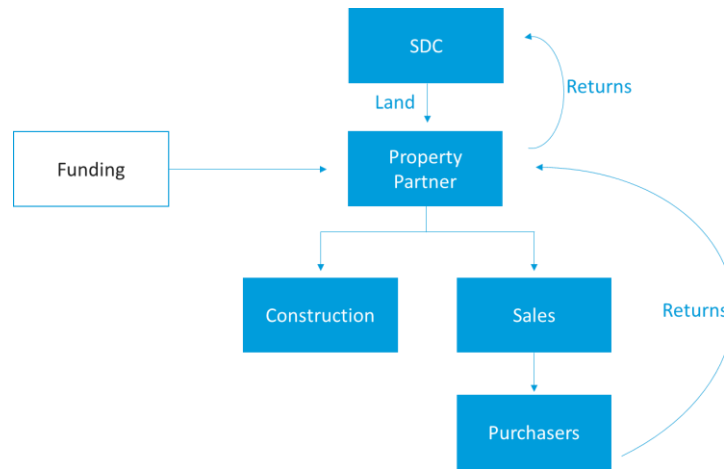
Formal JV’s can be complex to establish and are often used when Local Authorities have a significant property portfolio or a major pipeline of development activity (e.g. 10 years). Given that Brimscombe Port is likely to be a one-off scheme, options around unincorporated JV’s might also be explored.

7.3. Contractual Partnership

Under a contractual partnership, SDC would appoint a development partner: this is in effect a JV established by a contract rather than a body corporate. The Council would be able to establish, via the development agreement, its expectations on quality and design for the scheme. The development partner would then develop the site within these parameters and retain share the development returns with the Council on an agreed basis (including assets in lieu of cash as per the JV option above).

Advantages are similar to that of the JV (above), however, operation and management are different (both are complex and time consuming). In addition, it is likely that unless some form of framework could be utilised

(such as the Homes England Developer Partner Panel which has been successfully used on similar schemes) that the JV or Development partner would need to be procured under current European Union procurement rules.



Should the Council wish to shield itself entirely from development risk, then the return for SDC would be consistent with the land sale option. However the key advantage of this option over the land sale option is that the Council retains a higher element of control over the pace and quality of the development whilst not directly taking development risk. The Council does however have the option of sharing risk either on a whole development or individual element basis: this would need to be agreed at the procurement phase of the project.

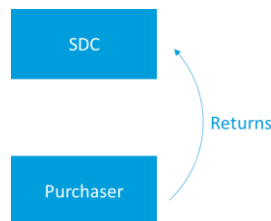
7.4. Site Sale

This option is a low risk route that requires minimal further investment by the Council. SDC would market the site(s) and dispose of them to generate a capital receipt.

Consistent with the work undertaken to date, SDC could enhance the value of site by taking it through the planning process to obtain outline planning consent (notably for the flood alleviation and infrastructure works). The approach de-risks the site for the end buyer.

The approach has the ability to generate short term capital receipts but gives the Council minimal control over the future development of the site beyond its statutory role as planning authority. The Council therefore has no control over the creation of quality developments that have a wider community benefit.

The potential to share in the development proceeds (beyond the land receipt and any overage provisions which are notoriously difficult to structure and “police” effectively) or generate revenue income from the development can also not be realised through this option.



7.5. Summary of Options

The table below summarises the delivery arrangements detailed above and compare the relative complexity, resource input, skills, funding, risk and control required.

	Site Sale	Joint Venture	Development Partner	Self-Development
Complexity to deliver	Low complexity	High to medium complexity to deliver, including structuring and constitution of JV entity.	High to medium complexity. Approach based on a development agreement and programme with lesser structuring required to JV.	High complexity as the Council has sole responsibility to manage all aspects of the programme.
Timescale to Deliver	Shortest option as simple disposal arrangement.	Requirement for OJEU will increase the programme but this can cover selection of partner and delivery.	Requirement for OJEU will increase the programme but this can cover selection of partner and delivery.	Any works/services packages will be subject to OJEU unless SDC establishes an arms-length commercial vehicle
Resource level required	Minimal required	Some resource required within the JV (say 1 FTE).	Will likely still require 1 FTE to work with the developer plus client-side external team.	A significant amount of resource is required (either internal and external resource used)
Skills and expertise required	Minimal required	Approach is to rely on the expertise of the partner.	The Council can rely on developer expertise	Development expertise is required to maximise value and value and also manage all risks.
Funding requirement	Limited funding needed, potential to progress sites through planning (outline) to increase value.	Funding likely limited to the value of the sites being invested. The partner would raise development finance.	Project would need to be cash flowed to fund the community facilities and infrastructure. Potential to use developer finance (at a cost)	The Council would be self-funding the development costs for all project and taking the risk that this could be recouped from the sale of individual housing and commercial units

	Site Sale	Joint Venture	Development Partner	Self-Development
Risk	Low risk delivery via a simple process but risk of non-delivery by purchaser. Development gains will be difficult to capture through overage.	Shared development risk with the JV partner. Potential to lose land value. Also potential to share in any development gain.	Low risk if the developer takes all development risk. The Council has options here on a site by site basis. Also potential to share in any development gain.	High risk and likely unacceptable to the Council on larger projects. Any development gain would be wholly retained by SDC.
Control	Limited control after land sale beyond planning powers.	Shared control with the JV (50:50 deadlock is common)	Shared control via the development agreement.	All control resides with the Council.

Based on the stakeholder engagement outcomes as summarised in section 5.5 and linked to the characteristics of the options outlined, it would seem apparent that the optimal routes to delivery for SDC would be either a JV or contractual partnership arrangement. This is also consistent with the feedback from the soft market testing.

8.0 DEVELOPMENT APPRAISAL

8.1. Development Appraisal (“Land Sale” or Base Position)

The development appraisal was completed based on the latest known position accounting for the following:

- Previous iterations of the development appraisal. As part of this, previous assumptions have been challenged as might be appropriate drawing upon various sources of benchmark data. Note that this does not include the sales values, which have been transposed across and relied upon.
- The masterplan as currently presented and including for:
 - 178 dwellings, with 81 houses and 97 apartments. Of these, 30 are affordable (20 houses and 10 apartments)
 - Circa 1,000m² of commercial space comprising a mixture of retail, office and workshop/gym uses
- The agreed flood alleviation measures, which will dictate the available ‘developable’ land.
- Only phase 1 of the infrastructure works is included. Phase 2 is excluded to maintain a “like for like” comparison.
- The financial contributions/sources as detailed in section 3.3. Note that both grant funding and costs of the restoration of the canal have been excluded from the assessment at this stage, and it is assumed that this component of the scheme is self-contained and requires no additional financial support.
- Correction of errors noted in the previous appraisal where these affected the outcome.

The table below summarises the new appraisal contrasted against the original appraisal.

[TABLE REDACTED]

The following assumptions have been made in completing the revised appraisal:

- Consistent with previous iterations of the appraisal, the base position on affordable housing is 17%. This is lower than the SDC policy position of 30%.
- Affordable housing contribution is equivalent to 50% of that on an open market value basis. This has been carried through into the consideration of the developer margin.
- Public funding has been reduced as discussed to the levels set out in 2.3.
- There is no discrete payment to SDC for the land or repayment of the cash investment that SDC has made to enable the scheme.
- Based on Gleeds benchmarks, the “all in” capital cost assumption for the construction of residential and commercial buildings has been reduced from £2,400/m² to £1,800/m². This benchmark accounts for construction norms but would not necessarily account for any abnormal costs that may be required to deal with ground conditions, etc. This change is the primary driver in the significant betterment in the appraisal outcome.
- £1.1m has been allowed for undercroft car parking, for 173 units, based on the original SDC financial appraisal in 2015.
- In the absence of a programme, the impacts of cashflow through the development period haven not been accounted for. This may have modest impacts (positive or negative) on the outturn position.

The latest appraisal suggests that instead of being unviable, the scheme is capable of delivering a reasonable level of return and give some comfort that any movements in costs will not lead to the scheme becoming unviable.

We are aware however that the final position for SDC may be cost neutral (i.e. a return of £nil) given that:

- The current expectation of partners is that the infrastructure for Phase 2 is also delivered within the funding package assembled. This equates to an additional £3.2m which would reduce development returns accordingly.
- Increasing the affordable housing contribution to the policy position of 30% has a negative impact of approximately £1.6m on the assessment outcome.
- SDC's agreement with HE means that HE will get the first call on any development margin to both repay the loan and subsequently make a contribution to the land originally transferred to SDC for nominal consideration. On the understanding that this obligation is capped at a value in excess of £9m, it is unrealistic to expect any residual margin to be realised by SDC.

8.2. Impact of Alternative Delivery Options

Different delivery options have different impacts on the development appraisal. The table below shows how the options set out in section 7.0 affect the development receipts received by the public-sector dependent on the model selected. Note that the JV/Contractual Partnership is a mid-point position (assuming 50% shareholding) and this could in reality flex to any point between the land sale and self-development receipts depending on the extent to which SDC wishes to engage in the risk/reward with the partnership arrangement.

Given that it would set an unwelcome precedent for SDC to reduce its affordable housing contribution below policy when the appraisal suggests no commercial basis for doing this, we have assumed in all of the following that the 30% policy position is delivered. All other assumptions remain as section 8.1.

[TABLE REDACTED]

There is potential for a further option based around a headlease arrangement. This has at this stage been discounted as whilst it may provide financial benefits for the commercial elements of the scheme it is less beneficial for the overall mix proposed and given that the commercial element is in the minority it is not considered an appropriate means of delivery.

9.0 CONCLUSIONS AND NEXT STEPS

9.1. Conclusions

Analysis of the feedback from both the stakeholder group and SMT, together with the outcomes of the site appraisals and assessment of delivery models has led to the following conclusions:

- The majority of organisations interest in bidding for the scheme believe that it is best delivered in partnership with SDC and therefore the stakeholder aspiration for such a model is deliverable. Appraisal of such options shows that this could generate a gross development surplus in the order of [REDACTED], which should provide sufficient headroom to allow:
 - The delivery of the full scope of infrastructure works (i.e. both Phase 1 and Phase 2);
 - Allow for the loan arrangement with Homes England to be serviced;
 - Allow SDC sufficient confidence that there is sufficient headroom to manage any unexpected costs as the scheme is developed and delivered.
- The market remains concerned about the viability of the site, despite the analysis in section 8.0 demonstrating that the site is indeed viable. Whilst the participation of the public sector in a partnership delivery model will assist in creating more positivity around the scheme, the procurement strategy for that partner must provide opportunity to promote a more positive view on viability and provide potential partners with a greater level of confidence in the scheme. This will ensure market interest is appropriately stimulated to secure a robust procurement process.
- A higher density residential solution is appropriate to the site and its location. On a note of caution however and linking back to the previous point, the final scheme needs to either:
 - Increase the time period over which the scheme is to be delivered, thereby slowing the supply of market sale units (notably apartments) and reducing the risk around sales rates to an acceptable level and/or;
 - Diversify the residential offer, reducing the number of similar units being offered for sale at any one time. Alternative residential opportunities such as extra care³ and over 55 living would appear to offer strong prospects to diversify the product type. The masterplan may also benefit from some alternative house/apartment archetypes.

Either of these solutions would require more detailed consideration and development and as such, retaining flexibility in the masterplan would appear very important at this time. This would in turn suggest that pursuit of an outline planning consent on the current masterplan scheme may be of limited value (see below).

- The overwhelming view is that community facilities need to be delivered as an integrated element of the development aligned with the residential and commercial offer, mitigating the risk of non-delivery, avoiding duplication of facilities (for example with an extra care development) and providing the potential to create a more holistic community hub. To achieve this, it is likely that Parish Council resources will need to be directed through SDC, as to extend participation in any partnership is highly probable to slow progress.
- Further work is required to understand whether the benefits of increased density are offset by the need to provide more expensive means of car parking to satisfy the overall requirement. The same may be true of any retail offer unless there is an acceptance that any significant parking needs in support of this can be satisfied by accepting there will be an increased demand for on-street parking in the wider environs surrounding the site.
- Feedback confirms that the nature of the environment and the scale of development clearly necessitates a retail/leisure offer. There is however no dominant view on what this might be at this stage, with a range of opportunities cited. This is likely to be a key point of discussion in the selection process for a partner where additional expertise can be drawn in to develop a strategy that integrates with the final residential offer.

³ This would also require discussion with Gloucestershire County Council to establish how this might fit into their Older Peoples strategy.

