



# STROUD DISTRICT COUNCIL

Council Offices • Ebley Mill • Ebley Wharf • Stroud • GL5 4UB

Tel: (01453) 754 351/754 321

[www.stroud.gov.uk](http://www.stroud.gov.uk)

Email: [democratic.services@stroud.gov.uk](mailto:democratic.services@stroud.gov.uk)

5 June 2019

## STRATEGY AND RESOURCES COMMITTEE

A meeting of the Strategy and Resources Committee will be held on **THURSDAY 13 JUNE 2019** in the Council Chamber, Ebley Mill, Ebley Wharf, Stroud at **7.00pm**.

Kathy O'Leary  
Chief Executive

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

### AGENDA

- 1 **APOLOGIES**  
To receive apologies for absence.
- 2 **DECLARATIONS OF INTEREST**  
To receive declarations of interest.
- 3 **MINUTES**  
To approve the Minutes of the meeting held on 11 April 2019.
- 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 10 JUNE 2019**  
Questions must be submitted in writing to the Chief Executive, Democratic Services, Ebley Mill, Ebley Wharf, Stroud, and sent by post or by Email: [democratic.services@stroud.gov.uk](mailto:democratic.services@stroud.gov.uk).
- 5 **CORPORATE ASSET MANAGEMENT STRATEGY – PROPERTY REVIEWS AND COMMUNITY ASSET TRANSFERS**  
To seek approval to the proposed approach for community asset transfers and programme of property reviews due to start in 2019/20.

- 6**     **FINANCE REPORTS**  
a. Housing Revenue Account (HRA) Outturn 2018/19 – Summary of Variances  
b. General Fund Revenue Outturn Report 2018/19  
c. Capital Outturn Report 2018/19
- 7**     **ADOPTION OF THE REVISED PROCUREMENT STRATEGY**  
To inform Members of the revised Procurement Strategy and to seek approval of the revised strategy.
- 8**     **REVIEW OF LEGAL SERVICES**  
To receive an overview of Legal Services and to outline options for service delivery.
- 9**     **COMMUNITY SERVICES VEHICLE REPLACEMENT**  
To recommend to Council the approval of a capital budget for replacement of the Community Services Fleet.
- 10**    **SUPPORTING THE MILITARY COVENANT IN THE STROUD DISTRICT**  
To raise awareness of the ongoing work supporting the commitment of Stroud District Council delivering the Military Covenant.
- 11**    **APPOINTMENTS**  
To appoint two Performance Monitoring Champions for the new civic year.
- 12**    **EMERGING WORK PROGRAMME**  
To consider the emerging work programme.
- 13**    **MEMBER REPORT**  
Investment and Development Panel
- 14**    **MEMBERS' QUESTIONS**  
See Agenda Item 4 for deadline for submission

**Members of Strategy and Resources Committee 2019/20**

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

Councillor Steve Robinson  
Councillor Mattie Ross  
Councillor Tom Skinner  
Councillor Chas Townley  
Councillor Ken Tucker  
Councillor Debbie Young

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

**AGENDA  
ITEM NO**

**13 JUNE 2019**

**5**

<b>Report Title</b>	<b>CORPORATE ASSET MANAGEMENT STRATEGY - PROPERTY REVIEWS AND COMMUNITY ASSET TRANSFERS</b>
<b>Purpose of Report</b>	To seek approval to the proposed approach for community asset transfers and programme of property reviews due to start in 2019/20.
<b>Decision(s)</b>	<b>Strategy &amp; Resources Committee RESOLVES that:</b> <b>(a) the proposed property reviews due to start in 2019/20 and</b> <b>(b) the approach for Community Asset Transfers are approved and the update on property reviews is noted.</b>
<b>Financial Implications and Risk Assessment</b>	There are no financial implications from this report.  Financial analysis is a component of asset reviews and therefore is a factor in whatever decision is reached by each review.  Andrew Cummings – Interim Director of Resources Tel: 01453 754115 Email: <a href="mailto:andrew.cummings@stroud.gov.uk">andrew.cummings@stroud.gov.uk</a>
<b>Legal Implications</b>	This report sets out proposals for reviewing the council’s property portfolio and as such no material legal implications arise. Individual disposals are required to comply with various statutory requirements depending upon the nature and terms of the disposal.  Alan Carr - Solicitor Tel: 01453 754357 Email: <a href="mailto:alan.carr@stroud.gov.uk">alan.carr@stroud.gov.uk</a>
<b>Report Author</b>	Jill Fallows - Property Manager Tel: 01453 754433 Email: <a href="mailto:jill.fallows@stroud.gov.uk">jill.fallows@stroud.gov.uk</a>
<b>Options</b>	The committee can propose amendments to the review dates and procedure.
<b>Performance Management Follow Up</b>	Carry out property reviews as set out in the programme.

<b>Background Papers/ Appendices</b>	Appendix A <a href="#">Corporate Asset Management Strategy 2016 - 2021</a> Appendix B - Completed transfers/reviews Appendix C - Property Reviews 2019/20
--	---

## 1. Background

- 1.1 A report was presented to the Strategy & Resources Committee in October 2014 informing committee of the proposed procedure for and rolling programme of property reviews. At that meeting it was agreed that the council's land and property should be reviewed every 4 years on a rolling programme to ensure every asset was reviewed at least once during each election term. Good practice is to review properties at least once every 5 years.
- 1.2 In July 2016, the Councils Corporate Asset Management Strategy 2016-2021 was approved by Strategy & Resources Committee. This is a key corporate document which details how the council manages its property assets (both general fund and housing revenue account held) to achieve its corporate objectives and can be found at Appendix A of this report.
- 1.3 This strategy states that the council's strategic property aim is 'to ensure that the council's property assets are managed in the most economic effective and efficient manner to achieve value for money and contribute towards achieving the council's corporate objectives and service delivery'.
- 1.4 The strategy also states that 'it is essential that the council routinely challenges and reviews the use, provision and performance of its property'. The programme of reviews is ongoing and also identifies assets that the council no longer needs and may wish to dispose of, generating capital receipts for re-use in support of the council's remaining properties and/ or reducing costs.
- 1.5 It is worth noting that information on the council's property portfolio has to be published as part of the mandatory requirements of the Local Government Transparency Code and can be found on the council's website at <https://www.stroud.gov.uk/council-and-democracy/opendata/registers/council-property-register>. Assets of community value are also published on our website, including those owned by SDC.
- 1.6 In view of recent motions e.g. reducing carbon emissions and with the Corporate Delivery Plan due to be fully reviewed next year, it is recommended that the Corporate Asset Management Strategy is also reviewed and updated to ensure that property assets continue to be held and maintained to deliver the council's key objectives.

## **2. Current Position**

- 2.1 Since 2014, a number of reviews have taken place with some property assets being retained and some transfers completed, these are shown at Appendix B to this report. A number of these transfers have allowed control of the assets at a more local level and reduced this councils costs, both in direct funding and officer time. Others have generated a capital receipt.
- 2.3 The community asset transfers that have taken place have, in some cases, taken considerably longer than anticipated. Negotiations for some Stroud assets (Stroud Cemetery, Bank Gardens and Sims Clock) and the transfer of the Subscription Rooms have been particularly complex and time consuming and this has had a significant knock-on effect on the programme of reviews.
- 2.4 The programme has been reviewed and updated and the next group of reviews with a start date in 2019/20 are detailed in Appendix C.

## **3. Review Process**

- 3.1 The review process was also approved in 2014. An initial review will be carried out in respect of each property, the main considerations for an operational property review (i.e. a property held to support service delivery) are: fitness for purpose, condition, running costs and any alternative use value. Non-operational properties will be based on financial performance, alternative use and development potential or any strategic reasons (eg ransom strip, hope value) with a recommendation to either retain or dispose. Reviews include identifying potential assets of community interest of a non-commercial nature for transfer to appropriate bodies, which is usually the relevant local town or parish council.
- 3.2 The first stage of any review is very much an information gathering process to enable all the options to be considered. If required, a more detailed review will be carried out in respect of the options and a recommendation made to the appropriate committee.
- 3.3 **2019/20 Programme**  
Reviews due to start in 2019/20 have been identified according to the following criteria: the cost of running the asset/service, dates of lease expiries, contract expiries, and emerging risks and opportunities that need to be explored quickly.
- 3.4 The high priority reviews identified for 2019-20 include the Old Town Hall, Woodchester Mansion and Public Conveniences.
- 3.5 **The Old Town Hall:** A Grade II\* listed building in Stroud Town Centre, comprising of small office units, a meeting room and stores. Due to the nature of the space and the heating system the building is not energy efficient. All the offices, except one, have been vacant for some time and the meeting room is underused, resulting in a loss of income to the council. The building is in urgent need of modernisation if it is to be relet. There may be an opportunity for alternative uses or a transfer to Stroud Town Council which has expressed an interest in the building in the past. Officers will look at the

financial performance, alternative uses and costs of improvement/refurbishment and consult with the town council, ward councillors and others, as appropriate, before making a recommendation to committee to either retain and improve or dispose.

- 3.6 **Woodchester Mansion:** A Grade I listed building currently let to the Woodchester Mansion Trust. The National Trust owns the adjoining land and there are opportunities to explore the long term future of both the Mansion and the wider estate with it and the Mansion Trust. The Trust is core funded by the council and is currently in a financially stable position, however, there is a risk to the council, should the Trust be unable to maintain the building as it could revert back to the council as the freehold owner with significant financial implications. The review will investigate and inform us of the current condition of the building.
- 3.7 **Public Conveniences:** This is a high quality service which is expensive to deliver so it is important to review. In addition the council has been approached by one town council who is interested in taking on its public conveniences and a lease to another is shortly due for renewal. The first stage in 2019-20 will be an information gathering exercise to determine usage figures, running costs, building condition, suitability, service objectives etc. Also to have initial discussions with parish and town councils and ward councillors to assess the local importance of each block before identifying options.
- 3.9 **Stratford Park:** The current operator has requested an extension to their contract so this is a service led review however, there are a number of assets in and around the leisure centre and park and this will be an information gathering exercise to establish how they all interlink and will give an overview of the whole park. This review links to the Key Actions for 2019-20 in the updated Corporate Delivery Plan (CDP 17 &18)
- 3.10 **Kingshill House:** A Grade II\* listed building let to the Kingshill House Trust. The Trust is keen to take the freehold interest of the property and hopes to be in the position to do so in 2021. Terms for a Community Asset Transfer are being negotiated and if agreed will be reported back to a future meeting of this committee for approval.
- 3.11 Officers will continue to deal with the reviews already in progress. Properties that are unlikely to be progressed in 2019-20 with the resources available have also been identified and will be reprogrammed if necessary.
- 3.12 Some reviews will be relatively “light touch”, whilst others will identify options and be reported to Investment and Development Panel for further discussion, if appropriate, prior to being reported back to committee for a decision.

#### **4.0 Community Asset Transfers**

In order to simplify future Community Asset Transfers it is proposed that the following approach is used, subject to compliance with all relevant legislative requirements:

- Consideration - where a community asset is identified and there are demonstrable significant economic, social or environmental benefits for a community use which outweigh the current or potential use, the asset may be offered at nil or below market value.
- Covenants - covenants and overage clauses safeguarding the continued use and enjoyment by the general public would be imposed on the basis that these assets are best kept and managed at a local level for the benefit of the local community and are transferring at less than best consideration.
- Financial contribution - will be considered on a case by case basis depending upon the nature of the asset/value of the asset and the ongoing liability.
- Fees/costs - each party will meet their own costs for a transaction, the council will undertake and pay for a condition survey where appropriate.
- The council would prefer to consider the transfer of assets as part of a package where identified, rather than on a piecemeal basis.
- Timescales - heads of terms will be offered to the town or parish council or community group for a time limited period. 6 months is considered to be a realistic timescale in most cases.

It is hoped that setting out the council's approach up front, will help speed up negotiations and the transfer process in general and provide some clarity for interested parties. Ward and district councillors will be involved as appropriate in discussions about Community Asset Transfers.

## **5.0 Recommendation**

- 5.1 That committee approves the approach for Community Asset Transfers and the proposed reviews due to start in 2019/20.