- There are clearly a number of variables that have yet to be properly assessed and resolved and therefore the likelihood of the final scheme reflecting the current masterplan as presented is significantly reduced. Furthermore, it is possible that a number of non-residential (C3) uses may be brought forward as part of the final masterplan. A hybrid planning application would seem the most appropriate position as this would offer SDC and the market the comfort that planning has been secured for:
 - the canal and basin works;
 - the infrastructure necessary to allow the site to be developed (access, flood mitigation, etc.);
 - an overarching outline for residential (C2, C3) and retail/commercial development whilst providing the market the flexibility required to develop the most feasible development solution.
- It is recognised that the infrastructure planning application is potentially ready for submission in the very near future and this should not be delayed given the statutory consultation requirements associated with this. If the hybrid elements on the nature of development cannot be completed in a complementary timescale, then a separate concurrent application could be submitted for these elements so as to minimise any programme delays.

9.2. Next Steps

Given that the scheme presents as viable, SDC can have increased confidence in making further investment in order to realise it. The next steps to achieve this are as follows:

- Secure planning consent for both the infrastructure solution and the range of potential site uses through a hybrid or a concurrent planning application. This should be completed prior to the commencement of any material competitive process for a partner as it represents a very significant de-risking of the scheme that will encourage greater interest from potential partners.
- In preparation for the engagement of a development partner, more fully articulate:
 - The requirements of SDC in any partnership arrangement;
 - The arrangements between SDC and the other public-sector stakeholders to allow alignment and integration of all activities into any final development vehicle.
- Develop and execute a procurement strategy for a delivery partner. Given that the Council wishes to maintain a level of control and influence over the development beyond its statutory powers, it is recommended that this procurement is undertaken in accordance with the OJEU procedures. Given the diversity of views through the soft market testing on issues such as commercial activity, it is prudent that this process is run as a Competitive Dialogue procedure as this supports a more interactive approach with tenderers that will allow issues to be properly discussed and agreed through the process. As a requirement of OJEU is to provide all documentation at the outset of the process, an early start on this will be highly beneficial in terms of delivering the shortest possible timetable to commencement on site.

10.0 Appendices

A. ~~Soft Market Test 'Brochure'~~ SMT Blank Questionnaire

B1.[REDACTED]

B2 [REDACTED]

B3 [REDACTED]

B4 [REDACTED]

B5 [REDACTED]

B6 [REDACTED]

B7 [REDACTED]

B8 [REDACTED]

C [REDACTED]

D 9th July Workshop Presentation

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

4 OCTOBER 2018

13a

Report Title	Housing Revenue Account (HRA) Budget Monitoring Report 2018/19 P1
Purpose of Report	To present to the Committee a forecast of the outturn position against the revenue budget and Capital programme for the HRA for 2018/19.
Decision(s)	The Committee RESOLVES: a) to note the outturn forecast for the HRA Revenue budgets and Capital programmes
Consultation and Feedback	Budget holders have been consulted about the budget issues in their service areas. The feedback has been incorporated in the report to explain differences between budgets and actual income and expenditure.
Financial Implications and Risk Assessment	<p>This report sets out the latest budget monitoring position on General Fund housing and the Housing Revenue Account (HRA).</p> <p>HRA forecasts of income and expenditure, as provided by budget holders, show a significant revenue budget underspend and variation in planned capital expenditure.</p> <p>Given the level of revenue and capital variation, it is expected that the service undertakes a robust review of the 2019/20 budget (as it has largely been set at the same level), and takes this into account when reviewing the HRA 30 year financial plan.</p> <p>David Stanley, Accountancy Manager Tel: 01453 754100 Email: david.stanley@stroud.gov.uk</p>
Legal Implications	<p>The Committee has responsibility on behalf of the Council to monitor and review the Council's income and expenditure during the financial year against the Council's budget. 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 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</p> <p>Craig Hallett, Solicitor & Deputy Monitoring Officer Tel: 01453 754364 Email: craig.hallett@stroud.gov.uk</p> <p>R13.09D20.09C18.09</p>

Report Author	Lucy Clothier, Principal Accountant Tel: 01453 754343 Email: lucy.clothier@stroud.gov.uk
Options	None
Performance Management Follow Up	Budgets will continue to be monitored on a regular basis by budget holders supported by Finance. Further finance reports will update the committee in January and April 2019, with the outturn position to be reported to Strategy and Resources Committee in May 2019 and Housing Committee in June 2019.

Background

1. This report provides the first monitoring position statement for the financial year 2018/19. The purpose of this report is to notify members of any known significant variations to budgets for the current financial year, highlight any key issues, and to inform members of any action to be taken if required.
2. **Due to the volume of information contained in the report, it would be helpful where members have questions on matters of detail if they could be referred to the report author or the appropriate service manager before the meeting.**

Housing Revenue Account Budget position

3. The original net Housing Revenue Account budget for 2018/19 is a transfer from reserves of £0.125m, as approved by Council at their meeting in January 2018. Indicative budgets for 2019/20 can be found in Appendix A.
4. The monitoring position for the service at 31 July 2018 shows a projected net underspend of £1.117m (-5.0% of gross spend) against the latest budget, as summarised in Table 1.

5. Table 3 shows the HRA Capital spend and projected outturn for 2018/19.

Table 1 – HRA Revenue Summary

	Para Refs	2018/19 Budget (£'000)	Spend to Month 4 (£'000)	Forecast Outturn (£'000)	Outturn Variance (£'000)
Income					
Dwelling Rents and Service Charges	6	(21,826)	(5,585)	(22,171)	(345)
Other Charges and Income		(564)	(125)	(587)	(23)
Total Income		(22,390)	(5,710)	(22,758)	(368)
Expenditure					
Supervision and Management	7	5,408	2,333	5,100	(308)
Repairs and Maintenance	8-12	3,767	914	3,521	(246)
Sheltered Housing Service	13	1,452	422	1,376	(76)
Other Expenditure	14	519	200	474	(45)
Sheltered Housing Modernisation	15	579	98	501	(78)
Revenue Funding of Capital Programme (Depreciation and RCCO)		7,153	0	7,153	0
Provision for Bad Debts		200	0	200	0
Total Expenditure		19,078	3,967	18,325	(753)
Other Costs and Income					
Interest Payable/Receivable	16	3,488	14	3,354	(134)
Transfers to/(from) Earmarked Reserves	17	(50)	0	28	78
Transfers to/(from) General Reserves		(126)	0	(126)	0
Total Other Costs and Income		3,312	14	3,256	(56)
Total Housing Revenue Account		0	(1,729)	(1,177)	(1,177)

Further detail of this breakdown is as follows:

6. Dwelling Rents and Service Charges – (£368k) additional income

Income is currently expected to be £368k more than budget. This is largely due to void loss (excluding dwellings intended for redevelopment) being lower than the budgeted void rate of 2%, and is in line with income received in 2017/18. This budgeted rate will be reviewed as part of budget setting.

7. Supervision and Management – (£308k) underspend

Salary underspends are currently forecasted to total £119k due to vacant posts during the year, and actively managing areas in a different way over a short term fixed period. There is a currently uncommitted staffing contingency of £135k, and a general contingency of £50k which has no known draw downs. This position could change and will be updated in future reports.

8. Repairs and Maintenance – (£246k) underspend

9. Planned Maintenance – (£247k) underspend

This is largely due to the cyclical maintenance programme for this year containing fewer revenue works than capital. This is dependent on what revenue cyclical works are needed on the dwellings in the programme, for example repainting of exterior walls that not every dwelling will require, and will vary considerably year on year.

10. Gas In-house Provider – £0k on target

Heating services provided by the in house team are currently on target.

11. Voids – (£117k) underspend

Void spend has been lower than budgeted so far this year on minor voids, but spend has been higher than budgeted on capital major voids (as reported in paragraph 37).

12. Responsive Maintenance – £118k overspend

Due to the reactive nature of works, it is difficult to predict the works required during the year and a small overspend is forecasted. This includes the extension of the Handyperson service to reduce the works passed to a third party contractor.

13. Sheltered Housing Service – (£76k) underspend

Salary underspends of £65k are currently expected due to the reduction in the number of schemes (as planned in the Sheltered Housing Modernisation Programme). This budget will be reviewed as the Sheltered Modernisation Programme continues.

14. Other Expenditure – (£45k) underspend

An underspend of £45k is currently expected relating to communal areas, including the cost of maintaining wider estate areas and trees. This will be continually monitored throughout the year.

15. Sheltered Housing Modernisation – (£78k) underspend

The cost of decanting tenants is expected to be lower than budgeted, however this is partially offset by the cost of keeping properties void, largely council tax.

16. Interest Payable/Receivable – (£134k) underspend

Interest payments are expected to be lower than budgeted as higher HRA balances mean that some borrowing can be internally borrowed over the short term. This reduces investment income to the HRA, as it reduces cash balances, but gives an overall saving as interest is not payable on the borrowing.

17. Transfers to/from Earmarked Reserves – £78k reduced transfers from Earmarked Reserves

The current forecast in Sheltered Housing Modernisation means that £78k of the budgeted transfer will not be needed in 2018/19. This amount will therefore remain in the reserve and will be allocated to the project in the future.

The following table shows the budgeted transfer to and from earmarked reserves.

Table 2:

Earmarked reserve	Budgeted transfer into the reserve £000s	Forecasted transfer into the reserve £000s	Budgeted transfer from the reserve £000s	Forecasted transfer from the reserve £000s	Variation £000s
Sheltered Modernisation	1,390	1,390	(2,260)	(2,182)	78
Estate Works	820	820	0	0	0
Total	2,210	2,210	(2,260)	(2,182)	78

HRA Capital Programme

18. The following table shows the full capital programme for 2018/19

Table 3 – HRA Capital Summary

Capital Summary	2018/19 Revised Budget (£'000)	Spend to date (£'000) (to end Jul 18)	2018/19 Projected Outturn (£'000)	2018/19 Outturn Variance (£'000)
Central Heating	710	98	680	(30)
Disabled Adaptations	315	31	150	(165)
Kitchens and Bathrooms	1,590	56	1,470	(120)
Major Works	424	130	570	146
Compliance	257	100	314	57
Doors and Windows	530	153	615	85
Electrical Works	212	29	212	0
Damp Works/Insulation	127	0	127	0
Non-Traditional Properties	350	0	350	0
Door Entry	212	103	352	140
External Works	1,750	53	2,525	775
Lifts	32	0	0	(32)
Suited Locks	148	0	74	(74)
Total - Major Works	6,657	753	7,439	782
Southbank, Woodchester	650	(11)	300	(350)
Ship Inn	333	0	15	(318)
New Homes Contingency	50	1	91	41
Completed schemes (retention payments)	0	(174)	0	0
Total - New Build	1,033	(184)	406	(627)
Tanners Piece - New Build	1,700	21	1,345	(355)
Amber/Green schemes	364	142	285	(79)
Ex warden conversions	0	17	28	28
Total – Sheltered Modernisation	2,064	180	1,658	(406)
Total Capital Expenditure	9,754	749	9,503	(251)

19. Major Works – £782k overspend

Areas of additional spend are largely where works have slipped from 2017/18 and are being delivered on top of the 2018/19 programme. This can be funded from previous slippage which is held in the Major Repairs Reserve and so will not affect HRA general reserves.

A full revised capital programme is being worked on, and will be included in the December committee report.

20. Central Heating – (£30k) underspend

Spend on heating systems is slightly lower than budgeted. This is due to one commercial boiler in a sheltered housing scheme being delayed because of the complexities involved. Some of this funding has been reallocated in year and the position will be monitored throughout the year.

21. Disabled Adaptations – (£165k) underspend

Based on current demand, total spend on disabled adaptations is expected to be £150k. Many of the level access bathrooms that would previously have been installed as a disabled adaptation are now being included in the main bathroom installation programme.

22. Kitchens and Bathrooms – (£120k) underspend

Validation of works, and tenant refusal of works has meant that fewer kitchens and bathrooms are needed than originally estimated. There is therefore an underspend of £120k against budget.

23. Major Voids – £146k overspend

Spend on major voids is in nature responsive and the numbers of major voids have varied greatly throughout the year. An overspend of £146k is currently expected, which includes some major voids brought forward from 2017/18 pending the start of the new contractor.

24. Compliance – 57k overspend

Asbestos removal is directly linked to other major works as the removal happens in conjunction with the other contracts. It is estimated to cost £57k more than budget in this year, but will ultimately depend on asbestos levels in properties undergoing major works.

25. Doors and Windows – £85k overspend

The replacement of doors and windows is largely on target for the year, with additional works planned to catch up on works slipped from 2017/18.

26. Electrical Works – £0k on target

It is currently expected that electrical works will be on target, but this will depend on the outcomes of electrical tests through the year.

27. Insulation – £0k on target

Some works such as replacement cavity wall insulation are underway and a full programme of works is being formulated to ensure available grants utilised, and ensuring the most beneficial use of the available funding.

28. Non Traditional Properties – £0k on target

External wall insulation planned in this financial year, is subject to receiving planning permission. Further detail will be included in the December Committee report.

29. Door Entry – £140k overspend

The installation of door entry systems in communal blocks is ongoing, with additional blocks being fitted with new door entry systems this year in order to catch up with works slipped from late 2017/18.

30. External Works – £775k overspend

Full programme worked up, and all works, including those delayed in 2017/18, are due to be completed in year.

31. New Build and Development – (£627k) slippage

The slippage is due to delays on two schemes, namely The Former Ship Inn site and Southbank. Both schemes are actively being progressed but will start later than planned and so the spend profile has changed with more spend falling in 2019/20.

The Former Ship Inn site has experienced some delays in the planning process due to the difficult planning history on the site. These have been resolved and a planning application is to be presented to Development Control Committee on the 16th October. As potential contractors are unlikely to be interested in the site prior to planning being received, the tenders will be published immediately after the 16th October, subject to approval to our proposed scheme. There are also various ecological issues which need addressing which impacts on when works can commence and so all of the spend for this project will now fall into 2019/20.

As members are aware from the New Homes and Regeneration updates in the regular Capital Monitoring reports to Housing Committee, the Council has been in the process of reaching agreement to terminate the contract with the original contractor for the scheme at Southbank, Woodchester, for some time. This is due to the fact that they had not pursued a solution to the drainage of the site and had not fully appreciated the difficult ground conditions, which require piling and retaining walls to be constructed. The termination has now been completed. Council officers engaged an engineer directly to work with Severn Trent to resolve the drainage issues and the scheme has been re tendered. All tenderers this time have considered the ground conditions in detail and this is now reflected in their figures. The tendered prices are close together and so it is felt that the figures are a true reflection of the cost of delivering this scheme in the current market. Having been approved by Housing Committee, a revised budget of up to £1.3 million will be requested for the scheme as part of the budget setting process.

Whilst it is an expensive scheme to deliver the scheme will provide 5 new affordable homes in a village that has very little remaining affordable housing and has very few other options in terms of land supply to deliver further homes.

The Parish Council and Ward Councillor have been kept informed about progress.

Spend of £91k is committed against the Contingency budget. This relates to spend on schemes that have been included in the bid for additional borrowing. Should the bid be approved by Council, these schemes will be included in the 2019/20 budget pending outcomes from MHCLG.

32. Sheltered Housing Modernisation– (£348k) slippage

The Sheltered Housing Modernisation Programme for 2018/19 includes the start on site of new units at Tanners Piece, the completion of major works on the communal areas at Sherborne House, and the start of major works at Concord. It also includes the final works of the conversion of three ex warden's properties into six flats.

33. Tanners Piece – (£355k) slippage

Tanners Piece is on site and due to deliver 11 new dwellings on the red scheme site. The build is due to complete early in 2019/20, with £1,345k of the £1,700k budget needed in 2018/19. The project started on site in August. It had been planned to commence work earlier in the financial year. However, a badger license was required which delayed the start and hence some of the spend will fall into 2019/20.

34. Amber/Green Schemes – (£79k) underspend

Works are expected to complete at Sherborne House in September 2018, and works due to start at Concord in the new year.

35. Ex Warden Conversions – £28k overspend

Works are now complete on the ex warden conversions, with the final three schemes (six flats) handed over in April. This represents slippage in spend from 2017/18.

Indicative 2019/20 Budgets

	2018/19 Original Budget (£'000)	2019/20 Indicative Budget (£'000)
Income		
Dwelling Rents and Service Charges	(21,826)	(21,428)
Other Charges and Income	(564)	(450)
Total Income	(22,390)	(21,878)
Expenditure		
Supervision and Management	5,408	5,484
Repairs and Maintenance	3,767	3,795
Sheltered Housing Service	1,452	1,502
Other Expenditure	519	608
Sheltered Housing Modernisation	579	457
Revenue Funding of Capital Programme (Depreciation and RCCO)	7,153	5,750
Provision for Bad Debts	200	200
Total Expenditure	19,078	17,796
Other Costs and Income		
Interest Payable/Receivable	3,488	3,504
Transfers to/(from) Earmarked Reserves	(50)	394
Transfers to/(from) General Reserves	(126)	184
Total Other Costs and Income	3,312	4,082
Total Housing Revenue Account	0	0

The base budget for 2018/19 shown in the table above are based on:

- Original Budget 2018/19 as reported to Council in January 2018
- Addition of 1% Pay inflation to service budgets recognising the increased pay award of 2%

The base budget for 2018/19 will not tie-back to the original/revised budget for the committee as shown in this report. Budget changes concerning the Workforce Plan have not been reflected in these tables, as all changes will be reported through Strategy and Resources committee in October 2018.

The Indicative budget for 2019/20 is based on:

- Base budget 2018/19
- Addition of 2% pay inflation in recognition of the agreed pay award
- Addition of non-pay inflation on contracts/IT services where the council is contractually obliged to uprate the contract cost
- Known changes to service budgets as reflected in the MTFP presented to Council in January 2018.

No other budget changes have been reflected at this stage.

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

4 OCTOBER 2018

13b

Report Title	Budget Monitoring Report 2018/19 – 31 Aug 2018
Purpose of Report	To present to the Committee a forecast of the outturn position against the revenue budget and capital programme for 2018/19 in order to give an expectation of possible variances against budget and items to be considered as part of the budget setting process.
Decision(s)	The Committee RESOLVES: a) to note the outturn forecast for the General Fund Revenue budget and Capital Programme b) to approve the re-profiled capital budgets for Stratford Park Lido and Community Buildings, as recommended by Community Services and Licensing Committee set out in paragraph 37 and 38.
Consultation and Feedback	Budget holders have been consulted about the budget issues in their service areas. The feedback has been incorporated in the report to explain differences between budgets and actual income and expenditure.
Financial Implications and Risk Assessment	There are a number of variations identified between the General Fund revenue budget and the projected outturn. Overall, a net variation after further reserve transfers of £50k has been projected (£498k before additional transfers). The main financial issue highlighted in this report is the adverse variation on the Multi-Service contract. The Budget Strategy report to this committee highlights the additional resources that will be required to stabilise the current contract. The Capital Programme shows a very low level of spend up to the end of August 2018. Variations on Housing Initiatives and Brimscombe Port have highlighted by budget holders in this report. In addition to the reprofiling of capital schemes recommended by Community Services and Licensing committee, it would not be unreasonable to expect capital slippage or a reprofiling of certain schemes when the Capital Programme for 2019/20 to 2022/23 is considered by members in January 2019. David Stanley – Accountancy Manager Tel: 01453 754100 Email: david.stanley@stroud.gov.uk

Legal Implications	<p>The Committee has responsibility on behalf of the Council to monitor and review the Council's income and expenditure during the financial year against the Council's budget.</p> <p>Where funding is provided by way of a grant it may have been provided with conditions, which will need to be adhered to. This is usually designed to ensure that the grant is used for the purposes intended and allow appropriate provisions for clawback and/or termination if it is not. This may prevent grant monies received by the Council being used for other purposes and transferred between budgets.</p> <p>Craig Hallett, Solicitor & Deputy Monitoring Officer Tel: 01453 754364 Email: craig.hallett@stroud.gov.uk <small>(Ref: r13.9c18.9.3d20.9)</small></p>
Report Author	<p>Adele Rudkin, Accountant Tel: 01453 754109 Email: adele.rudkin@stroud.gov.uk</p>
Options	None
Performance Management Follow Up	<p>Budgets will continue to be monitored on a regular basis by budget holders supported by Finance. Further finance reports will update the committee in January 2019 and April 2019, with the outturn position reported to Strategy and Resources committee in May 2019</p>

1. This report provides the first monitoring position statement for the financial year 2018/19, figures have been updated to include all transactions up to 31 August 2018 in order to provide the committee with meaningful data. The purpose of this report is to notify members of any known significant variations to budgets for the current financial year, highlight any key issues, and to inform members of any action to be taken if required.
2. **Due to the volume of information contained in the report, it would be helpful where members have questions on matters of detail if they could be referred to the report author or the appropriate service manager before the meeting.**

Revenue Budget position

3. The original net General Fund Revenue budget for 2018/19 was approved by Council at their meeting in February 2018 including budget proposals of the administration.
4. The latest budget for Strategy and Resources Committee is £6.4m. The monitoring position at 31 August 2018 shows a projected net overspend of **£148k**. Taking into account the variation reported to Community Services and Licensing, Housing and Environment committees, the overall position on the

service revenue expenditure is a net **overspend of £498k**. Appendix A provides an overview of the committee's budget and the other service committees.

5. The forecast for the General Fund is an overspend of £50k (after additional reserve transfers), as shown in Table 1. This report includes detail on both Strategy and Resources Committee budgets and the overall General Fund position. Budget information which has been presented to other committees is reproduced for information purposes.

Table 1 – General Fund Revenue Position

GENERAL FUND	Para Refs	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Forecast Outturn (£'000)	2018/19 Outturn Variance (£'000)
Community Services Committee		3,554	3,450	3,127	(323)
Housing Committee		503	507	506	(1)
Environment Committee		4,749	4,760	5,534	774
Strategy & Resources Committee		6,212	6,400	6,548	148
Accounting Adjustments		1,752	1,752	1,752	0
Net Service Revenue Expenditure		16,769	16,869	17,467	598
Other Operating Income & Expenditure		(1,180)	(1,280)	(1,380)	(100)
Funding from Govt Grants/Council Tax		(15,589)	(15,589)	(15,589)	0
TOTAL General Fund (before transfers)		0	0	498	498
Transfer from reserve - Waste & Recycling		0	0	(324)	(324)
Transfer from reserve - Workforce Plan		0	0	(124)	(124)
TOTAL General Fund (after transfers)		0	0	50	50

6. **Impact of position on reserves** – The Medium Term Financial Plan (MTFP), as approved by Council in February 2018, budgeted for the General Fund to transfer £74k to the MTFP Equalisation Reserve. The table above includes this level of budgeted transfer within the Other Operating Income & Expenditure line. Further transfers of £324k from the Waste and Recycling reserve and £124k from the Workforce Planning reserve are anticipated, reducing the net variation on the General Fund from £498k to £50k.

7. The outturn position, as set out above, indicates that a further transfer of £498k would be required to reach a balanced position at year end. However, there are a number of factors that will impact on this.

- **Transfers from reserves** – the net overspend position on the Multi-Service contract (£784k) will in part be funded from the Waste Management earmarked reserve (£600k set aside in 2017/18)
- **Housing Benefit** – recovery of overpaid benefits sits outside of the main subsidy system and represents an income stream to the Council. This has not been taken into account in the outturn forecast due to (a) difficulty in providing an accurate and reliable forecast this early in the financial year, (b) the added uncertainty of the impact of Universal Credit on the forecast. As a very approximate guide, the level of net additional income over the income target was £60k in 2017/18
- **Business Rates** – The MTFP provided an estimate of the level of income from business rates including the benefit arising from the 100% Business Rates Pool. Due to the uncertainty and complexity around forecasting business rates income, the MTFP assumed that any additional income would be transferred to an earmarked reserve at year end thereby effectively budgeting for a 'net nil' position/effect. This policy is continued within this report.

- **Multi-Service contract** – this report highlights a significant adverse variation on the Multi-Service contract. It is likely that the net overspend against the budget will increase beyond this position. Based on the latest financial reports from Ubico it probable that the net overspend against the budget will increase beyond this position. If that were to be the case the draw on the Waste and Recycling reserve would be increased to compensate.

Table 2 – Revenue budgets Strategy & Resources Committee 2017/18

Strategy & Resources Committee	Para Refs	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Forecast Outturn (£'000)	2018/19 Outturn Variance (£'000)
Investment Assets	19	(78)	(78)	8	86
Other Assets		24	24	38	14
Car Parks		(656)	(656)	(651)	6
Head of Property Services		82	83	68	(15)
Property Services Team		327	330	313	(18)
Facilities Management		761	714	711	(3)
Democratic Representation and Management		426	427	406	(21)
Resources and Finance - Direct Spend		1,859	1,887	1,889	2
Chief Executive		189	191	193	2
Marketing		54	54	62	7
Director (Corporate Services)		47	47	57	10
Human Resources	20	420	409	382	(27)
Corporate Business Services	21	222	445	569	124
Corporate Services (Legal)	22	575	580	548	(32)
Head of Finance	23	80	81	55	(26)
Financial Services	24	871	847	827	(20)
Information & Communication Technology	25	1,009	1,015	1,073	58
Strategy & Resources TOTAL		6,212	6,400	6,548	148

The table below outlines the key variances for this Committee

Table 3 - Headline Budget variances

Strategy & Resources Committee	Para Refs	Overspend / (Underspend) (£'000's)
Investment Assets		
Industrial Units	19	21
Littlecombe site, Dursley	19	63
Human Resources		
Human Resources - salary underspend	20	(27)
Corporate Business Services		
Work Force Plan Savings	21	124
Corporate Services (Legal)		
Legal Services	22	(32)
Financial Services		
Head of Finance -	23	(26)
Financial Services	24	(20)
Information & Communication Technology		
ICT - Salary Overspend	25	58
Strategy & Resources TOTAL		160

8. Work Force Plan

As reported previously the total ongoing savings from posts removed in Phase 1 of the Work Force Plan in 2017/18 is £230k. This was included in the base budget for 2018/19. In addition to this a saving of £100k is included in the budget in order to offset the cost of the Change Team.