## Property Review Update 2014-2019

Property	HRA/GF	Outcome
Woodfield Playing Field, Cam	HRA	Community Asset Transfer to Cam Parish Council completed on 15 <sup>th</sup> May 2019
Elm Road Playing Field, Cashes Green	HRA	Community Asset Transfer to Cainscross Parish Council completed on 29 <sup>th</sup> May 2019
Stroud Subscription Rooms	GF	Community Asset Transfer to Stroud Town Council completed on 28 <sup>th</sup> March 2019
Stroud Cemetery, Bank Gardens & Sims Clock	GF	Community Asset Transfer to Stroud Town Council completed March 2017
Phase 3 Oldends Lane Industrial Estate	GF	Head lease expired in December 2016 and dilapidations claim settled in April 2017
Phase 4 Oldends Lane Industrial Estate, Stonehouse	GF	Allow head lease to expire in Dec 2019
Brunel Mall	GF	Officer review in 2014 with decision to retain
Queens Court, Thrupp	HRA	Open market disposal completed in May 2018
Land at Fountain Crescent, Wotton-Under-Edge	HRA	Transferred to Fortis - Registered Provider for affordable housing using RTB receipts in 2018
Council estate shops	HRA	Officer review in 2014 with decision to retain
Old Market Precinct, Nailsworth	GF	Reviewed in 2015/16 unable to acquire the leasehold so decision made to retain



Name of Building/Land	Type	Parish	Legal Interest	Tenanted	Review start date	GF/HRA	Comments
<b>High Priority - reviews prompted by loss of income, high running costs and/or approaches from 3rd parties</b>							
The Old Town Hall	Land & Property-Investment	Stroud	F/H	N	2019/20	GF	Grade II* listed building comprising of offices, meeting room and stores. 6 offices are currently vacant resulting in a loss of income. It has high running costs and is not energy efficient. Modernisation is required if it is to be relet. There may be alternative uses or potential for a community Asset Transfer to the Town Council who have expressed an interest in the past. Once review is complete and options identified they will be reported back to committee for consideration.
Woodchester Mansion	Heritage Asset	Nymspfield	F/H let	Y	2019/20	GF	This review was scheduled for 2016 but was delayed. Grade I listed building currently leased to the Woodchester Mansion Trust, there is a risk to the Council should the Trust be unable to maintain the building as it could revert back to SDC with significant financial implications. The review will investigate and inform us of the current condition of the building.
Public Conveniences	Public Conveniences	District wide	F/H	N	2019/20	GF	Information gathering exercise to determine usage figures, running costs, building condition, suitability, service objectives and the opportunity to have initial discussions with town and parish councils to assess local importance and any alternatives before identifying options
<b>Medium Priority - These reviews are prompted by service requirements</b>							
The Pulse (Dursley Pool)	Operational Direct Service Property	Dursley	F/H	N	2019/20	GF	Service Led - business case being developed for the future expansion of the centre.
Gossington Depot & Recycling Transfer Unit	Operational Direct Service Property	Slimbridge	F/H	Y	2019/20	GF	Service led review, possible additional land requirement due to changes in provision of service
Stratford Park	Operational	Stroud	F/H	N	2019/20	GF	There are a number of assets in and around the leisure centre and park and this is an information gathering exercise to establish how they all interlink and will give an overview of the whole park. Links to the Key Actions for 2019-20 in the updated Corporate Delivery Plan (CDP 17 & 18)
<b>In Progress</b>							
Kingshill House	Heritage Asset	Dursley	F/H - let	Y	In progress	GF	In negotiations with Kingshill House Trust for a Community Asset Transfer in 2021. Report back to S&R with agreed Heads of Term
Cemetery Chapel	Surplus	Stroud	FH	N	In progress	GF	Surplus property - Interest from a community group has been expressed.
Small sites disposals	Small sites	District wide	F/H		In progress	HRA	
Garage disposals	Garages	District wide	F/H		In progress	HRA	
Sheltered review	Sheltered accommodation	District wide	F/H	Y	In progress	HRA	From 2015
11/11A May Lane & Electric garage	Land & Property-Investment	Dursley	F/H	N	In progress	GF	Committee authority has been given to progress a feasibility study
Ship Inn, Brimscombe	Land & Property-Investment	Thrupp	F/H	Y	2019/20	GF	
<b>Unlikely to Progress in 2019-20</b>							
Selsley Common	Common/wood	Kings Stanley	Trust	MA	2019/20	GF	
Nailsworth Fountain, Miles Marling Field and Land at Springhill	Heritage Asset	Nailsworth	F/H	n/a	In progress	GF	In negotiations with Nailsworth Town Council for a Community Asset Transfer of 3 assets for several years. Negotiations have stalled at present.

**Key**

High Priority - reviews prompted by loss of income, high running costs and/or approaches from 3rd parties
Medium Priority - These reviews are prompted by service requirements
In Progress
Unlikely to Progress in 2019-20

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

**AGENDA  
ITEM NO**

**13 JUNE 2019**

**6a**

<b>Report Title</b>	<b>HOUSING REVENUE ACCOUNT (HRA) OUTTURN 2018/19 – SUMMARY OF VARIANCES</b>
<b>Purpose of Report</b>	To inform members of the 2018/19 outturn position on the Housing Revenue Account.
<b>Decision(s)</b>	<b>The Committee RESOLVES to:</b> <b>(1) Note the Housing Revenue Account revenue outturn for 2018/19, as shown in Table 1.</b> <b>(2) Approve the transfers to and from earmarked reserves for the year, as set out in Table 2.</b>
<b>Consultation and Feedback</b>	Budget holders have been consulted about the outturn position for their service areas. The feedback has been incorporated in the report to explain differences between budgets and actual income and expenditure.
<b>Financial Implications and Risk Assessment</b>	The whole report is of a financial nature reporting the Housing Revenue Account capital and revenue position for 2018/19.  Andrew Cummings – Interim Director of Resources Tel: 01453 754115 Email: <a href="mailto:andrew.cummings@stroud.gov.uk">andrew.cummings@stroud.gov.uk</a>
<b>Legal Implications</b>	There are no legal implications arising from this report.  Patrick Arran – Interim Head of Legal Services and Monitoring Officer Tel: 01453 754369 Email: <a href="mailto:patrick.arran@stroud.gov.uk">patrick.arran@stroud.gov.uk</a>
<b>Report Author</b>	Lucy Clothier – Principal Accountant Tel: 01453 754343 Email: <a href="mailto:lucy.clothier@stroud.gov.uk">lucy.clothier@stroud.gov.uk</a>
<b>Options</b>	To not approve the reserve transfers and capital slippage.
<b>Performance Management Follow Up</b>	The outturn position will be taken into account when the budget for 2020/21 is prepared later in the year. The change to balances and reserve levels will be incorporated into an updated Medium Term Financial Plan.
<b>Background Papers/Appendices</b>	Appendix A - HRA Outturn Position

- 1.1 Background
- 1.2 This report sets out the final outturn position for the Housing Revenue Account (HRA) for the 2018/19 financial year.
- 1.3 The purpose of this report is to inform members of the level of balances held by the HRA as a result of closing the accounts for the year.
- 1.4 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.
- 1.5 HRA Outturn Position Overview
- 1.6 The HRA is a self financing account for the Council's landlord function, which must be budgeted to break even (net of transfers to/from HRA reserves).
- 1.7 The original gross expenditure budget for the HRA was £22,366k. This has been revised to £20,652k with net transfers to reserves of £2,037k, funded by income of £22,689k.
- 1.8 The revenue outturn position of the HRA shows a transfer to HRA General Reserves of £383k. This represents a net overspend of £136k (0.7% of gross expenditure budget). A summary of this variation can be found in Table 1 (following paragraph 1.12).
- 1.9 Housing Revenue Account Revenue Outturn Position
- 1.10 The outturn position for the HRA shows a net overspend of £136k (0.7% of gross expenditure). A breakdown of this variance is included in Table 1 below. This is a change of +£190k (0.9%) from the month 10 forecast reported in April 2019.
- 1.11 It is proposed that this is funded from HRA General Reserves, reducing the amount transferring to general reserves from £519k to £383k. A summary of the position of HRA General Reserves can be found in Section 1.47.
- 1.12 The summary table format has been changed from the previous report. This is to show the true variance within the controllable budgets within the HRA, and split out other charges, such as Support Charges from the General Fund. A copy of the table in the former format has been included in Appendix A for information.

**Table 1 – HRA Revenue Summary**

Revenue Summary	Para Ref	2018/19 Original Budget £k	2018/19 Latest Budget £k	Outturn Position £k	Outturn Variance After Reserve Transfers £k
<b>Income</b>					
Dwelling Rents and Service Charges		(21,826)	(22,144)	(22,195)	(51)
Other Charges and Income		(564)	(625)	(692)	(67)
Provision for Bad Debts		200	80	99	19
<b>Total Income</b>	<b>1.14</b>	<b>(22,190)</b>	<b>(22,689)</b>	<b>(22,788)</b>	<b>(99)</b>
<b>Expenditure</b>					
Supervision and Management	1.17	4,215	3,892	3,863	(29)
Repairs and Maintenance	1.19 - 1.28	3,684	3,652	3,906	254
Sheltered Housing Service	1.31	1,197	1,015	902	(113)
Other Expenditure	1.34	485	459	529	70
Sheltered Housing Modernisation Programme	1.36	579	401	401	0
<b>Total Expenditure</b>		<b>10,160</b>	<b>9,419</b>	<b>9,601</b>	<b>182</b>
<b>Net Income and Expenditure</b>		<b>(12,030)</b>	<b>(13,270)</b>	<b>(13,187)</b>	<b>83</b>
<b>Other HRA Costs and Income</b>					
Support Service Charges from GF	1.39	1,565	1,565	1,687	122
Revenue Funding of Capital Programme (Depreciation and RCCO)		7,153	6,273	6,273	0
Interest Payable/Receivable	1.43	3,488	3,395	3,326	(69)
<b>Total Other Costs and Income</b>		<b>12,206</b>	<b>11,233</b>	<b>11,286</b>	<b>53</b>
<b>Total Housing Revenue Account</b>		<b>176</b>	<b>(2,037)</b>	<b>(1,901)</b>	<b>136</b>
Transfers to/from Earmarked Reserves	1.45	(50)	1,518	1,518	0
Transfers to/from General Reserves	1.47	(126)	519	383	(136)
<b>Total Transfers to Reserves</b>		<b>(176)</b>	<b>2,037</b>	<b>1,901</b>	<b>(136)</b>

1.13 Further details on the variances included in Table 1:

1.14 Income – (£99k) additional income

1.15 Net income is higher than budget by £99k, a variance of 0.4% of the income target. Part of this relates to rents and service charges (£51k), and part relates to other areas such as garage rent (£28k), which because of the

approved policy to dispose/redevelop sites, has been prudently budgeted, and renewable energy income which was over budget by £14k.

- 1.16 This rents and charges lines represent income that has been charged, not income that has been received. Where payment of rent or other charges is overdue and it is not expected that the payment will be received, provision is made under Provision for Bad Debt
- 1.17 Supervision and Management – (£29k) underspend.
- 1.18 There is a small underspend which is made up of a number of small variances across all areas of supervision and management.
- 1.19 Repairs and maintenance - £254k overspend.
- 1.20 Planned maintenance – £74k underspend, £60k carry forward request.
- 1.21 The cyclical decoration programme has completed slightly more works than forecasted (+£27k). There is an underspend of £36k against asbestos surveys. Surveys are only required where there are gaps in information and dependant on programme progress.
- 1.22 There is also an underspend of £60k for Fire Risk Assessments, which have slipped into 2019/20. Therefore, as reported at Month 10, a £60k carry forward is requested to allow the Fire Risk Assessments to be delivered in early 2019/20.
- 1.23 Gas in-house provider – (£28k) underspend.
- 1.24 The provision of gas servicing and remedial works was completed within the operational budget, with a small underspend of £28k.
- 1.25 Voids - £100k overspend.
- 1.26 There was a backlog of properties at the start of the year due to previous contractor issues. Costs have also been higher in the south of the district across voids and responsive maintenance as the shorter term contract means that the contractors upfront costs are being recovered over a shorter period.
- 1.27 Properties have also been returned in a poorer condition, and so additional works have been needed.
- 1.28 Responsive maintenance - £196k overspend.
- 1.29 This overspend relates to general maintenance and electrical remedial works. As reported under Voids, the cost of the contract has been higher in the south in this year, and more work was carried out this year due to catch up.
- 1.30 Whilst, due to their nature, responsive works are difficult to predict, works are monitored for trends and where appropriate re-addressed through planned programmes of works.
- 1.31 Sheltered Housing Service – (£113k) underspend.
- 1.32 Expenditure in Sheltered Housing schemes is lower than budgeted, with lower spend across both salaries and running costs.

- 1.33 The budget required to deliver the service across the schemes will need to be reconsidered as part of the next budget setting round, as the Sheltered Modernisation Programme and the Older Persons Strategy will both further impact on the service provision.
- 1.34 Other expenditure - £70k overspend.
- 1.35 The cost of grounds maintenance is higher than anticipated, with fly tipping an increasing issue in some of our estates.
- 1.36 Sheltered Housing Modernisation - £36k overspend (funded from reserves).
- 1.37 Works at Sherborne House completed in 2018, and planning is underway for works at Concord and George Pearce House which are due to be undertaken in 2019/20. There is a £36k overspend on revenue which represents an offset between revenue and capital works - there were slightly more revenue works, and less capital works than in the budget, but this doesn't affect the programme as a whole.
- 1.38 This has been funded in revenue by an increased contribution from the Sheltered Modernisation earmarked reserve (see Section 1.45). The reduced capital spend will mean that fewer capital receipts are needed to fund the programme in this year.
- 1.39 Support Charges from the General Fund - £122k additional cost.
- 1.40 The HRA pays a share of the running costs of the Council - for the services it receives from Council wide support services such as IT, HR and Finance, as well as the running costs of the Council as a whole, such as Committee meetings.
- 1.41 The cost to the HRA in 2018/19 is higher than the budgeted amount by £122k. This includes a share of any overspends and underspends in shared services, as well as contributions towards one off costs.
- 1.42 The spend in these areas are reported in the General Fund report.
- 1.43 Interest payable/receivable – (£69k) additional income.
- 1.44 The level of investment income has increased significantly, due in part to higher levels of reserves in the HRA, but largely attributable to higher interest rates than last year.
- 1.45 HRA Earmarked Reserves
- 1.46 The transfers to/from Earmarked reserves, including the carry forward (paragraph 1.20), are as follows:

Table 2 - Earmarked reserve transfers

<b>Earmarked Reserve</b>	<b>Opening balance £k</b>	<b>Transfers in £k</b>	<b>Transfers out £k</b>	<b>Closing balance £k</b>	<b>Net transfers £k</b>
Sheltered Modernisation	1,976	1,390	(852)	<b>2,514</b>	538
Estate Redevelopment	350	820	0	<b>1,170</b>	820
Staffing	250	0	0	<b>250</b>	0
HRA General Contingency	0	100	0	<b>100</b>	100
Carry forwards – Fire Risk Assessments	0	60	0	<b>60</b>	60
	<b>2,576</b>	<b>2,370</b>	<b>(852)</b>	<b>4,094</b>	<b>1,518</b>

1.47 HRA General Reserves

1.48 The opening balance of HRA General Reserves at 1 April 2018 was £3,003k. The base budget included a transfer from reserves of £126k, but this was revised to a budgeted transfer to reserves of £519k in January 2019.

1.49 The revenue overspend of £136k reduces this transfer to reserves to £383k, and gives a closing balance on HRA General Reserves of £3,386k.

1.50 Although a slightly lower than the revised budgeted balance, this is still higher than the base budget and continues to allow HRA reserves to remain above the recommended minimum balance of £1,500k.

1.51 The following table gives an update of the forecasted balance of HRA General Reserves over the Medium Term Financial Plan (MTFP) period.

Table 3 – Summary of HRA General Reserves Forecast

	<b>2018/19 £k</b>	<b>2019/20 £k</b>	<b>2020/21 £k</b>	<b>2021/22 £k</b>	<b>2022/23 £k</b>
Opening balance	3,003	3,386	3,436	2,617	3,178
Budgeted transfer to/(from) general reserves – Council Jan 2019	519	103	(687)	561	330
Revenue overspend 2018/19	(136)				
Approved changes (creation of in house maintenance service) – Council April 2019		(53)	(132)		
<b>Closing balance</b>	<b>3,386</b>	<b>3,436</b>	<b>2,617</b>	<b>3,178</b>	<b>3,508</b>

## APPENDIX A

### HRA Outturn Position

	2018/19 Original Budget £k	2018/19 Latest Budget £k	Forecast Outturn £k	Outturn Variance £k
<b>Income</b>				
Dwelling Rents and Service Charges	(21,826)	(22,144)	(22,195)	(51)
Other Charges and Income	(564)	(625)	(692)	(67)
<b>Total Income</b>	<b>(22,390)</b>	<b>(22,769)</b>	<b>(22,887)</b>	<b>(118)</b>
<b>Expenditure</b>				
Supervision and Management	5,222	5,084	5,126	42
Repairs and Maintenance	3,767	3,735	4,055	320
Sheltered Housing Service	1,452	1,270	1,126	(144)
Other Expenditure	519	494	580	86
Sheltered Housing Modernisation	579	401	401	0
Revenue Funding of Capital Programme (Depreciation and RCCO)	7,153	6,273	6,273	0
Provision for Bad Debts	200	80	99	19
<b>Total Expenditure</b>	<b>18,892</b>	<b>17,337</b>	<b>17,660</b>	<b>323</b>
<b>Other Costs and Income</b>				
Interest Payable/Receivable	3,488	3,395	3,326	(69)
Transfers to/(from) Earmarked Reserves	136	1,518	1,458	(60)
Transfers to/(from) General Reserves	(126)	519	519	0
<b>Total Other Costs and Income</b>	<b>3,498</b>	<b>5,408</b>	<b>5,302</b>	<b>(106)</b>
<b>Total Housing Revenue Account</b>	<b>0</b>	<b>0</b>	<b>76</b>	<b>76</b>
Carry Forward Request				60
<b>Net Outturn Forecast</b>				<b>136</b>

Note: Support Service Charges and accounting adjustments (pension adjustments) are included within the Supervision and Management, Repairs and Maintenance, Sheltered Housing Service and Other Expenditure lines.



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

**AGENDA  
ITEM NO**

**13 JUNE 2019**

**6b**

<b>Report Title</b>	<b>GENERAL FUND REVENUE OUTTURN REPORT 2018/19</b>
<b>Purpose of Report</b>	To present to the Strategy and Resources Committee the final outturn position against the General Fund revenue budgets for 2018/19.
<b>Decision(s)</b>	<b>The Committee RESOLVES</b> <b>a) to note the General Fund Revenue Outturn for 2018/19, as shown in Table 1.</b> <b>b) to approve the transfers to and from earmarked reserves for the year, as detailed in Section 2 and Appendix A.</b>
<b>Consultation and Feedback</b>	Budget holders have been consulted about the budget outturn for their service areas. The feedback has been incorporated in the report to explain differences between budgets and actual income and expenditure.
<b>Financial Implications &amp; Risk Assessment</b>	The whole report is of a financial nature, reporting the General Fund Revenue Position for 2018/19.  Andrew Cummings – Interim Director of Resources Tel: 01453 754115 Email: <a href="mailto:andrew.cummings@stroud.gov.uk">andrew.cummings@stroud.gov.uk</a>
<b>Legal Implications</b>	There are no legal implications related to this report.  Patrick Arran – Interim Head of Legal & Monitoring Officer Tel: 01453 754369 Email: <a href="mailto:patrick.arran@stroud.gov.uk">patrick.arran@stroud.gov.uk</a>
<b>Report Author</b>	Andrew Cummings – Interim Director of Resources Tel: 01453 75 4115 Email: <a href="mailto:andrew.cummings@stroud.gov.uk">andrew.cummings@stroud.gov.uk</a>
<b>Performance Management Follow Up</b>	The outturn position will be taken into account when the budget for 2020/21 is prepared later in the year. The change to balances and reserve levels will be incorporated into an updated Medium Term Financial Plan that will be presented as part of the Budget Strategy report to the committee in October.
<b>Appendices</b>	Appendix A – Movement on SDC Earmarked Reserves 2018/19.

## Background

1. This report sets out the final outturn position for the 2018/19 financial year and considers changes to balances and reserves. This report is to provide members with a more detailed view of the performance against the General Fund revenue budget for 2018/19. It is broadly split into three sections;
  - Section 1 gives a summary of the General Fund position for the year.
  - Section 2 shows the impact that has on the Council's earmarked reserves.
  - Section 3 provides detailed commentary on significant variances.
2. **Due to the complexity of some of the issues dealt with within the report and the volume of information, it would be helpful where members have questions on matters of detail if they could be referred to the report author or the appropriate service manager before the meeting.**

### Section 1 – REVENUE BUDGET OUTTURN

3. The revised General Fund Service Revenue budget for 2018/19, as approved by Council in January 2019 was £17.376m. The final outturn position for the year is £17.955m.
4. The April 2019 budget monitoring report to Strategy and Resources Committee anticipated that there would be an underspend of (£612k) for the General fund after reserve transfers and carry forwards. The final outturn position, after taking into account non-service revenue expenditure and funding, is a variance of (£881k). Table 1 shows a summary of the outturn position.

**Table 1 – General Fund Outturn Summary**

GENERAL FUND	Para Refs	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Actual incl Reserve Tfrs & Carry Fwds (£'000)	2018/19 Outturn Variance after Reserve Tfrs & Carry Fwds (£'000)
Community Services Committee	26-30	3,554	3,600	3,440	(159)
Housing Committee	31	503	552	497	(55)
Environment Committee	32-37	4,749	4,707	4,739	32
Strategy & Resources Committee	17-25	6,212	6,272	6,243	(29)
HRA Income		(1,565)	(1,565)	(1,687)	(122)
Other Corporate Income & Expenditure		(405)	(405)	(427)	(22)
Accounting Adjustments		4,401	4,215	5,150	935
<b>Net Service Revenue Expenditure</b>		<b>17,448</b>	<b>17,376</b>	<b>17,955</b>	<b>579</b>
Accounting Adjustments Reversal		(4,366)	(4,180)	(5,150)	(970)
Other Operating Income & Expenditure		3,186	2,393	2,560	167
Funding from Govt Grants/Council Tax		(15,589)	(15,589)	(16,246)	(656)
<b>TOTAL General Fund (after transfers)</b>		<b>679</b>	<b>0</b>	<b>(881)</b>	<b>(881)</b>

5. The surplus of (£881k) for the year is made up of items relating to the Service Committees as well as specific one-off additional income sources and cost savings. A summarised table of the variances is shown below with explanations included throughout the report.

**Table 2 – Summary of In-Year Variances**

<b>Summary of Final Council Position</b>	<b>Variance (£'000)</b>
<b>Expenditure</b>	
Net Service Committees	(212)
Support Charges to the HRA	(122)
Reversal of Unused Provisions	(130)
Interest Costs	(21)
Unused Savings and Contingencies	(61)
Capital funding costs	(35)
Various Smaller Corporate Savings	(14)
Minimum Revenue Provision	64
<b>Total Expenditure</b>	<b>(531)</b>
<b>Income</b>	
Interest Income	(91)
Business Rates (excluding pilot)	(198)
Other Grant Income	(61)
<b>Total Income</b>	<b>(350)</b>
<b>Net Underspend for the Year</b>	<b>(881)</b>

**Section 2 – MOVEMENT ON EARMARKED RESERVES**

- The following section sets out the impact of the outturn on the earmarked reserves held by the Council. These are held for specific purposes and are in addition to the General Fund balance which has been maintained with no change at £2.169 million.
- The overall change in General Fund earmarked reserves has been an increase during the year of £1.672m as represented in this summary table.