To date reviews have been completed and implemented in Phase 2 for the Museum in the Park, HRA, Community Services and Regeneration.

Total cost/savings of completed reviews (Phase 1 and 2):

	2017/18 £000s	2018/19 £000s	2019/20 £000s	Total £000s
Savings	230	479	550	550 (ongoing)
Costs	56	273	0	329 (one-off)

This is the position to date and isn't a forecast of the final position which will change as further structure changes are implemented.

When compared to the savings target of £330k in the base budget, this gives an in year cost (overspend) of £124k to date in 2018/19.

It is expected that a transfer from the Workforce Planning earmarked reserve will be made to cover the additional cost of the restructures and so it is forecasted that there is no overall variation to budget. Based on current costs and savings this transfer of £124k would reduce the Workforce Planning reserve from £650k to £526k.

It should be noted that although all the reviews undertaken have been on services in the General Fund, the HRA will receive a share of costs and savings for any support services which it shares with the GF. For example HR provides services to both the GF and the HRA and so any costs and savings associated with the review will be shared in line with current charging splits.

Estimated General Fund share of costs/savings:

	2017/18 £000s	2018/19 £000s	2019/20 £000s
Savings	222	459	525
Cost	44	267	0
Net Savings/(Cost)	178	192	525

Capital Programme

9. The 2018/19 Capital Programme of £2.820m was approved by Council in January 2018. This has subsequently been revised to £6.586m following approval of the carry forwards/slippage and profiling changes by Strategy and Resources Committee at their meeting in May 2018.
10. Table 2 below shows the Capital Forecast position at the end of August 2018 for Strategy and Resources Committee and shows a projected outturn of £0.874m.

Table 5 – Strategy & Resources Capital Schemes

Strategy & Resources Capital Schemes	2018/19 Revised Budget (£'000)	2018/19 Spend to date (£'000)	2018/19 Projected Outturn (£'000)	2018/19 Outturn Variance (£'000)
Housing Initiatives	600	0	0	(600)
Brimscombe Port Redevelopment	3,412	3	300	(3,112)
ICT investment Plan	400	62	400	0
MSCP Resurfacing	120	0	120	0
Merrywalks Redevelopment (Commercial Loan)	2,000	0	0	(2,000)
Liittlecombe Business Units Dursley	54	0	54	0
TOTAL S&R Capital	6,586	65	874	(5,712)

11. The level of capital expenditure to the end of August 2018 is very low. Variations on Housing Initiatives and Brimscombe Port have highlighted by budget holders in this report. In addition to the reprofiling of capital schemes recommended by Community Services and Licensing committee, there is likely to be capital slippage or a reprofiling of certain schemes when the Capital Programme for 2019/20 to 2022/23 is considered by members in January 2019.
- 12. Housing Initiatives**
An update on the Housing Initiatives Capital Scheme will be presented to Strategy and Resources committee later this civic year. For budget monitoring purposes it has been assumed that there will be no spend this financial year until the Committee have considered all the options in detail.
- 13. Brimscombe Port Redevelopment**
There is a forecast spend of £300k for 18/19 and the budget will be re-profiled to align with the delivery strategy for the site. A separate report on this and the programme is on the agenda for this committee.
- 14. ICT Investment Plan**
This project is currently on schedule to be fully spent this year. A more detailed report including a breakdown of the spend for this financial year is covered in the IT Strategy and Investment progress report presented at this committee.
- 15. MSCP Re-surfacing**
The MSCP works are currently out to tender and the contract should be awarded by the 28 September 2018. Works are likely to commence in October and scheduled to be completed by mid November.

16. Merrywalks Redevelopment (Commercial Land)

The Capital programme, as revised in the outturn report presented to the Committee in May 2018, included a £2m commercial loan for the Merrywalks redevelopment. The Council did not provide the commercial loan for the acquisition of the shopping centre by Stroud Regeneration Ltd (Dransfield) as the company arranged alternative finance through the LEP and the parent company, therefore this scheme will be removed from the Capital programme.

17. Littlecombe Business units Dursley

Construction of the business units has finished and the units are being actively marketed. Details and photographs of the units can be found using the following link to our agent:

<https://www.ashproperty.co.uk/Properties/Dursley - Phase II, Littlecombe Business Park, Lister Road.aspx> .

£53k remains outstanding in the capital budget; this sum will cover the defects retention which will be returned on expiry of the defects liability period in 2019/20.

18. Appendix A to this committee provides members with an update to the overall capital programme and includes detail in relation to recommendations from Community Services and Licensing and Environment committees in September 2018.

STRATEGY AND RESOURCES COMMITTEE

19. Investment Asset – £86k overspend

(Alison Fisk xtn 4430) alison.fisk@stroud.gov.uk

Littlecombe Units

£62k of the variance is attributable to income shortfall directly relating to the delay in completion of the Littlecombe Units (due to WPD). There is some interest in lettings, but it will take time for this to crystallise into rental income.

Stonehouse Industrial Estate

The remainder of the overspend is due to dilapidation works that have been undertaken prior to the end of the council's head lease to limit any claim from the landlord. There have also been 2 vacant units on this estate this has resulted in lower rent and service charges being received as well as the Council being responsible for any outgoings, in particular paying empty business rates.

In spite of the limited term the council has left (the lease expires in Dec 2019) the service has now successfully let the vacant units, one in mid-June and a lease for the other is due to complete by the end of September .

20. Corporate Services – HR (£27k) underspend

(Lucy Powell, xtn 4286), lucy.powell@stroud.gov.uk

This variation is in relation to an underspend within the HR service. The focus in HR this year has centred on the Apprentice Levy funds. Following the HR re-design earlier in the year the team are nearly fully resourced and a business plan is being developed to utilise the remaining budget. Any further savings will be addressed as part of the budget setting process later in the year.

21. Corporate Business Services – £124k overspend

(Tim Power, xtn 4155), tim.power@stroud.gov.uk

The in year overspend of £124k has arisen in comparison to the savings target of £330k in the base budget. It is expected that a transfer from the Workforce Planning earmarked reserve will be made to cover the additional cost of the restructures and so it is forecasted that there is no overall variation to budget. Based on current costs and savings this transfer of £124k would reduce the Workforce Planning reserve from £650k to £526k.

22. Corporate Services – Legal (£32k) underspend

(Karen Trickey, xtn 4369, karen.trickey@stroud.gov.uk)

The salary variation of (£32k) is in relation to two career graded posts and a third post that is currently on phased retirement. There is an apprentice post that is being looked at to potentially remove in budget setting for 2019/20.

The remaining variance is minor overspends.

23. Head of Finance – (£26k underspend)

(Andrew Cummings xtn 4115), andrew.cummings@stroud.gov.uk

The underspend on the budget has arisen due to the postholder not starting until late July 2018.

24. Financial Services – (£20k underspend)

(Andrew Cummings xtn 4115), andrew.cummings@stroud.gov.uk

There is a net saving of (£13k) on the Internal Audit budget arising from the 10% reduction in the audit plan, as approved by Audit and Standards committee in April 2018. The level of ongoing resource required to provide a risk-based internal audit plan will be reviewed as part of the budget setting process. Owing to efficiencies on the Internal Audit shared service over the previous two years, a one-off dividend/saving of (£7k) has been received.

25. ICT – £58k additional expenditure

(Mark Fisher xtn 4258, mark.fisher.[@stroud.gov.uk](mailto:mark.fisher@stroud.gov.uk))

This variance is directly related to salaries. 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. A permanent appointment has now been made to the post of IT systems manager with a start date to be agreed. The remaining post (Citrix systems manager) will continue to be filled by a contractor with every effort to find a permanent appointment.

26. Corporate Income and Expenditure – (£100k) variation

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

The variation of £100k on the Corporate Income and Expenditure budgets is the net variation on two items. Firstly, the £200k contingency budget for Waste and Recycling offsets the overspend reported to Environment Committee in September 2018. As part of the budget setting process for 2019/20, this contingency budget will be removed with a re-alignment of expenditure and income budgets in the service. There will also need to be a recognition of the inflationary shortfall on the multi-service contract. Further details on this are contained within the budget strategy report.

There is an adverse variation on the savings target associated with the Change Team. When the 2018/19 budget was set in January 2018, the £100k cost of the team was to be financed through additional savings. Given the progress to date with the workforce plan (as shown in para 7), there is little scope for additional savings. Therefore, this represents an unfunded cost against the General Fund.

Table 5 – Strategy & Resources Committee Breakdown

Strategy & Resources Committee	Para Refs	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Forecast Outturn (£'000)	2018/19 Outturn Variance (£'000)
Brunel Mall		(52)	(52)	(49)	2
Industrial Units		(16)	(16)	5	21
Brimscombe Port		50	50	50	0
Littlecombe site, Dursley		(61)	(61)	2	63
Gossington Depot		0	0	0	0
Investment Assets	19	(78)	(78)	8	86
Dursley Bus Station		(3)	(3)	(4)	(1)
Miscellaneous Properties and Land		27	27	42	16
Other Assets		24	24	38	14
Car Parks (NC)		15	15	16	1
Car Parks (MT)		(23)	(23)	(20)	3
Car Parks (Stroud)		(648)	(648)	(647)	1
Car Parks (Managed)		0	0	0	0
Car Parks		(656)	(656)	(651)	6
Head of Property Services		82	83	68	(15)
Property Services		263	266	249	(17)
Asset Building Maintenance		64	65	64	(1)
Property Services Team		327	330	313	(18)
Facilities Management		212	161	161	0
Ebley Mill		459	461	459	(3)
Emergency Management		91	91	91	0
Facilities Management		761	714	711	(3)
Members Expenses		365	365	361	(4)
Democratic Representation and Management		(157)	(157)	(167)	(11)
Electoral Registration		126	127	120	(6)
Elections		88	89	89	0
Youth Councils		3	3	3	0
Democratic Representation and Management		426	427	406	(21)
Past Service Pension Costs/Central Budget Alloc		1,861	1,887	1,887	0
Corporate Management		(22)	(22)	(22)	0
Pension Costs		49	49	49	0
Land & Property Custodian		(28)	(28)	(25)	2
Resources and Finance - Direct Spend		1,859	1,887	1,889	2
Chief Executive		189	191	193	2
Marketing		54	54	62	7

Strategy & Resources Committee	Para Refs	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Forecast Outturn (£'000)	2018/19 Outturn Variance (£'000)
Director (Corporate Services)		47	47	57	10
Human Resources	20	420	409	382	(27)
Work Force Plan Savings		0	221	345	124
Corporate Change Team		100	101	101	0
Business services		122	123	123	0
Corporate Business Services	21	222	445	569	124
Legal Services		416	420	388	(33)
Democratic Services		96	96	96	0
Procurement		63	63	64	0
Subtotal Corporate Services (Legal)	22	575	580	548	(32)
Head of Finance	23	80	81	55	(26)
Financial Services	24	871	847	827	(20)
Information & Communication Technology	25	1,009	1,015	1,073	58
Strategy & Resources TOTAL		6,212	6,400	6,548	148

Community Services & Licensing Committee

Table 6 – Community Services & Licensing Committee outturn forecast

Community Services Committee	Para Refs	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Forecast Outturn (£'000)	2018/19 Outturn Variance (£'000)
Community Safety		360	267	285	18
Youth Services		100	100	85	(16)
Grants to Voluntary Organisations		337	337	337	0
Licensing		(68)	(67)	(61)	6
Director (Customer Services)		133	134	127	(7)
Customer Services		390	393	382	(11)
Cultural Svcs - Arts and Culture	27	781	722	683	(39)
Cultural Svcs - Sport & Health Dev.		165	167	153	(14)
Cultural Svcs - Sports Centres	28	124	131	(13)	(144)
Public Spaces	29	1,031	1,056	1,073	17
Revenues and Benefits	30	202	209	77	(133)
Community Services TOTAL		3,554	3,450	3,127	(323)

27. Cultural Services (Arts & Culture) – (£39k) underspend
(Joanne Jordan xtn 4005, joanne.jordan@stroud.gov.uk)

Subscription Rooms - (£32k) underspend

A £32k underspend is forecast on salaries for this financial year. Given the decision made by Strategy and Resources committee at their meeting in July 2018 to transfer the Subscription Rooms to the Town Council in April 2019, there will be some impact on service delivery during the latter half of the year. The forecast provided by the service only takes into account the known staffing position. The programme for the Subscription Rooms has been amended this year to reduce the income risk to the Council. As such, members should treat the forecast with a degree of caution.