**Table 3 – Summary of Reserve Movements**

<b>Use of Reserve</b>	<b>Net Movement (£'000)</b>
In year expenditure/income	(145)
Budgeted transfers to reserves	1,557
General Fund Underspend	881
Capital Financing	(621)
<b>Total Increase</b>	<b>1,672</b>

- The remainder of this section gives details on the movements in reserves with the final reserves balances being shown in Appendix A.
- The normal operation of Council business includes movements on earmarked reserves including spending existing reserves or placing new funding aside for use in future years. The position in 2018/19 was a net drawdown from earmarked reserves of (£145k) and the table below sets out those reserves with movement during the year.

**Table 4 – In-year Reserve use**

Reserve	2018/19 Increase / (Decrease) (£'000)
Brexit Costs Reserve	18
Building Control Shared Service Reserve	44
Carry Forward Reserve	149
CIL (Community Infrastructure Levy) admin Reserve	(42)
CIL (Community Infrastructure Levy) Reserve	192
Efficiency & Invest to Save Reserve	(68)
Homelessness Prevention Reserve	33
Merrywalks Car Park Reserve	(319)
Neighbourhood Planning Grant Reserve	(24)
PDG Reserve	14
Workforce Plan Reserve	(162)
Street Cleaning Funding	20
<b>Total</b>	<b>(145)</b>

10. Included within that total is the Carry Forward Reserve, used where services need to transfer external funding or budget for specific projects from one year to the next. The reversals from 2017/18 and amounts carried forward from 2018/19 are shown in the table below. The net movement represents the **£149k** included in the reserves list.

**Table 5 – Movement on Carry Forward Reserve**

Committee	Committee Subheading	2017/18 Carry Forwards (£'000)	2018/19 Carry Forwards (£'000)
Community Services	Museum in the Park	(2)	0
Community Services	Sports & Health Development	(2)	2
Community Services	Sports & Health Development	(16)	9
Community Services	Sports & Health Development	(43)	25
Community Services	Youth Services	(10)	5
Environment	Environmental Health	(82)	80
Environment	Environmental Health	(13)	50
Environment	Environmental Health	(46)	40
Housing	Housing	(45)	95
Housing	Housing	(15)	75
Community Services	Youth Services	0	5
Strategy & Resources	Human Resources	0	5
Community Services	Community Safety	0	7
Community Services	Public Spaces	0	19
Environment	Carbon Management	0	6
<b>Total Carry Forwards</b>		<b>(273)</b>	<b>423</b>

11. Included within the budget for 2018/19 were a number of planned transfers to Reserves. The final amounts of these transfers is shown in the table below.

**Table 6 – Movements on Reserves included within 2018/19 budget**

<b>Budgeted increases to Reserves</b>	<b>(£'000)</b>
Pension Fund Reserve	85
Business Rates Safety Net	500
Business Rates Pilot	897
MTFP Equalisation Reserve	74
<b>Total</b>	<b>1,556</b>

12. The Business Rates Pilot gain was originally included in the 2018/19 budget at an estimated (£500k). The actual gain at year end was (£897k) and this has been placed in a reserve as agreed in the Budget Strategy. This sum represents the SDC share of the overall £14.2 million gain to Gloucestershire from the one year Business rates pilot. There is a possibility of this figure changing as each authority is subject to the annual audit of accounts. Should there be any fluctuation in our share this will be added to or deducted from the reserve as required.

13. The Authority maintains a capital reserve to part fund the Capital Programme. Although details of the capital outturn are included in a separate report the use of the capital reserve in 2018/19 was £621k.

14. Finally it is necessary to allocate the (£881k) variance for the year to the reserves. Under delegated powers the S151 Officer, in consultation with the Chair of Strategy and Resources Committee, has allocated this to the following reserves.

**Table 7 – Allocation of underspend to Reserves**

<b>Reserve</b>	<b>Allocation (£'000)</b>
Efficiency & Invest to Save Reserve	18
Climate Change	33
Business Rates Safety Net	65
Merrywalks Car Park Reserve	(108)
CIL (Community Infrastructure Levy) admin Reserve	173
Transformation Reserve	400
Repairs and replacement reserve	200
Investment Risk Reserve	100
<b>Total</b>	<b>881</b>

15. This allocation involves the creation of three new reserves

- A transformation reserve to provide a pot of funding to pay for the improvement actions arising from the recent LGA Corporate Peer Challenge. This funding will allow the Council the capacity to implement these recommendations. This may include a wide range of costs such as staffing or capital improvements.

- A repairs and replacement reserve to provide funding for any urgent building repairs or equipment replacement. During 2018/19 it was identified that the Council did not have funding available to make urgently required major repairs to Buildings if required and this situation must be avoided in the future.
  - An investment risk reserve to protect against possible future fluctuations in investment value. A portion of the gain in 2018/19 was due to increased interest returns and this has prudently been put to one side to be drawn down should investment values fluctuate in future.
16. The CIL admin Reserve was previously held as a negative reserve to protect the General Fund from the costs incurred in administering the Community Infrastructure Levy. As funds received from the levy continue to increase 2018/19 was the appropriate time to write off that reserve to the General Fund.

### Section 3 – DETAILED GENERAL FUND OUTTURN

The following tables and paragraphs set out the detail behind the outturn for information purposes. Significant variances are accompanied by detailed commentary below.

### STRATEGY AND RESOURCES COMMITTEE

**Table 8 – Strategy & Resources Outturn Detail**

Strategy & Resources Committee	Para Refs	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Actual incl Reserve Tfrrs & Carry Fwds (£'000)	2018/19 Outturn Variance after Reserve Tfrrs & Carry Fwds (£'000)
Investment Assets	17	(78)	(32)	77	108
Other Assets		24	47	66	19
Car Parks	18	(656)	(651)	(615)	36
Head of Property Services	19	82	83	58	(25)
Property Services Team	20	327	330	303	(27)
Facilities Management	21	761	551	502	(50)
Democratic Representation and Management		426	427	409	(18)
Resources and Finance - Direct Spend		1,859	1,797	1,801	4
Chief Executive		189	191	202	11
Marketing		93	94	95	1
Director (Corporate Services)		47	47	56	9
Human Resources		420	409	392	(17)
Corporate Business Services	22	222	484	357	(127)
Corporate Services (Legal)	23	575	580	501	(79)
Head of Finance	24	80	81	56	(25)
Financial Services		871	858	853	(5)
Information & Communication Technology	25	969	975	1,131	156
<b>Strategy &amp; Resources TOTAL</b>		<b>6,212</b>	<b>6,272</b>	<b>6,243</b>	<b>(29)</b>

## 17. Investment Assets – £108k overspend

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

### Littlecombe Units

£65k of the variance is attributable to income shortfall partly relating to the delay in completion of the Littlecombe Units. There has been interest in lettings and purchase of the units, but it will take time for all the units to be occupied. The first letting of a unit was completed in early March.

### 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 two 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.

There have been some small overspends also identified within Brunel Mall and Gossington Depot.

## 18. Car Parks – £36k overspend

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

This overspend is primarily in relation to the lease agreement costs between the Council and Network Rail at Cheapside Car Park. The budget provision for these costs has now been identified and a proposal will be addressed at budget setting for 2020/21.

## 19. Head of Property Services – (£25k) underspend

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

This is due to a salary underspend. The service was reviewed as a whole and a new approved structure put in place. These savings have been adjusted for the 2019/20 budget.

## 20. Property Services Team – (£27k) underspend

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

This underspend is directly related to salaries. This is an in year salary saving due to vacancies for two business support officers posts. As part of the budget setting process these posts have now been removed from the establishment for 2019/20.

## 21. Facilities Management – Business Continuity - (£50k) underspend

(Sean Ditchburn xtn 4256, [sean.ditchburn@stroud.gov.uk](mailto:sean.ditchburn@stroud.gov.uk))

This underspend has arisen due to a review in 2018 of the Council's Disaster Recovery Plan. It was determined that the offering from the incumbent supplier was not fit for purpose and the contract was cancelled in order not to expend any further financial resource. Various solutions around the Disaster Recovery Plan issue are being considered, this may require an amendment in the spend profiling when the solution is identified.



## 22. Corporate Business Services – (£127k) underspend

(Tim Power xtn 4155, [tim.power@stroud.gov.uk](mailto:tim.power@stroud.gov.uk))

As reported at Month 10, the net cost of the Work Force Plan in 2018/19 is £93k (one off costs of £352k, with in year savings achieved of (£259k), on top of the £230k savings included in the base budget).

A total transfer from the Workforce Planning earmarked reserve of £162k has funded most of this net cost in 2018/19 (£31k was funded from service budgets), along with offsetting an unachieved savings target relating to Workforce Planning of £100k (included within Other Operating Income and Expenditure).

Further savings of (£27k) have been achieved across Business Services through vacancy savings during part of the year, and lower expenditure on running costs.

## 23. Corporate Services – (£79k) underspend

(Patrick Arran xtn 4369, [patrick.arran@stroud.gov.uk](mailto:patrick.arran@stroud.gov.uk))

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

### Legal

The variance is made up of salary underspend (£25k) is in relation to two career graded posts and a third post that is currently on phased retirement. The remainder is made up of small underspends (£23k) across the service.

### Democratic Services

The underspend on Democratic Services is due to (£11k) underspend on Webcasting (annual maintenance is £4k), the remainder of the expenditure variance is around Printing, Photocopying and Postage where the use of digital formats are being used instead of printing and posting out the majority of reports and communication documents.

A (£6k) underspend on salaries is forecast due to the part year vacancy for Democratic Services/Election Officer post.

## 24. Head of Finance – (£25k) underspend

(Andrew Cummings xtn 4115, [andrew.cummings@stroud.gov.uk](mailto:andrew.cummings@stroud.gov.uk))

This underspend on the budget has arisen due to the post holder not starting until late July 2018.

## 25. ICT – £156k additional expenditure

(Sean Ditchburn xtn 4256, [sean.ditchburn@stroud.gov.uk](mailto:sean.ditchburn@stroud.gov.uk))

(Tim Power xtn 4155, [tim.power@stroud.gov.uk](mailto:tim.power@stroud.gov.uk))

This is made up of three major variances.

£52k of the 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. One remaining post will continue to be filled by a contractor with every effort to find a permanent appointment.



A **£56k** variance has been identified in relation to a review by SOCITM of our IT in December 2017 to January 2018, identified a number of areas for modernisation of the Councils IT policy and delivery. A decision was made to seek a contractor to develop a plan for the improvements identified as needed. Following this outcome, a further contract was issued to SOCITM via a procurement process through the governments GCloud portal for the contractor to develop a strategy to help us moving forward, in taking the right direction, and making the necessary investment in the modernisation of our IT. This work commenced in October 2018 and ran through until March 2019.

The remaining overspend of **£47k** is in respect of the 2018 Customer Services Review which identified that the council's external phone menus system, the primary contact point for many residents, required a substantial overhaul. This required both an upgrade of the software running the system and the purchase of additional agent licences to enable a more sophisticated menu structure to get the customer to the right service area at their first contact. This was unplanned expenditure that only came to light as part of the review programme.

## COMMUNITY SERVICES AND LICENSING COMMITTEE

**Table 9 – Community Services Outturn Detail**

Community Services Committee	Para Refs	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Actual incl Reserve Tfrrs & Carry Fwds (£'000)	2018/19 Outturn Variance after Reserve Tfrrs & Carry Fwds (£'000)
Community Safety	26	360	212	153	(59)
Youth Services		100	100	101	1
Grants to Voluntary Organisations		337	337	337	(0)
Licensing		(68)	(67)	(73)	(6)
Director (Customer Services)		133	129	128	(1)
Customer Services		390	393	377	(16)
Cultural Svcs - Arts and Culture	27	781	703	662	(41)
Cultural Svcs - Sport & Health Dev.	28	165	167	147	(20)
Cultural Svcs - Sports Centres	29	124	166	(92)	(258)
Public Spaces		1,031	1,302	1,318	16
Revenues and Benefits	30	202	158	383	225
<b>Community Services TOTAL</b>		<b>3,554</b>	<b>3,600</b>	<b>3,440</b>	<b>(159)</b>

### 26. Community Safety – (£59k) underspend

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

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

#### Careline services – £14k income shortfall

The £14k is concerned with income shortfall within the service. Overall, income had increased from the 2017/18, but fell short of the budgeted figure. Appropriate measures are being taken to address this for future years, including enhanced service promotion.

#### Neighbourhood Warden Service – (£36k) underspend

A (£36k) underspend has been identified on salaries. This saving has been a result of the service review and two vacant posts (Senior NHW and NHW) which are currently being recruited to.

**Car Park Enforcement – (£46k) additional income**

The salary budget is underspent by (£20k) due to a lengthy recruitment process for vacant post. The remaining (£26k) is an income surplus that has been realised due to the continued robust approach to parking enforcement across the district.

**Community safety**

There is an income shortfall of £9k as a result of the removal of the service level agreement with the HRA. This budget has been adjusted as part of 2019/20 budget setting process.

**27. Cultural Svcs - Arts & Culture – (£41k) underspend**

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

**Subscription Rooms – (£35k) underspend**

Members will recall that the Subscription Rooms transferred to the Town Council Trust on the 28 March 2019. This underspend is directly related to salaries (£70k), the programme for the Subscription Rooms had been amended in 2018/19 to reduce the income risk to the Council which has been reflected in these savings. An income shortfall has been realised on the sale of food and drink of £27k along with some minor additional costs within the service. The Museum in the Park achieved a small underspend of (£6k).

**28. Cultural Services - Sport & Health Dev – (£20k) underspend**

(Jane Bullows xtn 4322, [jane.bullows@stroud.gov.uk](mailto:jane.bullows@stroud.gov.uk))

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

There are a number of small variances that make up this underspend. Any external funding has already been identified in order to support on-going projects in 2019/20.

**29. Cultural Services – (£258k) additional income**

**The Pulse Dursley – (£241k) additional income**

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

2018/19 has been another fantastic year of business for The Pulse. Targets are continuing to be exceeded in all areas and we would look to continue this direction going forward by adopting a structured and reactive approach to trends and community needs.

Income continues to rise but this has been a challenging year for the Pulse with 3 full time members of the team being out of action due to injury and maternity leave. This has caused further strain on the staffing and marketing budget as we have had to put additional resource into these areas to provide a consistent service. As a result of the staffing issue we have had to pull back on some of the 'learn to swim' activities which has impacted the income in this area this year. Utilities have also increased this year due to a meter change, which has meant that the expenditure budget has increased from our planned spend that

we predicted in the last budget monitoring report. The budget setting process for 2019/20 has taken into consideration the performance of The Pulse over last two financial years and budgets have been adjusted accordingly.

**Stratford Park Leisure Centre – (£20k) underspend**

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

The Council are responsible for paying 50% towards the contractor’s utility costs should they reach a certain level as borne out by the agreement. Due the installation of the CHP, savings have been made and no payment is required this financial year which has contributed towards the underspend. In addition there have been savings identified on Premises Insurance when the contract was renewed in 2018/19.

**30. Revenues and Benefits– £225k overspend**

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

Homelessness continues to have an impact with an increase in the number of residents and families being moved into temporary accommodation. The accommodation is often out of our district attracting higher rents, meaning a shortfall in subsidy that can be reclaimed. Changes to homelessness legislation, has also meant those needing temporary accommodation have been housed for longer periods of time. Similarly supported accommodation has increased across the district. The rents cannot be restricted, again creating a shortfall in the subsidy.

Following the roll out of Universal Credit, there is a gradual downward turn in Housing Benefit claims as people move from HB to UC due to changes in their individual circumstances. Trying to estimate the rates of change has proved very difficult; we have no prior year data to use to try and estimate a trend. Whilst the case count is reducing the change in circumstances has increased significantly. Due to the large sums involved any variation will be a big figure, even if it is a small percentage.

**HOUSING COMMITTEE**

**Table 10 – Housing GF Outturn Detail**

Housing Committee	Para Refs	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Actual incl Reserve Tfrs & Carry Fwds (£'000)	2018/19 Outturn Variance after Reserve Tfrs & Carry Fwds (£'000)
Housing (General Fund)	31	503	552	497	(55)

**31. Housing Strategy – (£55k) underspend**

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

This underspend relates to the additional budget of £45k that was approved during the year. Although this will be utilised in future years, it has only been partially allocated in 2018/19 as it was only approved by Council in January 2019. Some additional small underspends have also been identified across the service.

The table above takes into account the carry forward requests for two MHCLG grants - £75k for self build, and £95k for Community Housing. This will allow the external funding to be used in 2019/20, and into 2020/21 for the Community Housing Fund (for the three year Community Housing Enabler post as approved by Housing Committee in March 2017).

## ENVIRONMENT COMMITTEE

**Table 11 – Environment Committee Outturn Detail**

Environment Committee	Para Refs	2018/19 Original Budget (£'000)	2018/19 Revised Budget (£'000)	2018/19 Actual incl Reserve Tfrs & Carry Fwds (£'000)	2018/19 Outturn Variance after Reserve Tfrs & Carry Fwds (£'000)
Canal	32	7	7	135	128
Director (Development Services)		116	117	118	1
Head of Health and Wellbeing		70	71	72	1
Environmental Health	33	751	757	644	(113)
Statutory Building Control	34	117	126	(21)	(147)
Planning Strategy/Local Plan		306	311	326	15
Development Control	35	7	15	(112)	(128)
Land Charges & Street Naming		(4)	(31)	(40)	(9)
Economic Development	36	161	116	43	(73)
Carbon Management		71	71	61	(10)
Waste and Recycling: MSC	37	3,128	3,136	3,502	367
Waste and Recycling: Other		19	11	11	(0)
<b>Environment TOTAL</b>		<b>4,749</b>	<b>4,707</b>	<b>4,739</b>	<b>32</b>

### 32. Canal - £128k overspend

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

Additional expenditure on the Canal project relates to salaries of the Canal Project Team. Whilst an element of the staffing costs relates to volunteer-led work on the Stroudwater Connected phase, the outturn position on the General Fund suggested it was more prudent to charge these costs to revenue for 2018/19.

The Council and Cotswold Canals Trust are jointly working on the Development Stage of Cotswold Canals Connected – the project to reinstate 4 miles of canal West of Stonehouse, connecting the already restored stretch to the national network. The Heritage Fund selected this as one of just four projects across the country to receive development funding. An application for the full £9million of Heritage Fund money to allow the whole project to go ahead will be made late this year or early next.

The project will take the canal under the M5 motorway and A38 roundabout, reinstate the 'missing mile' of canal near Eastington and take it under the Gloucester – Bristol railway line at Stonehouse.

### 33. Environmental Health – (£113k) underspend/additional income

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

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

#### Environmental Services

The (£37k) variance in this area is an accumulation of minor underspends across the whole of the budget. This includes software, hardware, equipment purchase, stationary and other courses and seminars. Some additional income has been realised through water sampling charges.

#### Food Safety/ Health and Safety

The variance of (£30k) is directly related to salaries. The Health and Safety Officer role has been vacant due to the resignation of the previous post holder. This has proved to be quite difficult to recruit to and has gone out to advert twice. This vacancy has now been filled with the post holder due to start shortly.

#### Pest Control

An income surplus of (£24k) has been achieved within Pest Control. This can be identified particularly on the treatment of wasps and rats in 2018/19.

In addition there some smaller insignificant variances spread across the remainder of the service.

There a number of projects within Land drainage which encompass external funding over several financial years. They comprise of (£80k) (external funding from the County Council) to fund land drainage enforcement work. It was intended to use the fund as matched funding for a bid for European funding for the Stroud valleys initiative, however unfortunately the bid was not successful. (£50k) income surplus has been forecast on flood prevention projects and S106 monies for flood prevention work and is a combination of funding from the Environment Agency. Projects were not be ready for delivery this year due to factors outside the control of the council

The Rural SuDS Project budget is the funding we receive from the EA to mainly pay for the project officer. There is a significant underspend on this budget this year (£46k) as the post was vacant for nearly 6 months and the salary level was dropped from a Stroud 6 to a Stroud 5 when the new officer was appointed. This is a deliberate decision to try to stretch this funding so that the post can be maintained until March 2021 when a new funding stream will become available for this type of work. These amounts will be carried forward to 2019/20.

### 34. Statutory Building Control – (£147k) underspend/additional income (Paul Bowley xtn 4250, [paul.bowley@stroud.gov.uk](mailto:paul.bowley@stroud.gov.uk))

Gloucestershire Building Control Partnership is a shared service with Gloucester City Council and hosted by Stroud. The service is provided under the auspices of the Building Act 1984, an element of the service is in competition with the private sector. The shared service was established on the 1<sup>st</sup> July 2015 and has resulted in an increase in income due to receiving applications from both Stroud and Gloucester areas.

An underspend of (£90k) on the salaries within the Building Control budget has been reported as a result of not filling two vacant post within the service in

2018/19. A service review has just been completed which informs the establishment going forward, as a result one post has been removed from the structure. There is an additional salary underspend within the admin team of (£52k), this is the result of in year vacancies and a freeze on recruitment due to the service review taking place.

Any surplus/deficit will be transferred in to the trading account to re-invest in the building control service, the variance shown is net of this transfer (table 4).

### **35. Development Control – (£128k) underspend/additional income**

(Geraldine LeCointe xtn 4233, [geraldine.lecointe@stroud.gov.uk](mailto:geraldine.lecointe@stroud.gov.uk))

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

Application Fees have achieved a healthy surplus of (£130k). 2018/19 has seen the full effect of 20% increase in all planning application fees introduced through legislation in January 2018.

Salaries are underspent by (£62k). This is due to vacant posts not being recruited to in this financial year. The service has recently undergone its workforce plan review which has led to a new structure, now in place.

Planning Appeal costs are £17k over budget, this is predominately Consultants fees for a public inquiry and an award of costs against the Council for a High Court challenge for Land East of Canonbury Street, Berkeley.

An income shortfall of £33k will also be realised due to historic budget for sale of documents to the public. This budget is no longer relevant because the information is available online.

The remaining overspend is in respect of pre-application fees. Income has proved to be less than previous years and the anticipated increase in these charges has not be rolled out due to staffing issues.

### **36. Economic Development – (£73k) underspend**

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

This variance has arisen due to the service having gone through the workforce plan 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.

### **37. Waste & Recycling – £367k overspend**

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

A more favourable outturn variance compared to the Q3 forecast has been achieved.

There are a number of factors which contribute towards this. Income has increased more than previously predicted from the 'Joint Waste Partnership (JWP) Incentive payment', which supports the reduction in landfill waste through incentive payments; this reduction in overall waste, diversion of recycling materials and food waste all contribute towards the desired aim.



Garden waste subscriptions for the 2019 scheme have increased to £45 (previously £39) which has generated additional income.

The UBICO contract final spend was £80k over the original budget of £5.639m, taking into account efficiency savings made earlier in the Financial year.

In this financial year incentive and recycling credit payments made via the County Council remain relatively unchanged. In the previous report the County Council were expected to serve 12 months notice on an amendment to food waste incentive payments. These proposals would limit the maximum payment to Stroud and see a likely reduction in food waste incentive payments and could have a significant impact on the 2020/21 budget and the MTFP. Currently this risk remains unchanged, Gloucestershire County Council have accepted representation to reconsider the proposed financial model. Negotiations with GCC are ongoing.

### **38. Income and Expenditure not included in Service Committees (£668k) underspend/additional income**

(Andrew Cummings xtn 4115, [andrew.cummings@stroud.gov.uk](mailto:andrew.cummings@stroud.gov.uk))

This area of income and expenditure covers all of those corporate items which are not included within in the Service Committees and represent the balance of items in Table 2.

The HRA pays a share of the running costs of the Council - for the services it receives from Council wide support services such as IT, HR and Finance, as well as the running costs of the Council as a whole, such as Committee meetings. The charge to the HRA was (£122k) higher than budgeted in 2018/19 which represents a charge to the HRA and additional income to the General Fund.

The Council is required to hold provisions against anticipated future costs, such as legal cases. A review of provisions in 2018/19 has determined that some provisions are no longer required and can be returned to the General Fund as a benefit of (£130k).

In 2018/19 a number of contingency pots were held outside of Service Committees. The majority of these were not required and a saving of (£61k) was created. This saving was used to fund additional debt repayment as part of the Minimum Revenue Provision (£64k overspend) which will yield revenue savings in future years.