The remaining variance are small underspends within Arts and Culture.

28. Cultural Services (The Pulse) – (£146k) income surplus
(Angela Gillingham xtn 01453 540995, angela.gillingham@stroud.gov.uk)

The forecast is based on the data for the first 4 months of 17/18 in comparison to the actuals for this financial year. It is difficult to predict with 100% confidence in the first quarter, the trend is up on last year in some areas which gives assurance that we will exceed this year's original income target. A more detailed forecast will be included in the next budget monitoring report later in the year.

Swimming lessons and memberships are still proving to be the main income streams for the pulse.

There has been a slight downturn in membership sales over the summer but this is attributed to the warm weather and has been reflected in the forecast outturn.

As referenced in paragraph 8 of this report, members should consider the performance of the Pulse when setting budgets for 19/20. Income targets for 17/18 and 18/19 were or are forecast to be exceeded. However, the trend in membership and the impact of seasonal variations need to be understood before a final decision can be made on any revised income targets.

29. Public Spaces – £17.2k overspend

(Mike Hammond xtn 4447, mike.hammond@stroud.co.uk)

Whilst the overall variance is not significant, there are some larger offsetting variances which are outlined below. These services form part of the wider Multi Service Contract which is reported through Environment Committee.

An overspend within Amenity areas of £26k has been forecast. Seasonal grass cutting has been reduced in order to reduce the contract cost. This variance reflects a reduced cost pressure within the budget but remains overspent overall.

Public Conveniences are forecasting an underspend of (£16.5k). This has been achieved by reducing the frequency of the number of cleans across the service.

Additionally there are some small overspends spread across the service.

30. Revenues and Benefits – (£133k) underspend

(Simon Killen xtn 4013, simon.killen@stroud.gov.uk)

The current forecast has identified salary savings within Revenue and Benefits. The service is covering 3 vacancies within the benefits team, along with an apprentice post. This has put pressure on maintaining performance, particularly within benefits and the off site processing is being utilised with Civica on Demand system.

The Revenue and Benefit Service is undergoing its service review as part the councils overall workforce plan, which is expected to be completed in the autumn. Any potential savings will be dealt with as part of the budget setting process

No forecast has been made concerning Housing Benefit subsidy and performance in recovering overpaid benefits. It is too early to provide an accurate forecast given the continuing rollout of Universal Credit (UC) across the district. DWP's expectation is that our caseload will decrease leading to a reduced level of subsidy.

However, there continues to be a significant level of fluctuation in benefit entitlement for claimants (in part due to Universal Credit changes) that

makes this a very complex area to forecast early in the year. DWP have also made additional resources available to investigate cases of Fraud and Error (RTI and VEP).

Recovery of overpaid benefit sits outside of the main benefit subsidy and is an area that provides an income stream to the council. There is some risk to the Council that due to UC workloads and staffing pressures within the service that the budgeted level of net recovery (approximately £125k) will not be achieved in full this year.

Table 7 – Community Services and Licensing Breakdown

Community Services Committee	Para Refs	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Forecast Outturn (£'000)	2018/19 Outturn Variance (£'000)
Community Safety		63	66	77	11
Abandoned Vehicles		5	5	5	0
Careline Services		(32)	(73)	(73)	0
Neighbourhood Wardens		236	185	192	7
Car Parks Enforcement		47	43	43	0
Stroud and Dursley CCTV		41	41	41	0
Community Services		360	267	285	18
Hear by Right / Youth Services		100	100	85	(16)
Grants to Voluntary Organisations		337	337	337	0
Licensing		(68)	(67)	(61)	6
Director (Customer Services)		133	134	127	(7)
Customer Service Centre		390	393	382	(11)
Museum in the Park	27	406	371	368	(3)
Subscription Rooms		227	230	197	(32)
Tourism		148	122	118	(4)
Cultural Services - Arts and Culture		781	722	683	(39)
Health and Wellbeing		35	35	35	0
Sport and Health Development		131	132	118	(14)
Cultural Services - Sports and Leisure		165	167	153	(14)
The Pulse Dursley	28	(49)	(42)	(188)	(146)
Joint Use Sports Centres		49	50	51	2
Stratford Park Leisure Centre		124	124	124	0
Cultural Services - Sports Centres		124	131	(13)	(144)
Public Space Service		293	318	319	1
Cemeteries		25	25	33	8
Amenity Areas	29	127	127	154	26
Commons and Woodlands		14	14	12	(2)
Stratford Park Grounds Maintenance		180	180	180	0
Grassed Areas Contribution to HRA		170	170	170	0
Public Conveniences	29	222	222	205	(17)
Public Spaces		1,031	1,056	1,073	17
Business Rate Collection		(109)	(109)	(111)	(2)
Council Tax Collection		239	241	224	(18)
Council Tax Support Admin		65	67	33	(34)
Rent Allowances and Rebates		(77)	(77)	(77)	0
Housing Benefit Administration		84	87	8	(79)
Revenues and Benefits	30	202	209	77	(133)
Community Services TOTAL		3,554	3,450	3,127	(323)

Housing Committee

Table 8 – Housing Committee Revenue Budget Outturn Position

Housing Committee	Para Refs	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Forecast Outturn (£'000)	2018/19 Outturn Variance (£'000)
Homelessness		261	263	263	0
Housing Strategy		90	91	90	(1)
Private Sector Housing		152	153	153	0
Housing (General Fund) TOTAL		503	507	506	(1)

31. The table below outlines the key variances for this Committee.

Table 2 - Headline Budget variances

Housing Committee	Para Refs	Overspend / (Underspend) (£'000's)
Homelessness		
Salary overspend		26
Bed and breakfast expenditure		150
Bed and breakfast income		(91)
Grant income		(84)

32. Homelessness – £0k on target

(Phil Bishop xtn 4063, phillip.bishop@stroud.gov.uk)

Salary costs are expected to be £26k higher than budgeted. This relates to two new part time posts, employed for a fixed term and funded from the grant income.

Spend on bed and breakfast continues to be higher than budgeted, however this is partially offset by income from corresponding Housing Benefit claims.

As reported last year, two additional grants have been received in 2018/19. Grant funding of £22k has been received as new burdens funding for the Homelessness Reduction Act (second year of three year grant). This will be used to fund a part time post to support the additional duties of the Homelessness Reduction Act.

A £63k Flexible Homelessness Support Grant (final year of two year grant) will be used to fund an additional post for the length of the grant funding. The grant is also being used in year to partially offset the additional cost of Bed & Breakfast and towards homelessness prevention. It is currently expected that there will be £9k remaining of these grants, and any surplus at the end of the year will be requested to be transferred to the Homelessness earmarked reserve. Any transfers would be subject to the overall position of the General Fund.

Environment Committee

Table 9 – Environment Committee Revenue budget outturn forecast

Environment Committee	Para Refs	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Forecast Outturn (£'000)	2018/19 Outturn Variance (£'000)
Canal		7	7	7	0
Director (Development Services)		116	117	117	0
Head of Health and Wellbeing		70	71	71	0
Environmental Health		751	757	739	(18)
Statutory Building Control	33	114	120	111	(9)
Planning Strategy/Local Plan		306	311	304	(6)
Development Control	34	7	15	70	55
Economic Development	35	161	144	116	(27)
Carbon Management		71	71	71	0
Waste and Recycling: MSC	36	3,128	3,136	3,920	784
Waste and Recycling: Other		19	11	6	(5)
Environment TOTAL		4,749	4,760	5,534	774

33. Statutory Building Control – (£61k) underspend (for info only)

(Paul Bowley xtn 4250, paul.bowley@stroud.gov.uk)

This variance is reported for information only as any surplus/overspend will be transferred to the Building Control Partnership reserve.

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 1st July 2015 and has resulted in an increase in income due to receiving applications from both Stroud and Gloucester areas.

An underspend is forecast on salaries as a result of two vacant posts within the service. A service review is scheduled over the next few months which will help inform the establishment going forward. Vehicle Hire is also underspent due to the hire vehicles being returned at the start of the year following the car mileage review. An overspend is also anticipated on mileage following the trend on last years actuals.

34. Development Control – £55k overspend

(Geraldine LeCointe xtn 4233, geraldine.lecointe@stroud.gov.uk)

There is a predicted overspend for consultants fees of £55k. This is a year on year cost to cover additional staff/specialist input to manage the planning application and appeal workload, which shows no sign of decreasing.

The Government enacted legislation in January 2018 to enable Councils to increase planning fees by 20%. In accepting the ability to increase fees, the council confirmed that higher fees would be spent entirely on planning functions. The MTFP, as approved by Council in January 2018, included an additional £156k of income in respect to a 20% increase in budgeted fee activity. No assumptions were made around the proportion of the fee that would be invested in the service. The MTFP report did highlight the issue in paragraph 4.4 (iii) (see report here <https://www.stroud.gov.uk/media/558314/item-5c-recommendation-from-sr-committee-18-january-2018-the-general-fund-budget-2018-19-capital-programme-and-medium-term-financial-plan.pdf>).

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 will be increased from October. 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.

35. Economic Development – (£27k underspend)
(Pippa Stroud xtn 4099, pippa.stroud@stroud.gov.uk)

This variance has arisen due to the service having gone through the work force plan project and the post of Economic Development Officer being made redundant. As a result there is no capacity for the investment of this budget on projects related to economic development, apart from those commitments already made to the Princes Trust and the Wotton Greenway. This underspend will be reviewed as part of a wider piece of work around the budget setting process for 2019/20 later this financial year.

36. Waste & Recycling – £784k overspend
(Mike Hammond xtn 4447, mike.hammond@stroud.gov.uk)

Accountancy Manager Comments

The narrative from the budget holder below explains some of the detailed reasons for the in-year overspend position on the budgets for Waste and Recycling, Street Cleansing and Building Cleaning.

In short, the overall financial position on the Multi Service contract is explained by the 2018/19 gross cost of the contract (£5.639m) significantly exceeds the available budget. Although action has been taken during the financial year to reduce the level of expenditure, there remains a significant funding gap before any income streams are taken into account. The level of ongoing resource required to deliver the multi-service contract will need to be addressed by the Council through the MTFP. Taking into account the additional income from Recycling Credits and the JWP Incentive Payment, there is a projected net overspend on Multi-Service budgets of £0.780m.

Budget holder narrative

The variation on the Waste and Recycling services is attributable to the Multi Service Contract Cost.

Ubico's 2018/19 forecast spend has taken into account efficiency savings made earlier in the financial year; these relate to the non-replacement of non-core staff, a rationalisation of grass cutting and public toilet cleansing regimes and other minor adjustments. The 'bulky waste' collection charge has increased from £20 to £25, estimated to generate an additional £20k income per annum. Garden waste subscriptions will increase to £45 in 2019, generating an additional income of approximately £60k.

Fleet vehicles continue to provide considerable financial pressure, with maintenance costs on ageing fleet increasing. Remedial work takes vehicles off the road for prolonged periods and increases dependence on hire vehicles. Fleet vehicles are being procured, through the normal capital programme, to minimise the reliance on hire vehicles. This is expected to mitigate un-budgeted cost pressures by approximately £100k per annum.

Multi Service Income Streams

Recycling rates in the Stroud District are high and although income from the sale of recyclates is forecast to be in the region of £540k, well above original income targets, the costs associated with these sales limit net benefits. Contracts for these sales have been reviewed and renewed in 2018 and this exercise improved the net financial position. The full impact of this will start to be felt later this year.

In this financial year incentive and recycling credit payments made via the County Council remain relatively unchanged. However this is being carefully monitored in light of the new incinerator, due to become operational in 2019.

APSE Review

In response to the financial challenges, The Association for Public Service Excellence (APSE) have been engaged to review the current multi service contract and make a value for money assessment. A final report will also identify where any financial savings can be made through operational effectiveness. Members will be presented with the report in the autumn.