The Council is taking considerable strides to improve the returns generated as a result of Treasury management. This has resulted in income received being (£91k) higher than budgeted, including the gain from making payments to the pension fund in advance of when they are required. This gain has been used to establish the investment risk reserve to help mitigate against investment fluctuations in future years.

The Council's business rates income above the baseline, excluding the pilot gain, was higher than anticipated by (£198k). It is anticipated that business

rates baselines will be reset in 2020/21 eliminating this growth and the MTFP has been prepared on that basis.

Finally there has been some additional grant income from Central Government relating to business rates levy from previous years. This was anticipated in the 2019/20 budget but has been received in 2018/19 and makes up the majority of the (£61k) additional income. This has been placed in the Business Rates Safety Net Reserve to be drawn down in 2019/20.



### Movement on SDC Earmarked Reserves 2018/19

Name of Reserve	17/18	Movement	18/19
Capital Reserve	6,037,622	(620,525)	5,417,096
Legal Counsel Reserve	50,000	0	50,000
Carry Forward Reserve	273,300	149,200	422,500
Opportunity Land Purchase Reserve	250,000	0	250,000
Pension Fund Reserve	120,000	85,100	205,100
Planning Appeal Costs Reserve	100,000	0	100,000
Redundancy Reserve	650,000	(162,000)	488,000
PDG Reserve	36,000	13,700	49,700
Efficiency & Invest to Save Reserve	150,000	(50,000)	100,000
Climate Change	167,201	32,799	200,000
Waste Management	600,000	0	600,000
MRP/Vol MRP Equalisation Reserve	250,000	0	250,000
Business Rates Ret- Safety net	781,000	565,000	1,346,000
Welfare Reform Reserve	30,000	0	30,000
Building Control Shared Service Reserve	180,000	44,000	224,000
Merrywalks Car Park Reserve	427,394	(427,394)	0
Neighbourhood Planning Grant Reserve	71,000	(23,900)	47,100
Dursley Pool Reserve	130,000	0	130,000
CIL (Community Infrastructure Levy) admin Reserve	(131,792)	131,792	0
MTFP Equalisation Reserve	6,017,447	74,000	6,091,447
Homelessness Prevention Reserve	65,000	32,500	97,500
CIL (Community Infrastructure Levy) Reserve	25,300	192,300	217,600
Brexit Costs Reserve	0	17,500	17,500
Street Cleaning Funding	0	20,000	20,000
Transformation Reserve	0	400,000	400,000
Repairs and replacement reserve	0	200,000	200,000
Investment Risk Reserve	0	100,000	100,000
Business Rates Pilot Reserve	0	897,000	897,000
<b>Total Earmarked Reserve</b>	<b>16,279,472</b>	<b>1,671,071</b>	<b>17,950,543</b>
<b>General Fund Balance</b>	<b>2,169,400</b>	<b>0</b>	<b>2,169,400</b>
<b>Total GF Reserves and Balances</b>	<b>18,448,872</b>	<b>1,671,071</b>	<b>20,119,943</b>

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

**AGENDA  
ITEM NO**

**6c**

**13 JUNE 2019**

<b>Report Title</b>	<b>CAPITAL OUTTURN REPORT 2018/19</b>
<b>Purpose of Report</b>	To advise the capital outturn for 2018/19. To seek authority to carry forward capital budgets and corresponding finance into the 2019/20 capital programme. To report the latest capital programme and funding position.
<b>Decision(s)</b>	<b>That the Strategy and Resources Committee RESOLVES:</b> a) that the capital expenditure outturn statement for 2018/2019 is approved; b) that carry forward budgets identified in Appendix A, together with the sources of finance, are approved and added to the 2019/20 capital programme; c) that the revised capital programme and funding for 2019/20 is agreed.
<b>Consultation and Feedback</b>	Budget holders.
<b>Financial Implications &amp; Risk Assessment</b>	The whole report is of a financial nature, reporting the capital outturn position for 2018/19.  Andrew Cummings – Interim Director of Resources Tel: 01453 754115 Email: <a href="mailto:andrew.cummings@stroud.gov.uk">andrew.cummings@stroud.gov.uk</a>
<b>Legal Implications</b>	There are no legal implications arising from this report.  Patrick Arran – Interim Head of Legal Services and Monitoring Officer Tel: 01453 754369 Email: <a href="mailto:patrick.arran@stroud.gov.uk">patrick.arran@stroud.gov.uk</a>
<b>Report Author</b>	Graham Bailey – Principal Accountant Tel: 01453 754133 Email: <a href="mailto:graham.bailey@stroud.gov.uk">graham.bailey@stroud.gov.uk</a>
<b>Options</b>	Carry forward of capital budget not spent in 2018/2019 is required to successfully deliver the schemes' required outcomes.
<b>Performance Management Follow Up</b>	Further budget monitoring reports during 2019/20.
<b>Appendices</b>	A. Capital Outturn Statement 2018/2019 B. Revised Capital Programme 2019/2020 C. Capital Programme 2019/2020 – 2023/2024 D. Capital Financing Statement

## Background

1. This report sets out the capital expenditure outturn for 2018/19 and budget carry forwards that need to be included, with finance, into the 2019/20 capital programme.
2. The Council budget meeting on 24 January 2019 approved funding for the Council's current four year capital programme together with the latest housing revenue account capital programme. A number of schemes were removed or re-profiled during 2018/19.

## Latest Budget 2018/2019

3. The latest budget figures as shown at Appendix A include the following adjustments from the report to Council 24 January 2019.

	<b>£'000</b>
Total General Fund Capital Schemes - Jan 2019	4,650
Subscription Rooms	125
CCG Health through Warmth Grants	140
Disabled Facilities Grants	76
<b>Revised Total General Fund Capital Schemes</b>	<b>4,991</b>

## Outturn 2018/2019

4. Members have received regular Capital Monitoring reports during the financial year in addition to the financial reports. These have provided members with an update on each scheme. As capital schemes cover multiple financial years, the capital outturn report largely confirms the financial performance across the capital programme, and in light of the regular monitoring reports does not provide detailed explanations for variations.
5. Details of the schemes and the variations from the budget are set out in Appendix A to this report. The total capital expenditure in 2018/19 was £11.206m compared with a budget of £15.144m, a difference of £3.938m. This expenditure equates to 74% of the budget. Overall there is a requirement to carry forward £3.602m to increase planned expenditure in 2019/20. This is set out in detail at Appendix A.
6. In total General Fund capital expenditure is £2.378m (48%) under spent. A total slippage of £2.338m that includes Canal (£1.297m), ICT Investment (£246k), Multi-Service Contract Vehicles (£160k), and MSCP Resurfacing (£120k).
7. Housing Revenue Account capital expenditure was £8.593m compared with a budget of £10.153m. This is a £1.560m (15%) under spend in 2018/19. There is a separate report to this meeting setting out the detail.

## Summary of capital carry forwards

8. The final column in Appendix A totals £3.602m, and lists 2018/19 budgets recommended for carry forward into 2019/20.

## Revised capital programme 2019/2020

9. The revised capital programme of £21.686m for 2019/20 is shown in detail in Appendix B. It includes two schemes approved since the budget was set. They are Temporary Accommodation £500k funded by borrowing, and Avon Mutual £50k funded from the Business Rates Pilot reserve.
10. Appendix C has details of the latest budgets for capital schemes for the period 2019/20 to 2023/24.

## Funding

11. A summary of capital expenditure and financing is shown in the capital financing statement at Appendix D. Financing of the 2018-19 capital programme is shown below.

<b>Capital Financing 2018-19</b>	<b>General Fund</b>	<b>Housing Revenue Account</b>	<b>TOTAL</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	459	-	459
Capital receipts	110	1,160	1,270
Capital reserve	621	-	621
External contributions	332	-	332
Grants	1,081	-	1,081
Major repairs reserve	-	7,113	7,113
Revenue	11	319	330
<b>Total</b>	<b>2,614</b>	<b>8,592</b>	<b>11,206</b>

<b>Capital Outturn Statement 2018/2019</b>				
<b>Capital Scheme</b>	<b>Latest Budget (£'000)</b>	<b>Outturn (£'000)</b>	<b>Variation (£'000)</b>	<b>Carry forward (£'000)</b>
<b>Community Services &amp; Licensing</b>				
Community Building Investment	138	21	(117)	117
The Pulse - Fitness Extension	-	40	40	-
<b>Total Community Services &amp; Licensing</b>	<b>138</b>	<b>61</b>	<b>(77)</b>	<b>117</b>
<b>Environment</b>				
Canal 1A	-	132	132	-
Canal 1B (Development)	1,474	177	(1,297)	1,297
Market Town Centres	100	50	(50)	50
MSC - Depot	-	(5)	(5)	-
MSC - Vehicles	619	459	(160)	160
Stroud District Cycling & Walking	100	-	(100)	100
Wallbridge	100	-	(100)	100
<b>Total Environment</b>	<b>2,393</b>	<b>813</b>	<b>(1,580)</b>	<b>1,707</b>
<b>Housing General Fund</b>				
Affordable Housing - Support to Registered Providers	149	110	(39)	39
CCG Health through Warmth Grants	340	340	-	-
Disabled Facilities Grants	406	94	(312)	76
Healthy Home Loans	-	22	22	-
Warm Homes Fund	500	647	147	(147)
<b>Total Housing General Fund</b>	<b>1,395</b>	<b>1,213</b>	<b>(182)</b>	<b>(32)</b>
<b>Strategy and Resources</b>				
Brimscombe Port Redevelopment	311	235	(76)	76
Ebley Mill Works	109	11	(98)	98
ICT Investment Plan	400	154	(246)	246
Littlecombe Business Units, Dursley	-	(4)	(4)	-
MSCP Resurfacing	120	-	(120)	120
Stroud Valley Initiative	-	11	11	-
Subscription Rooms	125	119	(6)	6
<b>Total Strategy and Resources</b>	<b>1,065</b>	<b>526</b>	<b>(539)</b>	<b>546</b>
<b>Total General Fund</b>	<b>4,991</b>	<b>2,613</b>	<b>-2,378</b>	<b>2,338</b>
<b>Housing Revenue Account</b>				
Major Works	8,124	7,113	(1,011)	725
New Homes	1,710	1,182	(528)	539
Sheltered Housing Modernisation	319	298	(21)	-
<b>Total Housing Revenue Account</b>	<b>10,153</b>	<b>8,593</b>	<b>-1,560</b>	<b>1,264</b>
<b>Total Capital Expenditure</b>	<b>15,144</b>	<b>11,206</b>	<b>-3,938</b>	<b>3,602</b>

<b>Revised Capital Programme 2019/2020</b>				
<b>Capital Scheme</b>	<b>Original Budget (£'000)</b>	<b>2018/19 Carry Fwd (£'000)</b>	<b>Budget Changes (£'000)</b>	<b>Latest Budget (£'000)</b>
<b>Community Services &amp; Licensing</b>				
Community Building Investment	-	117	-	117
Stratford Park Lido	200	-	-	200
<b>Total Community Services &amp; Licensing</b>	<b>200</b>	<b>117</b>	<b>-</b>	<b>317</b>
<b>Environment</b>				
Canal - Phase 1B (Development)	732	1,297	-	2,029
Market Town Centres	50	50	13	113
MSC - Vehicles	684	160	-	844
Stroud District Cycling & Walking Plan	100	100	-	200
Wallbridge	-	100	-	100
<b>Total Environment</b>	<b>1,566</b>	<b>1,707</b>	<b>13</b>	<b>3,286</b>
<b>Housing General Fund</b>				
Affordable Housing - Support to Registered Providers	-	39	-	39
CCG Health Through Warmth Grants	200	-	-	200
Disabled Facilities Grants	330	76	-	406
Temporary Accommodation	-	-	500	500
Warm Homes Fund	1,000	(147)	-	853
<b>Total Housing General Fund</b>	<b>1,530</b>	<b>(32)</b>	<b>500</b>	<b>1,998</b>
<b>Strategy and Resources</b>				
Avon Mutual	-	-	50	50
Brimscombe Port Redevelopment	166	76	-	242
Ebley Mill Works	-	98	-	98
ICT Investment Plan	500	246	-	746
Littlecombe Business Units, Dursley	54	-	-	54
MSCP Resurfacing	-	120	-	120
Subscription Rooms	-	6	-	6
<b>Total Strategy and Resources</b>	<b>720</b>	<b>546</b>	<b>50</b>	<b>1,316</b>
<b>Total General Fund</b>	<b>4,016</b>	<b>2,338</b>	<b>563</b>	<b>6,917</b>
<b>Housing Revenue Account</b>				
Major Works	8,549	725	-	9,274
New Homes and Sheltered Modernisation	6,204	539	(1,248)	5,495
<b>Total Housing Revenue Account</b>	<b>14,753</b>	<b>1,264</b>	<b>(1,248)</b>	<b>14,769</b>
<b>Total Capital Expenditure</b>	<b>18,769</b>	<b>3,602</b>	<b>(685)</b>	<b>21,686</b>

<b>Capital Programme 2019/20 to 2023/24</b>					
<b>Capital Scheme</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
<b>Community Services &amp; Licensing</b>					
Community Building Investment	117	-	-	-	-
Stratford Park Lido	200	-	-	-	-
<b>Total Community Services &amp; Licensing</b>	<b>317</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Environment</b>					
Canal Phase 1B (Development)	2,029	-	-	-	-
Canal Phase 1B (Delivery)	-	21,195			
Market Town Centres Initiative Fund	113	50	-	-	-
MSC - Vehicles	844	763	355	217	2,830
Stroud District Cycling & Walking Plan	200	100	-	-	-
Wallbridge	100	-	-	-	-
<b>Total Environment</b>	<b>3,286</b>	<b>22,108</b>	<b>355</b>	<b>217</b>	<b>2,830</b>
<b>Housing General Fund</b>					
Affordable Housing - Support to Registered Providers	39	-	-	-	-
CCG Health through Warmth Grants	200	-	-	-	-
Disabled Facilities Grants	406	330	330	330	330
Temporary Accommodation	500	-	-	-	-
Warm Homes Fund	853	-	-	-	-
<b>Total Housing General Fund</b>	<b>1,998</b>	<b>330</b>	<b>330</b>	<b>330</b>	<b>330</b>
<b>Strategy and Resources</b>					
Avon Mutual	50	-	-	-	-
Brimcombe Port Redevelopment	242	300	1,617	2,000	-
Ebley Mill Works	98	-	-	-	-
ICT Investment Plan	746	500	400	-	-
Littlecombe Business Units, Dursley	54	-	-	-	-
MSCP Resurfacing	120	-	-	-	-
Subscription Rooms	6	-	-	-	-
<b>Total Strategy and Resources</b>	<b>1,316</b>	<b>800</b>	<b>2,017</b>	<b>2,000</b>	<b>-</b>
<b>Total General Fund</b>	<b>6,917</b>	<b>23,238</b>	<b>2,702</b>	<b>2,547</b>	<b>3,160</b>
<b>Housing Revenue Account</b>					
Major Works	9,274	4,726	6,843	6,429	-
New Homes and Sheltered Modernisation	5,495	6,278	5,212	3,367	-
<b>Total Housing Revenue Account</b>	<b>14,769</b>	<b>11,004</b>	<b>12,055</b>	<b>9,796</b>	<b>-</b>
<b>Total Capital Programme</b>	<b>21,686</b>	<b>34,242</b>	<b>14,757</b>	<b>12,343</b>	<b>3,160</b>

	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Committee</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Community Services and Licensing	317	-	-	-	-
Environment	3,286	22,108	355	217	2,830
Housing (General Fund)	1,998	330	330	330	330
Strategy and Resources	1,316	800	2,017	2,000	-
<b>TOTAL General Fund</b>	<b>6,917</b>	<b>23,238</b>	<b>2,702</b>	<b>2,547</b>	<b>3,160</b>
Housing Revenue Account	14,769	11,004	12,055	9,796	-
<b>TOTAL Capital Programme</b>	<b>21,686</b>	<b>34,242</b>	<b>14,757</b>	<b>12,343</b>	<b>3,160</b>



## Capital Financing Statement

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000	£'000
<b>1. Capital Expenditure</b>						
Community Services	61	317	-	-	-	-
Environment	813	3,286	22,108	355	217	2,830
Housing General Fund	1,213	1,998	330	330	330	330
Housing Revenue Account	8,593	14,769	11,004	12,055	9,796	-
Strategy and Resources	526	1,316	800	2,017	2,000	-
<b>Estimated Expenditure</b>	<b>11,206</b>	<b>21,686</b>	<b>34,242</b>	<b>14,757</b>	<b>12,343</b>	<b>3,160</b>
<b>Financed by:</b>						
Borrowing HRA	-	3,925	3,491	1,386	1,897	-
HE Grant	-	60	75	174	99	-
HRA Usable capital receipts (3)	1,160	851	2,403	1,780	1,270	-
Revenue funded	7,432	9,933	5,035	8,715	6,530	-
<b>HRA Financing Total</b>	<b>8,592</b>	<b>14,769</b>	<b>11,004</b>	<b>12,055</b>	<b>9,796</b>	<b>-</b>
Borrowing GF	459	1,581	3,063	1,472	2,217	2,830
Capital grants (5)	1,081	1,459	330	330	330	330
Capital reserve (4)	621	2,127	1,272	400	-	-
External funding	332	1,661	18,573	500	-	-
General Fund usable capital receipts (2)	110	39	-	-	-	-
Revenue funded	11	-	-	-	-	-
Other reserves	-	50	-	-	-	-
<b>General Fund Financing Total</b>	<b>2,614</b>	<b>6,917</b>	<b>23,238</b>	<b>2,702</b>	<b>2,547</b>	<b>3,160</b>
<b>Total Financing</b>	<b>11,206</b>	<b>21,686</b>	<b>34,242</b>	<b>14,757</b>	<b>12,343</b>	<b>3,160</b>
<b>2. General Fund Usable Capital Receipts</b>						
Brought forward 1 April	574	514	505	535	535	570
add: received in year	50	30	30	35	35	35
less: applied as above	(110)	(39)	-	-	-	-
Carried forward 31 March	514	505	535	570	570	605
<b>3. HRA Usable Capital Receipts</b>						
Brought forward 1 April	4,658	8,670	8,419	6,616	5,436	4,766
add: received in year	5,172	600	600	600	600	600
less: applied as above	(1,160)	(851)	(2,403)	(1,780)	(1,270)	-
Carried forward 31 March	8,670	8,419	6,616	5,436	4,766	5,366
<b>4. Capital Reserve</b>						
Brought forward 1 April	6,039	5,418	3,291	2,019	1,619	1,619
add: received in year	-	-	-	-	-	-
less: applied as above	(621)	(2,127)	(1,272)	(400)	-	-
Carried forward 31 March	5,418	3,291	2,019	1,619	1,619	1,619
<b>5. Capital Grants</b>						
Disabled Facilities Grant due	93	406	330	330	330	330
Health through Warmth	340	200	-	-	-	-
Warm Homes Fund	648	853	-	-	-	-
Capital grants	1,081	1,459	330	330	330	330

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

**AGENDA  
ITEM NO**

**13 JUNE 2019**

**7**

<b>Report Title</b>	<b>ADOPTION OF THE REVISED PROCUREMENT STRATEGY</b>
<b>Purpose of Report</b>	To inform members of the revised Procurement Strategy and to seek approval of the revised strategy.
<b>Decision(s)</b>	<b>The Committee RECOMMENDS to Council that the revised Procurement Strategy is adopted.</b>
<b>Consultation and Feedback</b>	Procurement Priorities – Member’s information evening held on 7 March 2019.
<b>Financial Implications and Risk Assessment</b>	<p>There are no financial implications arising directly from the report.</p> <p>The revised Procurement Strategy is a key tool in ensuring the Council delivers value for money and its policy objectives when purchasing goods and services.</p> <p>Andrew Cummings – Interim Director of Resources Tel: 01453 754115 Email: <a href="mailto:andrew.cummings@stroud.gov.uk">andrew.cummings@stroud.gov.uk</a></p> <p>It is important that the Procurement Strategy is periodically reviewed to take account of legislative changes and best practice.</p>
<b>Legal Implications</b>	<p>The relevant legal implications are set out in the body of the report and the draft Procurement Strategy (in particular at Appendix 2).</p> <p>Mike Wallbank – Solicitor Email: <a href="mailto:mike.wallbank@stroud.gov.uk">mike.wallbank@stroud.gov.uk</a></p>
<b>Report Author</b>	<p>Sarah Turner – Principal Procurement Officer Tel: 01453 754346 Email: <a href="mailto:sarah.turner@stroud.gov.uk">sarah.turner@stroud.gov.uk</a></p>
<b>Performance Management Follow Up</b>	The Procurement Strategy will be reviewed regularly to ensure that it is up to date and meets best practice.
<b>Background Papers/ Appendices</b>	<p>National Procurement Strategy 2018. Motions to Council relating to Single Use Plastic, Community Wealth Building, Carbon Neutral 2030 and Charter against Modern Slavery. Appendix A – Procurement Strategy – 2019 – 2023.</p>

## BACKGROUND

1. The National Procurement Strategy for Local Government was published in 2018 and sets out recommendations for district councils, as detailed below.
2. The new national strategy builds on the actions from the previous national procurement strategy of 2014 whose key themes were: making savings; supporting local economies; leadership and modernising procurement.
3. A revised Procurement Strategy has been produced to align with the Council's strategic objectives and to build upon the new National Procurement Strategy, and also incorporating new legislation and best practice.
4. We have defined our vision for procurement as: 'Our vision for procurement is to demonstrate value for money through the effective procurement of goods, services and works on a whole life basis in terms of generating benefits to the community and the organisation, whilst minimising impacts to the environment'.
5. The purpose of the strategy, see Appendix A, is to ensure that the Council's procurement activities are undertaken to a high standard, efficiently and effectively to achieve best value, and to support social, economic and environmental benefits. The strategy has 3 procurement aims as follows:
  - **Showing Leadership** - With local government third party expenditure totalling around £60 billion a year in revenue alone, procurement clearly has a major contribution to make. A more strategic approach to procurement should be at the heart of thinking for our councillors and decisions makers because procurement is not merely about ensuring compliance. There is an ever-growing need to engage with service heads and procurement teams on high value, high risk procurements to drive innovation, generate savings and identify opportunities for income generation.
  - **Behaving Commercially** - We need to improve public sector commissioning and procurement to increase the effectiveness and efficiency of government. This means improving the skills of our leaders, both members and officers so their teams can design service provision, influence external parties, and shape and manage markets to get the best outcomes. This can be done by creating commercial opportunities, managing contracts and supplier relationships and risk management.
  - **Achieving Community Benefits** - We can use procurement to achieve wider financial and non-financial outcomes, including improving wellbeing of individuals and communities, social value and improved environment.

6. The importance of procurement in the public sector continues to grow and there is increasing pressure to improve procurement performance; this strategy sets out actions to facilitate the progress of each of the procurement aims.

### **Brexit**

7. The most recent information published by the Cabinet Office relating to public sector procurement requirements for the UK leaving the EU with a deal and no deal scenarios is set out below:

If a **deal** is agreed: the public procurement regulations will remain broadly unchanged during any implementation period.

If there is **no deal**: the public procurement regulations will remain broadly unchanged **but** we will no longer have access to the Official Journal of the EU (OJEU) and Tenders Electronic Daily (TED) to publish our notices; we will have to publish notices through a new UK e-notification service (this will be ready for use by exit day).

# Procurement Strategy

2019 – 2023

DRAFT

Contacting us:

Please contact us if you have any questions or comments about this strategy.