Table 10 – Environment Committee Breakdown

Environment Committee	Para Refs	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Forecast Outturn (£'000)	2018/19 Outturn Variance (£'000)
Canal Partnership		7	7	7	0
Director (Development Services)		116	117	117	0
Head of Health and Wellbeing		70	71	71	0
Environmental Health Team		149	149	154	5
Contaminated Land		32	32	32	0
Dog Warden Service		78	78	78	0
Environmental Protection		153	154	160	6
Food Safety		150	151	153	1
Health and Safety		86	87	67	(20)
Land Drainage		38	39	39	0
Public Health		43	43	33	(10)
Pest Control		6	7	7	0
Port Health		2	2	2	0
Planning Liaison		14	14	14	0
Environmental Health		751	757	739	(18)
Planning and Building Control Admin		258	261	261	0
Building Control		(186)	(183)	(183)	(0)
Securing Dangerous Structures		9	10	9	(0)
Building Regulation Enforcement / Advice		36	37	36	(0)
Street Naming		(4)	(4)	(12)	(8)
Building Control	33	114	120	111	(9)
Planning Strategy		306	311	304	(6)
Preparation of Core Strategy		0	0	0	0
Planning Strategy/Local Plan		306	311	304	(6)
Development Control		(267)	(261)	(233)	28
Trees		42	43	43	0
Conservation		59	59	59	0
Appeals		0	0	25	25
Planning Appeal Costs		69	70	70	0
Enforcement		106	107	107	0
Footpath Diversion		(2)	(2)	0	2
Development Control	34	7	15	70	55

Environment Committee	Para Refs	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Forecast Outturn (£'000)	2018/19 Outturn Variance (£'000)
Economic Development		54	54	27	(27)
Market Town Projects		24	24	24	0
Regeneration		82	65	65	0
Economic Development	35	161	144	116	(27)
Carbon Management		71	71	71	0
MSC: Refuse Collection		1,116	1,116	1,330	215
MSC: Food Waste		341	341	553	213
MSC: Recycling		1,181	1,181	1,322	142
MSC: Bulky Waste		45	45	52	7
MSC: Garden Waste		(153)	(153)	13	165
MSC: Street Cleansing		599	607	650	43
Waste and Recycling: MSC	36	3,128	3,136	3,920	784
Waste and Recycling: Other		19	11	6	(5)
Environment Total		4,749	4,760	5,534	774

Appendix A

	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Spend to date (£'000)	2018/19 Projected Outturn (£'000)	2018/19 Outturn Variance (£'000)
Capital Programme Outturn					
Community Services					
Stratford Park Lido *	20	100	0	0	(100)
Community Buildings Investment *	180	88	3	138	50
Subtotal Community Services	200	188	3	138	(50)
Environment Capital Schemes					
Canal	500	553	0	553	0
Stroud District Cycling & Walking Plan	100	100	0	100	0
Market Town Centres Initiative fund	100	100	0	100	0
Wallbridge - Gateway	190	190	0	67	(123)
MSC - Vehicles	250	518	0	518	0
Subtotal Environment	1,140	1,461	0	1,338	(123)
Strategy & Resources Capital Schemes					
Housing Initiatives	600	600	0	0	(600)
Brimscombe Port Redevelopment	1,600	3,412	3	300	(3,112)
ICT investment Plan	400	400	62	400	0
MSCP Resurfacing	120	120	0	120	0
Merrywalks Redevelopment (Commercial Loan)	0	2,000	0	0	(2,000)
Liittlecombe Business Units Dursley	100	54	0	0	0
Subtotal Strategy & Resources	2,820	6,586	65	820	(5,712)
Housing General Fund					
Affordable Housing - Support to Registered Providers	119	149	0	149	0
Disabled Facilities Grant Scheme	330	330	25	100	(230)
Warm Homes	0	0	0	500	500
Health through Warmth Grant	0	140	(8)	200	60
Subtotal Housing General Fund	449	619	17	949	330
TOTAL General Fund Capital Schemes	4,609	8,854	85	3,245	(5,555)
HRA Schemes	11,720	9,754	749	9,503	(251)
TOTAL Capital Schemes	16,329	18,608	834	12,748	(5,806)

Community Services & Licensing Capital Re-Profiling

- 37.** A provision of £200,000 has been made in the capital programme to review and improve Stratford Park Lido which is part of the Stratford Park Leisure Centre contract. Consultants will be recruited for the next stage of the process to develop a business plan and place a bid for capital funding to the Heritage Lottery Fund in January 2019. The full £200,000 is estimated to be spent in 2019/20. This will be dealt with as part of the updated capital programme which will be reported to Strategy and Resources committee in October 2018.
- 38.** Discussions have taken place with Kingshill House Trust with a view to the Trust taking over the freehold interest from Stroud District Council. The expectations are that the freehold transfer will take place by the end of 2018/19. Works to renovate the derelict cottage are now complete and the cottage has now been let securing a regular income for the Trust. A total of £62k was spent in 17/18. There is budget available of £50k for 19/20. This will be dealt with as part of the updated capital programme which will be reported to Strategy and Resources committee in October 2018.

Indicative Budgets 2019/20

Committee Service Area	2018/19 Base Budget (£'000)	2019/20 Indicative Budget (£'000)
Brunel Mall	(52)	(52)
Industrial Units	(16)	(16)
Brimscombe Port	50	50
Littlecombe site, Dursley	(61)	(121)
Gossington Depot	0	0
Subtotal Investment Assets	(78)	(138)
Dursley Bus Station	(3)	(3)
Miscellaneous Properties and Land	140	140
Subtotal Other Assets	137	137
Car Parks (NC)	15	(85)
Car Parks (MT)	(23)	(23)
Car Parks (Stroud)	(648)	(648)
Car Parks (Managed)	0	0
Subtotal Car Parks	(656)	(756)
Head of Property Services	83	85
Property Services	266	271
Asset Building Maintenance	65	66
Subtotal Asset Management Team	330	337
Facilities Management	161	164
Ebley Mill	461	463
Emergency Management	91	92
Subtotal Facilities Management	714	719
Members Expenses	365	372
Democratic Representation and Management	(157)	(156)
Electoral Registration	127	128
Elections	89	89
Youth Councils	3	3
Subtotal Democratic Representation and Mgt	427	437
Past Service Pension Costs/Central Budget Alloc	1,774	1,781
Corporate Management	(22)	(22)
Pension Costs	49	49
Land & Property Custodian	(28)	(26)
Subtotal Resources and Finance - Direct Spend	1,774	1,782

Appendix B

Committee Service Area	2018/19 Base Budget (£'000)	2019/20 Indicative Budget (£'000)
Chief Executive	191	195
Director (Tenant and Corporate Services)	47	48
Marketing	54	55
Human Resources	409	415
Workforce Plan savings	221	221
Corporate Change Team	101	107
Business Services	123	125
Subtotal Corporate Business Services	445	453
Legal Services	420	428
Procurement	63	65
Democratic Services	96	97
Subtotal Corporate Services (Legal)	580	590
Head of Finance	81	82
Financial Services	847	861
Information & Communication Technology	1,015	1,033
STRATEGY & RESOURCES Total	6,401	6,335
Add: COMMUNITY SERVICES Total	3,534	3,626
Add: ENVIRONMENT Total	4,760	5,330
Add: HOUSING Total	507	515
SUBTOTAL Service Revenue Expenditure	15,202	15,806
Technical Adjustments	1,568	1,568
Net Service Revenue Expenditure	16,769	17,374

The base budget for 2018/19 shown in the table above are based on:

- Original Budget 2018/19 as reported to Council in January 2018
- Addition of 1% Pay inflation to service budgets recognising the increased pay award of 2%

The base budget for 2018/19 will not tie-back to the original/revised budget for the committee as shown in this report. Budget changes concerning the Workforce Plan

Appendix B

have been reflected in these tables in so far as savings identified have been removed from services and held centrally within Strategy and Resources committee.

The Indicative budget for 2019/20 is based on:

- Base budget 2018/19
- Addition of 2% pay inflation in recognition of the agreed pay award
- Addition of non-pay inflation on contracts/IT services where the council is contractually obliged to uprate the contract cost
- Known changes to service budgets as reflected in the MTFP presented to Council in January 2018 and February 2018

No other budget changes have been reflected at this stage.

The Budget Strategy report sets out the parameters against which the 2019/20 budget will be set, and will include changes and assumptions not included in these tables.

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

4 OCTOBER 2018

13c

Report Title	BUDGET STRATEGY 2019/20 TO 2022/23
Purpose of Report	To set out the assumptions that will be used when preparing the upcoming Medium Term Financial Plan
Decision(s)	The Committee RESOLVES to: (1) Approve the Budget Strategy 2019/20 to 2022/23 as set out in this report, including the decision to bid for Business Rates Pilot status.
Consultation and Feedback	Formal budget consultation is currently taking place in the form of a telephone survey of local council tax and business rate payers
Financial Implications and Risk Assessment	There are no financial implications arising directly from this report, but it does summarise the financial position over the medium term, and the measures that have been taken to mitigate the impact of reduced funding levels. Andrew Cummings – Head of Finance (Section 151 Officer) Tel: 01453 754115 Email: andrew.cummings@stroud.gov.uk
Legal Implications	There are no legal implications arising directly from this report. The implications of any of the measures referred to below will need to be considered at the point of implementation. Mike Wallbank Solicitor Mike.Wallbank@stroud.gov.uk
Report Author	Andrew Cummings – Head of Finance (Section 151 Officer) Tel: 01453 754115 Email: andrew.cummings@stroud.gov.uk
Options	To review assumptions made in funding. To challenge long term cost projections.
Performance Management Follow Up	The budget and savings proposals for the Housing Revenue Account and General Fund will be considered by Service Committees in December 2018 and Strategy and Resources Committee in January 2019, with Council budget approval meeting also in January 2019.

1. INTRODUCTION / BACKGROUND

- 1.1 This report set outs the current assumptions on funding available throughout the period 2019/20 to 2022/23, and initial estimates on the level of cost pressures and savings that the Council may expect.
- 1.2 That information forms the basis for the detailed budget setting process now taking place throughout the Authority. Officers are reviewing all expenditure and income budgets to determine appropriate levels and identify savings where possible.
- 1.3 The Council's Constitution sets out the process for the budget-setting framework. The Council's General Fund and Housing Revenue Account (HRA) budgets for 2019/20, including the budget proposals of the administration, will be presented to full Council at their meeting on 24 January 2018. The budgets will have first been reviewed by service committees.
- 1.4 This strategy represents the first stage of the budget setting process for 2019/20 and many of the figures involved will be subject to significant review in the coming months before final Council budget approval. They are, however, based upon the most up to date assumptions at the current stage.

2. General Fund Budget Strategy and Medium Term Financial Plan Funding Projections

- 2.1 The upcoming financial year represents the final year of the government's four-year settlement offer accepted by the majority of local authorities within the UK. This settlement primarily covered the level of Revenue Support Grant and the baseline for retained business rates funding. Council Tax and New Homes Bonus Grant did not form part of the four year settlement.
- 2.2 The four-year settlement originally showed a business rates tariff adjustment, known as "Negative RSG", to Stroud of £549k in 2019/20. In July 2018 Central Government consulted on plans to remove this. Although the results of the consultation are not known at this time it is expected that this Negative RSG will now longer be payable in 2019/20, resulting in a one off boost to the MTFP.
- 2.3 The funding position for local authorities for 2020/21 onwards remains uncertain. Central Government is carrying out a "Fair Funding Review" which aims to set out the basis by which funding is allocated across the country between Councils from 2020 onwards. This process will not generally be about redistributing Government grants, as this now forms only a small part of national funding, but about setting the baselines which determine how much local business rates may be retained in each area. These baselines are also due to be reset in 2020.

- 2.4 It is not possible to make a definitive estimate at this stage of what the impact upon the Council will be as the final funding allocation system has not been determined. It is anticipated that Councils will receive their allocations under the new system in mid 2019. It is likely however that the review will see a general movement in funding from lower to upper tier authorities and it is highly probable that funding for Stroud will reduce. As a minimum this should be expected to be at the level of the previously expected negative RSG, and Business Rates forecasts have therefore been reduced by that amount from 2020/21 onwards in the draft MTFP.

New Homes Bonus

- 2.5 Changes to the grant in recent years have meant that only housing growth above a baseline percentage has been rewarded. This percentage is currently set at 0.4% but the government has announced its intention to increase that figure, effectively reducing the grant awarded to the Council. The consultation states that this decision will be made when the national picture for number of new properties is known in November. The assumptions in this Strategy have been modelled on a baseline of 0.8% which will be updated when figures are known with certainty.
- 2.6 The allocation of New Homes Bonus funding is dependent on the final figure of new homes in the district for the last year. The draft MTFP has been prepared on the assumption that the number of new homes delivered will be in line with recent years. More accurate allocations for 2019/20 will be known in time for the final budget setting process and the MTFP will be updated accordingly.
- 2.7 The funding for New Homes Bonus in 2019/20 is the final year agreed in the 2015 Spending Review. The Government has therefore announced plans to consider how funding after this period will be used to incentivise delivery that meets or exceeds local housing need. A small level of funding has been built into the draft MTFP for the final years of the plan as a prudent estimate. The current estimates of the funding available are shown in the table below.

Table 1 – NHB Forecast 2018/19 to 2022/23

Year of Reward	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)	2021/22 (£'000)	2022/23 (£'000)
2013/14	667				
2014/15	933	933			
2015/16	238	238	238		
2016/17	337	337	337	337	
2017/18		75	75	75	75
Future Years			75	150	225
TOTAL NHB	2,174	1,583	725	562	300

Business Rates

- 2.8 The Business rates to be retained by the authority is forecast to grow gradually over the medium term. This is largely as a result of the inflation linked multiplier of Business Rates rather than significant property growth. There is a reduction in funding estimated for 2020/21 which is the possible impact of the fair funding review (see para 2.4). The detailed picture in relation to that review will not be known until during the 2019/20 financial year and will be reported to members when available.
- 2.9 The authority is participating in the Gloucestershire 100% Business Rates Pilot for 2018/19. The exact gain to the authority is not certain at this stage but current estimates suggest it will be a minimum of £500k. This sum is not included in the base budget for expenditure and when known will be placed within a reserve for future decision by Members in relation to its use. It will be possible to use the money to provide long-term savings to the MTFP in a number of ways including invest-to-save projects, funding capital projects previously earmarked for borrowing, and the repayment of existing debt. Options will be presented to members when the final amount is known.
- 2.10 During the summer the Government invited all local authorities to submit bids (with a deadline of September 25th) to form pilot areas for testing of a 75% rates retention scheme for 2019/20, such as is intended to be launched nationally in 2020/21. At its meeting of September 5th the Gloucestershire Economic Growth Joint Committee (GEGJC) gave approval for a Gloucestershire Bid, subject to the recommendation of the cross-County group of S151 Officers. That group met on September 12th to consider all the potential risks and rewards around the pilot bid. In particular the main risk is the impact of lost business rates should NHS Foundation Trusts within the County be successful in their legal case for 80% charitable relief. When bidding for the 100% pilot Government allowed a “no-detriment” clause meaning that authorities effectively would not be worse off as a result of the pilot. This will not be allowed for 75% pilots which leads to the pilot being exposed to additional risk.
- 2.11 It is the belief of that S.151 Group that, even allowing for the potential risks, a 75% retention scheme would bring an overall benefit to Gloucestershire. Therefore, in accordance with the GEGJC decision, a bid has been submitted. As part of the S.151 Officers decision to support the bid, the GEGJC will be asked to reserve a portion of 18/19 gain in a risk reserve. This will offer further protection to Councils against risk in 2019/20.

Council Tax

- 2.12 For 2018/19 the Government allowed Council Tax increases of up to 2.99% for District Councils and this was the increase agreed by Council. The Government is currently consulting on allowing that arrangement to continue for 2019/20. The MTFP therefore currently assumes an increase of 2.99% for 2019/20. This would represent an annual increase of £6.02 (11.5p per week) for a Band D Council

Tax payer within the district. There is no certainty over permitted rises after 2019/20 so the MTFP reverts to an assumed annual increase of £5 for a Band D property.

- 2.13 The summarised level of funding can be seen in the draft MTFP at Appendix A. Appendix B shows the longer term adjustments which are currently assumed in the draft MTFP. These will be reviewed and presented for approval as part of the budget setting process.

3. Budget Assumptions

Pay and Price Inflation

- 3.1 Budgets relating to spend with external partners, including Ubico, will be subject to inflationary increases. At the time of writing the CPI inflation in the UK is 2.7%. The draft MTFP plans to allow for annual inflationary increases of 2.5% on contract sums. Increases on individual contracts may differ from this percentage based upon their individual circumstances but the overall sum allowed of £200k p.a. is deemed to be sufficient at this stage.
- 3.2 The local government pay settlement has already agreed a 2% pay increase for staff for 2019/20 so this is included within the plan as a known cost increase. The MTFP currently allows for additional increases in wage levels of 2% p.a. throughout the duration of the plan. This will kept be under review for changes both within local government and the wider public sector.
- 3.3 Inflation will not be included on budgets which are not related to salaries or contracts. It is anticipated that efficiencies will be used to maintain expenditure within existing budgets. This approach represents a small but significant way that the Council can achieve some real terms savings in expenditure.

Local Government Pension Scheme

- 3.4 The next actuarial review of the scheme will occur during 2019/20 and set the Council's contribution level. The previous valuation resulted in annual increases of £200k p.a. The level of payment after 2019/20 will be set in the review. To ensure the Council is suitably prepared for the impact of the valuation, at this stage an increase of £200k for each and every year of the plan after 2019/20 has again been included as an estimate of the future budget pressure.
- 3.5 The Council negotiated a reduced payment for the current three year period in return for paying a lump sum up front during 2017/18. The impact of this on the draft MTFP is a saving of £232k in 2019/20 only. At the point of the next review similar options will again be explored.

Interest Rates & Investment Income

- 3.6 The Bank of England base rate increased from 0.5% to 0.75% in August 2018. This will have no impact on existing Council Borrowing which is all at fixed rates but may result in some additional investment interest received. No adjustments have been made to the MTFP at this point.

Table 2 – Assumptions included within the Strategy

	2019/20	2020/21	2021/22	2022/23
Band D Council Tax Increase	2.99%	£5	£5	£5
Tax Base Increase	1.50%	1.50%	1.50%	1.50%
Pay Inflation	2%	2%	2%	2%
Contract Inflation	2.50%	2.50%	2.50%	2.50%

Borrowing and Minimum Revenue Provision (MRP)

- 3.7 The General Fund requirement for borrowing to fund past capital works currently stands at £16.622 million. This creates a need for a Minimum Revenue Provision (MRP), a charge to the General Fund to represent a prudent provision for the repayment of borrowing. This was budgeted at £1.291 million in 2018/19. As the capital programme has evolved since the calculation of that budget a reduction of £210k is likely to be possible for 2019/20. The current capital programme, as reported to Strategy and Resources Committee on 24th May 2018, includes £8.588 million of borrowing for General Fund capital purposes. It is therefore proposed to gradually build up the MRP budget to support the Authority's capital programme.
- 3.8 The existing capital programme is primarily funded by grants, the Council's capital reserve and by borrowing. It is expenditure financed by borrowing which creates the need for MRP. The Council will now look to minimise the impact of MRP by using existing resources rather than borrowing where appropriate. This may include in-year revenue funding or use of the capital, or other, reserves. Where borrowing is required the impact of MRP upon the revenue budget will be considered as a fundamental part of the planning for the capital scheme.
- 3.9 The largest element of the current MRP budget is an allowance for repayment of borrowing incurred for vehicles purchased for the Ubico contract in 2016/17. This repayment is scheduled to finish in 2021/22. The draft MTFP currently has no reduction of the MRP budget at that point. This will ensure sufficient revenue funding for further borrowing relating to a rolling program of fleet renewal.
- 3.10 This strategy does not consider the detail of the capital programme which will be included within the full budget report.

Fees & Charges

- 3.11 Previous budgets have mostly recommended that fees and charges are increased by 2% unless they are set by statute. Income budgets have however largely not been increased to reflect these increases. It is now proposed that fees and charges across the Council are reviewed to ensure that where necessary the Council is maximising income receivable and recovering reasonable costs. This in turn serves to partly mitigate the impact of cost inflation. An adjustment has been made to the draft MTFP of £150k additional income in 2019/20 and £50k for each of the next two years to reflect increases in fees and charges budgets.

Longer Term Budget Adjustments

- 3.12 The services provided through the Multi-Service contract with Ubico remain a significant budget pressure for the authority. Significant progress has recently been made in agreeing a revised budget setting and monitoring procedure. This will give the Council the certainty it needs to set and monitor budgets whilst also allowing for a continuing process of efficiencies with Ubico.
- 3.13 Review of the budgeting for the Ubico contract has highlighted the need to include a sufficient inflationary sum within the budget strategy to allow for issues such as staff pay awards and cost inflation. At this stage the draft MTFP allows for the provision of an additional £300k p.a. allowance to catch up for inflation since the start of the contract. After this catch up the overall provision within the budget strategy for contractual inflation will allow for increases in the Ubico sum.
- 3.14 The Work Force Plan Phase 2 is included to allow for savings of £250k in 2019/20 and an additional £100k to be delivered in 2020/21. This is in line with previously agreed budgets. Indicative savings targets of £250k for Phases 3 and 4 of the plan have been included for 2020/21 and 2021/22 respectively. The costs of the plan will be met either from in-year savings or from the Work Force Plan Reserve. Strategy and Resources Committee approved that reserve at a balance of £650k in May 2018. That is deemed to be sufficient at this stage. Members will be advised of the costs of the Work Force Plan through the budget monitoring process.

4. General Fund Medium Term Financial Plan

Use of Reserves

- 4.1 The Council has historically planned to use a General Fund equalisation reserve to bridge the gap between forecast expenditure and funding over the life of the MTFP. As at the end of the 2017/18 year the balance in this reserve was £6.017 million. This strategy currently plans for a continuation of that course in the short term. The General Fund equalisation reserve is used as the final source of funding for each year in the plan with a net budget deficit (2020/21 onwards).
- 4.2 This strategy has allowed Council to set a balanced budget in recent years, and it allows time to consider savings. However, it must now move towards a MTFP where expenditure is only equal to resources available. Savings opportunities to bridge the gap must be identified and implemented. These may include invest to save opportunities and income generation. Reserves currently being utilised to balance the annual budget could be then be invested into capital priorities or further savings opportunities. Additional savings required are forecast to be £841k by 2020/21, an additional £69k in 2021/22 and a further £408k in 2022/23 (see table 3).
- 4.3 The balance of earmarked reserves, available for revenue use, at the end of 2017/18 was £10.24 million, made up of £6.02 million General Fund equalisation reserve and £4.22 million other reserves. This is in addition to the General Fund balance of £2.169 million which this Strategy recommends be held at that level.

- 4.4 It is recommended that reserves be reviewed over the coming months to consider how these can be utilised to both meet the medium term financial challenges and deliver Council priorities.
- 4.5 The table below shows the current forecast of General Fund equalisation Reserve over the life of the draft MTFP.

Table 3 – Forecast level of General Fund equalisation reserve

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Estimated Surplus / (Deficit)	423	(841)	(910)	(1,318)
GF equalisation reserve				
Opening	6,091	6,514	5,673	4,763
Change	423	(841)	(910)	(1,318)
Closing	6,514	5,673	4,763	3,445

5. Housing Revenue Account (HRA)

- 5.1 In common with the General Fund, the Housing Revenue Account (HRA) faces financial pressures over the medium term plan period. HRA balances and reserves at the end of 2017/18 were relatively robust due to much lower levels of revenue and capital expenditure in the financial year (£3.003 million in general reserves, £2.576 million in earmarked reserves).
- 5.2 A review of budgets is underway. The proposed Budget and Rent Setting 2019/20 Report will be presented to Housing Committee in December, followed by Strategy and Resources Committee in January 2019.
- 5.3 Rents for both social and affordable rented dwellings are currently restricted to a 1% rent reduction, with April 2019 starting the final year of the four year rent reduction policy set out in the Welfare Reform and Work Act 2016.
- 5.4 It is not currently anticipated that a deficit will be identified over the MTFP period, and therefore Members may not be presented with a savings plan for 2019/20. However, there are a number of significant risks and uncertainties which should be considered when considering the medium and long term position of the HRA.
- 5.5 The total borrowing incurred for the HRA is £102.749m. All the external debt is at fixed rates and so there will be no fluctuations in interest payments for current borrowing over the medium term. There may be opportunities to re- schedule the debt to take advantage of discounts and this will be kept under review. Of the borrowing, £2.762 million is internally borrowed, utilising HRA balances over the short term. This is likely to rise by £2m in 2018/19 with an external loan being repaid. This will continue to be reviewed as balances reduce, in line with the Treasury Management Strategy.

5.6 The HRA is at the government's debt cap limit, and so under current regulations no further borrowing is permitted. Headroom can be increased, allowing for future borrowing, by making provision to repay existing debt. The opportunity to apply for more borrowing capacity has been announced in 2018, and a bid submitted to MHCLG subject to Council approval.

Appendix A

Draft MTFP 2019/20 to 2022/23

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Budget				
Opening Budget	14,514	14,382	14,376	14,718
<u>Recurring Changes</u>				
Pay Increases	230	205	205	205
Pensions Increases	204	200	200	200
Contract Increases	200	200	200	200
Revised Budget	15,148	14,987	14,981	15,323
Annual Changes (see Appendix B)	(766)	(611)	(263)	(13)
Revised Budget	14,382	14,376	14,718	15,310
Funding				
Council Tax	9,170	9,532	9,903	10,282
Prior year CT surplus	0	0	0	0
Business Rates (incl grants)	3,732	3,258	3,323	3,390
Business Rates Pilot	0	0	0	0
Other Grant	20	20	20	20
New Homes Bonus	1,583	725	562	300
Total Funding	14,505	13,535	13,808	13,992
Surplus / (Deficit) before Reserves Movements	123	(841)	(910)	(1,318)
Reserves Movements				
Use of Waste and Recycling Reserve	(300)			

Estimated Surplus / (Deficit)	423	(841)	(910)	(1,318)
GF equalisation reserve				
Opening	6,091	6,514	5,673	4,763
Change	423	(841)	(910)	(1,318)
Closing	6,514	5,673	4,763	3,445

Appendix B

Annual changes in Draft MTFP

	2019/20	2020/21	2021/22	2022/23
	£000	£000	£000	£000
Pressures				
End of Change Team Saving			100	
Contractual inflation catch up	300			
Drainage Board Levy	7	7	7	7
Total	307	7	107	7
Savings				
Removal of Waste Management Contingency		(50)	(50)	
Removal of General Fund Contingency	(50)			
Littlecombe Units Income	(61)			
Software Contingency		(100)		
Pension Prepayment - One Year Saving	(232)	232		
Car Parks - Existing Charges Only	(50)	(50)	(50)	(50)
Kingshill House	(20)			
MRP	(210)	30	30	30
WFP Phase 2	(250)	(100)		
WFP Phase 3		(250)		
WFP Phase 4			(250)	
Sub Rooms		(230)		
Investments	(50)	(50)		
Income Inflation and Fees and Charges	(150)	(50)	(50)	
Total	(1,073)	(618)	(370)	(20)
Net Changes	(766)	(611)	(263)	(13)



Leadership Gloucestershire – 26 July 2018

Ebley Mill, Stroud

1 Welcome, introduction and apologies

<i>Name</i>	<i>Organisation</i>	<i>Apologies</i>
Cllr Mark Hawthorne (Chair) Jane Burns	Gloucestershire County Council	Pete Bungard
David Hagg	Stroud District Council	Doina Cornell
Cllr Paul James Jon McGinty	Gloucester City Council	
Cllr Tim Gwilliam Pete Williams Cllr Roger James (observer)	Forest of Dean District Council	
Cllr Steve Jordan Pat Pratley Paul Jones (for care leavers)	Cheltenham Borough Council	
	Cotswold District Council	Cllr Chris Hancock Christine Gore
Mike Dawson	Tewkesbury Borough Council	Cllr Rob Bird
Chris Riley Paul Trott	Office of the Police and Crime Commissioner (OPCC)	PCC Martin Surl
Rod Hansen	Gloucestershire Constabulary	
Dr Andy Seymour Mary Hutton	NHS Gloucestershire Clinical Commissioning Group (CCG)	
	GFirst Local Enterprise Partnership (LEP)	Diane Savory David Owen
	University of Gloucestershire	Stephen Marston
	Area Lead for Gloucestershire, Cities and Local Growth Unit	Katie Jenkins
Mark Bone (for care leavers) Simon Harper	Gloucestershire County Council	

2 Action notes

The notes of the meeting held on 14 June 2018 were agreed.

3 Matters arising

a) Vision 2050

It was noted that Chief Executives and Heads of Paid Service were meeting on 7 August 2018.

b) Adverse Childhood Experiences (ACEs)

Cllr Roger James reported that a presentation would be made to members of the Forest of Dean District Council in September.

c) Strategic Planning Coordinator

Mike Dawson advised that John Baker, the recently appointed Strategic Planning Coordinator, would be providing a Leaders' briefing on new planning policy guidance during August ahead of the Economic Growth Joint Committee on 5 September 2018. Cllr Mark Hawthorne recognised the value of working collectively and asked that Planning lead members along with Leaders be invited to attend the briefing. Mike undertook to make the necessary arrangements.

Action – Mike Dawson

4 Stroud District Council

David Hagg provided an introduction to Stroud DC as the host authority. During a PowerPoint presentation (circulated separately), he highlighted the following:

- First council in Europe to be carbon-neutral
- The top-ranked council in the SW for social mobility
- National awards for council house building, canal regeneration and planning.
- Gloucestershire's largest social housing landlord with an innovative programme that had allowed a significant number of new council houses to be built over the last five years.
- Satisfaction rates in Stroud District as a place to live were rising against a national downward trend.
- The amount of household waste going to landfill had been halved with more than half of waste now being recycled.
- Stroud canal regeneration had not only improved the local environment but resulted in significant private sector investment, reuse of brownfield land, new workspace and new homes.
- High levels of community participation across the district with 138,000 volunteer hours (valued at £1.7 million) since 2013 on the canal project alone.
- Innovative new town centre development in Stroud

- Thriving community and leisure sector with exciting new developments including a skate park on the way.
- Gloucestershire's largest single regeneration site is in the district at Littlecombe.
- The Cotswold Area of Outstanding Natural Beauty (AONB) covers approximately 50% of Stroud District (to the east) with a number sites of special scientific interest to the west. The main development corridor followed the M5 through the district.
- Meeting housing targets is a real challenge with 638 new units each year expected under the new National Planning Policy Framework (497 units had been built in 2017).
- Berkeley/Sharpness offered opportunities for significant new development with potential links to a third river crossing and new development to the west of the Severn in the Forest of Dean.

Cllr Mark Hawthorne advised that David would be retiring as Chief Executive of Stroud DC in October. On behalf of Leadership Gloucestershire, he thanked David for his contribution to the public sector in Gloucestershire, including the initiatives he had been involved in on a county-wide basis.

5 Sustainability and Transformation Plan (STP)

Mary Hutton made a PowerPoint presentation on progress with the STP. The top-line messages were:

- Invest in keeping people healthier for longer by enabling communities to support each other.
- Reduce unwarranted variation, cut waste and fund interventions that can deliver the greatest health benefit for our population.
- Ensure that care is delivered efficiently and effectively and as close to home as possible.
- Deliver integrated care with community services to support physical and mental health needs through 16 GP clusters.
- Follow an integrated approach to urgent care provision
- Introduce urgent care centres, streamline assessment services and reduce waiting times.
- Have a 'one county' approach to ICT, estates and related systems
- Introduce countywide leadership, training, education and learning opportunities.

Mary noted that May and June 2018 had seen the highest demand for urgent care ever. She said that it was evident that some services were no longer fit for purpose and that a new more integrated approach was required.

She stated that there would be a £185 million capital investment in health services in the county over next five years with significant sum going towards new GP practices. A primary care offer with appropriate funding was being

made to GP practices to encourage them to offer additional services with support from consultants.

Referring to the consultation on urgent care provision, Mary explained that this was likely to be presented to the Health and Care Overview and Scrutiny Committee in January 2019. Cllr Mark Hawthorne and Cllr Steve Jordan requested that there be earlier engagement with Leadership Gloucestershire partners.

Action – *Mary Hutton*

Cllr Hawthorne noted the importance of reducing the amount of time people spent in hospital but he hoped that this would not simply result in patients moving into another bed-based facility. Dr Andy Seymour recognised the need for a joined-up approach between primary, secondary and social care.

Jon McGinty believed that the 50,000 population figure quoted nationally for a neighbourhood asset-based approach was unrealistic and would be significantly smaller if it truly reflected real neighbourhoods.

Cllr Hawthorne thanked Mary for her detailed presentation.

6 Care Leavers 'local offer'

Mike Dawson invited Mark Bone, Head of 11-25 Permanency Service at the County Council, and Paul Jones, Chief Finance Officer at Cheltenham BC and Forest of Dean DC, to present the report.

Mark Bone explained that the Children and Social Care Act 2017 introduced a number of changes regarding children in care and care leavers. It was now set out in legislation what it meant for a local authority to be a good corporate parent. There was a requirement to publish a 'care leaver offer' which outlined the services available to care leavers available in each area. Local authorities were required to consult on and publish a local offer for their care leavers. The local offer should provide information about all the services and support that was available, including statutory entitlements and discretionary support that a local authority chooses to provide.

He noted that the Local Government Association (LGA) had produced a guide to the new legislation entitled 'Get in on the Act' which might be of interest to Leadership Gloucestershire partners.

Action – *Simon Harper (to circulate LGA guide)*

Following discussion at a meeting of District Chief Executives and Heads of Paid Service, work had begun on developing a local offer including an exemption or reduction in council tax for care leavers.

Paul Jones advised that he had undertaken a financial analysis of the impact of the introduction of a council tax exemption for care leavers between the ages of 18 and 21 in Cheltenham and Forest of Dean. The cost across the two districts was £2,160 and, although detailed work had not been undertaken in the other four districts, the overall cost was estimated to be £10,440 (including council tax costs for care leavers living outside the county).

It was recognised that care leavers were a particularly vulnerable group and it was hoped that reductions in council tax would form part of a wider package of support. Whilst there was a requirement for the council tax element to be the same across the county, there could be some flexibility for other aspects of a local offer.

Cllr Mark Hawthorne noted that the County Council had not formally considered its position as yet. He did not want the council tax offer to be made in isolation and he suggested that tiered support might be better so that the level of discount reduced between the ages of 18 and 21. He was also concerned that a blanket approach would not differentiate between those that were in real need of help and other care leavers who were not suffering from the same level of financial hardship. He said that Cllr Richard Boyles, the GCC Cabinet Member for Children and Young People, would be arranging a meeting to allow further discussion to be held with the districts.

Mary Hutton stated that the vulnerability of children in care meant that they were much more likely to access health services. She strongly supported the initiative and was happy to offer financial support from the Clinical Commissioning Group.

Cllr Hawthorne asked that officers, having heard the views expressed by partners, develop a firm proposal for formal consideration by each local authority.

Action – *Mike Dawson, Mark Bone and Paul Jones*

7 Future meetings and work programme

The work programme attached to the meeting papers was noted.

The meeting on 11 October 2018 at Shire Hall would be dedicated to Vision 2050. Cllr Mark Hawthorne suggested that the meeting on 6 December 2018 at Tewkesbury consider the Post Brexit England Commission's work on the future of public services in non-metropolitan England. The Commission had been set up by the LGA's People and Places Board.

Action – *Simon Harper (to circulate interim report)*

Revised work programme:

11 October 2018 – Vision 2050

6 December 2018

- Host's key issues
- Local industrial strategy
- LEP review
- Post Brexit England's work on the future of public services in non-metropolitan England.
- Update on STP consultation

Dates for 2018 to be canvassed

Action – Jane's PA

STRATEGY AND RESOURCES COMMITTEE

4 OCTOBER 2018

15

Report Title	APPOINTMENT OF ACTING HEAD OF PAID SERVICE
Purpose of Report	To agree interim arrangements
Decision(s)	To RESOLVE the arrangements set out in paragraph 4 of the report
Consultation and Feedback	Group Leaders
Financial Implications and Risk Assessment	There is no budgetary impact arising from this report. Any costs incurred will be met from the temporary vacancy of the Chief Executive's post. Andrew Cummings – Head of Finance (Section 151 Officer) Email: andrew.cummings@stroud.gov.uk
Legal Implications	Under the Local Government and Housing Act 1989 the Council has a duty to designate one of its officers as head of the authority's paid service (delegated on an interim basis as set out in the report). The interim designation sought is required to comply with said duty. Craig Hallett, Solicitor & Deputy Monitoring Officer Tel: 01453 754364 Email: craig.hallett@stroud.gov.uk (Ref: r21.9c121.9.3d20.9)
Report Author	David Hagg, Chief Executive Email: david.hagg@stroud.gov.uk
Options	It is a statutory requirement for the Council to designate a post as Head of Paid Service.
Background Papers	None

1. At its meeting on 9th August, the Council agreed to delegate responsibility to the Strategy & Resources Committee to appoint an Acting Head of Paid Service.
2. This is necessary as there is a gap between the retirement of the existing Chief Executive (5th October) and the arrival of the new Chief Executive (26th November).
3. The Chief Executive performs the role of Head of Paid Service as set out in legislation and the Council's Constitution. Along with the Chief Executive, the three directors form the Corporate Team, the Council's senior leadership and management team. They will continue to work as a team in the absence of a Chief Executive and have already agreed how key business will be handled between themselves.
4. For the purposes of formalising arrangements, the Director of Customer Services will be Acting Head of Paid Service for the period 6th October – 31st October and the Director of Development Services for the period 1st November – 25th November.