Email: [procurement@stroud.gov.uk](mailto:procurement@stroud.gov.uk)

Phone: 01453 754346

Write to:

Stroud District Council  
Ebley Mill  
Ebley Wharf  
Stroud  
Gloucestershire  
GL5 4UB

Website: [www.stroud.gov.uk](http://www.stroud.gov.uk)

DRAFT

## Contents

<b>Section</b>	<b>Description</b>	<b>Page Number</b>
1.0	Introduction	4
2.0	What is Procurement?	4
3.0	Why is Procurement Important?	4
4.0	Our Vision for Procurement	5
5.0	Strategic Procurement Aims	5
6.0	The Procurement Cycle	6
7.0	Legislation	6
8.0	Governance, Structure and Responsibilities	6
9.0	Value for Money (VFM)	8
10.0	Social Value	8
11.0	Sustainable Procurement	9
12.0	Supporting the Local Economy	9
13.0	Ethical Procurement including Modern Slavery Charter	9
14.0	Risk Management	10
15.0	Managing Contracts and Supplier Relationships	10
16.0	Business Continuity	10
Appendix 1	Strategic Procurement Aims 1 – 3 and associated actions	11
Appendix 2	Details of legislation and Council Policies relevant to procurement	14
Appendix 3	Social Value Policy	16

## **1.0 Introduction**

- 1.1 The importance of effective procurement has never been greater for local government. The demand for public services is increasing, while resources are drastically reducing. The pressure to find greater efficiencies and improve productivity is driving councils to look for different ways to deliver better outcomes for local people.
- 1.2 This strategy sets out our vision for procurement and our priorities for the next 5 years to 2023 incorporating the latest government procurement legislation and initiatives; and recent motions agreed by the Council. It is a statement of the procurement commitments of the Council.
- 1.3 We aim to provide quality services that are responsive to the needs of our community and deliver optimum value for money. It is also important that the strategy reflects both our compliance obligations and our procurement aspirations.
- 1.4 In 2018/19 we spent £28million on goods, works and services, we clearly have a responsibility to make sure this spending represents best value for money.
- 1.5 A strategy by itself will not lead to effective procurement; it is the commitment of our members, senior managers and staff carrying out procurement activity which is key to its success.

## **2.0 What is Procurement?**

- 2.1 Procurement is the process of acquiring, goods, works and services, covering both acquisition from third parties and in-house providers. The process spans the whole cycle from identification of needs through to the end of a contract or the end of the useful life of an asset. It involves options appraisal and the critical 'make or buy' decision which may result in the provision of services in-house in appropriate circumstances.

## **3.0 Why is procurement important?**

- 3.1 The impact of procurement is far greater than just the definition of a 'process' and our vision, aims and objectives set out in this strategy detail the contribution that effective procurement arrangements can make to a range of socio-economic agendas. These include a successful local economy, a thriving voluntary sector, community empowerment, environmental issues and value for money.
- 3.2 Good procurement is essential to ensure good public services, from buying works, goods and services that work as they are supposed to, to achieving savings that can be ploughed back into front-line services.
- 3.3 Local Government spends over £60billion a year procuring a wide range of works, goods and services, from everyday items such as pens and paper, to major construction projects such as schools and hospitals. All those who, as taxpayers, use and fund public services have the right to expect government to meet the highest professional standards when it procures on their behalf.

## **4.0 Our Vision for Procurement**



- 4.1 Our vision for procurement over the term of this strategy is to demonstrate value for money through the effective procurement of goods, services and works on a whole life basis in terms of generating benefits to the community and the organisation, whilst minimising impacts to the environment.

## 5.0 Strategic Procurement Aims

- 5.1 Our strategic procurement aims are shown below, Appendix 1 provides more details:

- **Showing Leadership**

With local government third party expenditure totalling around £60 billion a year in revenue alone, procurement clearly has a major contribution to make. A more strategic approach to procurement should be at the heart of thinking for our councillors and decisions makers because procurement is not merely about ensuring compliance. There is an ever-growing need to engage with service heads and procurement teams on high value, high risk procurements to drive innovation, generate savings and identify opportunities for income generation.

- **Behaving Commercially**

We need to improve public sector commissioning and procurement to increase the effectiveness and efficiency of government. This means improving the skills of our leaders, both members and officers so their teams can design service provision, influence external parties, and shape and manage markets to get the best outcomes. This can be done by creating commercial opportunities, managing contracts and supplier relationships and risk management.

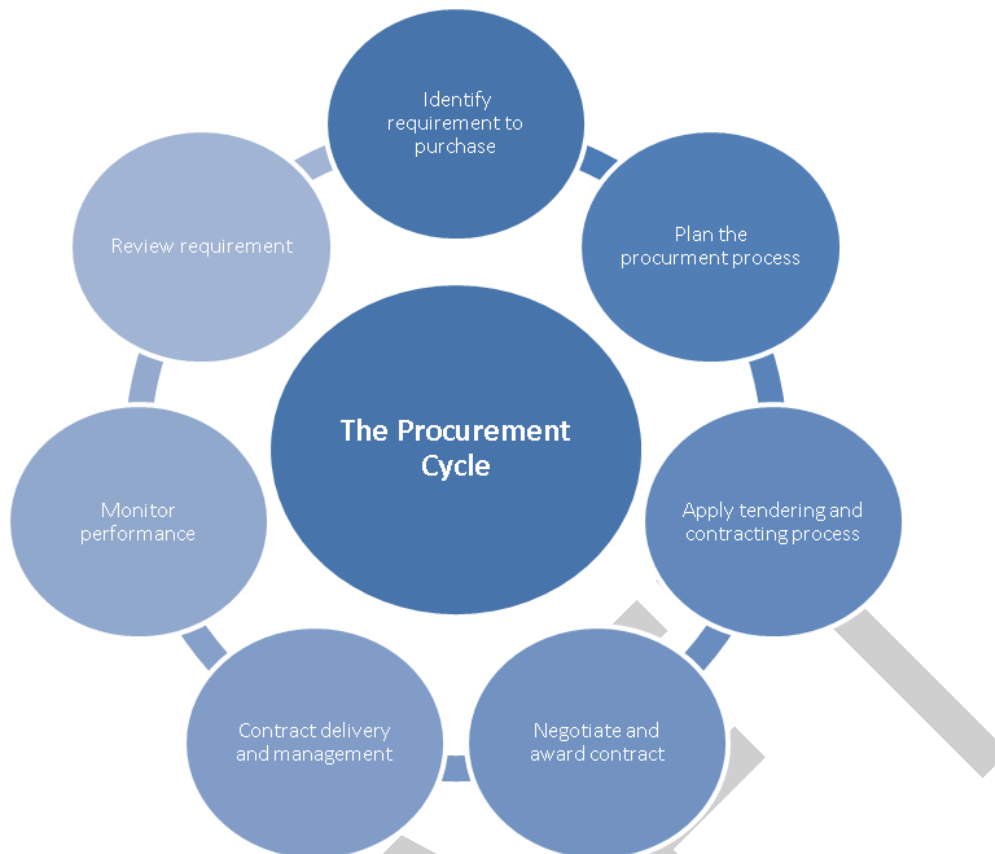
- **Achieving Community Benefits**

We can use procurement to achieve wider financial and non-financial outcomes, including improving wellbeing of individuals and communities, social value and improved environment.

- 5.2 Success of this strategy will depend on the implementation and effectiveness of the following key principles and actions:

- Political and management endorsement and support.
- Council-wide recognition of the importance of the role of procurement in delivering improvement and efficiency;
- Improved forward planning by service areas;
- Adequate resourcing and prioritisation of projects;
- Adequate support from key internal functions throughout the procurement cycle;
- Continued development of procurement capacity and capability within services, encouragement of continuous improvement;
- Identification, allocation and continuous management of risk;
- Management of performance shortfalls and adequate tools to tackle poor performance;
- Continuity of knowledge throughout the procurement phases and the delivery of regular and effective training.

## 6.0 The Procurement Cycle



- 6.1 Effective procurement forms a continuous cycle of action and improvement, from identification of needs through to review of delivery and achievement of outcomes and includes procurement and contract management activity. The stages are inter-dependent – each stage builds on the previous ones. The outcome for the procurement exercise may not be known at the outset and this may result in a grant being awarded, provision remaining in-house or a fully tendered procurement.
- 6.2 This strategy is aimed at promoting effective procurement across all services and should be read in conjunction with our Contract and Procurement Procedure Rules, Financial Regulations and the [procurement toolkit](#) on the Hub.
- 6.3 There are several types of procurement procedures we can legitimately use, these are described below:
- Open Procedure – any supplier may submit a bid for an advertised opportunity.
  - Restricted Procedure – any supplier may express an interest to participate in this procedure, but only those suppliers who pass a pre-selection process may submit bids.
  - Competitive negotiated procedure – any supplier may express an interest to participate but only those who pass a pre-selection process may submit an initial bid and then to negotiate.
  - Competitive dialogue – any supplier may express an interest to participate but only those who pass a pre-selection process may enter into a dialogue over possible solutions to our requirements. Following the conclusion of the dialogue we must invite a minimum of 3 bids.
  - Innovation partnership – allows us to develop innovative products, works or services where no suitable solution exists in the market and then to purchase the resulting products, services or works.

- Framework agreements - a framework agreement is a particular type of contract where a council or buying organisation establishes an arrangement where a number of suppliers are accepted as competent to deliver the service and the framework specifies the terms for awarding specific contracts as required.  
Contracts obtained from a framework are called call-offs and the framework specifies the terms of call-offs, such as awarding directly to a single supplier or through a mini-competition with all suppliers.  
The restrictions on framework agreements are that they cannot exceed four years and the terms of a contract cannot be varied substantially from what is set out in the framework. Only authorities clearly identified as part of the framework can award contracts, though the contracts awarded can last longer than the framework itself.
- Dynamic Purchasing System - a Dynamic Purchasing System is like a framework agreement, but it allows new suppliers to be added as potential suppliers over the duration of the arrangement and there is no time limit on its application.
- Light Touch Regime Regulations - contracts valued above the threshold for services specified as part of the Light Touch Regime have to follow the procedure for publishing an opportunity through a contract notice or prior information notice in OJEU, as well as publishing the contract award notice in OJEU. However, we are not bound to follow any of the procedures specified under the full regulations.

## **7.0 Legislation**

7.1 Public procurement operates in a highly regulated environment that is governed by legislation and policies set by the European Union (EU), nationally through statute and case law and locally by the Council's Constitution. Please see Appendix 2 for details of the relevant legislation and procedure rules.

## **8.0 Governance, structure and responsibilities**

8.1 The National Procurement Strategy recommends that local authorities demonstrate political and senior officer leadership of procurement.

### **8.2 Members role in procurement**

Members are responsible for:

- Strategy and Resources Committee are responsible for authorising this Procurement Strategy and reviewing progress on the strategic aims.
- Audit and Standards Committee are responsible for ensuring compliance with the Contract and Procurement Procedure Rules.
- Each committee's performance monitors are responsible for reviewing service specific procurement activity at the performance monitoring meetings with directors.
- Procurement activity requiring more detailed member involvement includes:
  - Making key decisions in the procurement process for major projects.
  - Where a new service or a substantially varied service is being considered.
  - High public interest.
  - Significant reputational or financial risk.
  - Significant risk of failing to meet legislative requirements.

### **8.3 Senior Leadership Team (SLT)**

SLT are responsible for:

- Management of the strategy and to review progress against the implementation of the actions.
- Strategic leadership and governance of procurement.
- Ensuring the Procurement Strategy aligns with corporate objectives.
- Overseeing the arrangements for procurement and to ensure they are operating effectively.
- Ensuring value for money and risk management are considered as part of any procurement activity.
- Ensuring equality and sustainability are considered at each stage of the procurement process.

### **8.3 Operational Managers and Relevant Staff**

- Each relevant operational manager is responsible for ensuring that the staff in their areas have the right level of skills to deliver effective procurement and will also monitor all procurement activity in their services.
- For specific, high value (£250,000) or high risk contracts, project teams are formed to ensure that technical, legal and commercial issues are considered, using the project management framework.
- Staff involved directly with the purchase of goods, services and works must ensure they comply with this strategy, and the Contract and Procurement Procedure Rules, with reference to the guidance on the Hub; and conduct relationships with suppliers and the Council in an ethical and appropriate manner to ensure they promote their employer in a positive way.

### **8.4 Procurement Team**

The duties of the procurement team are to maintain procurement guidance in line with best practice, and to monitor procurement activity across the Council, including:

- Coordinating this procurement strategy on behalf of the Council, and leading on the implementation of the procurement aims.
- Providing assistance to contract owners in the control and management of contracts.
- Development and maintenance of procurement documentation and web pages to publicise procurement plans, information and advice to potential suppliers and staff; to comply with transparency requirements.
- Continue the development of e-procurement to deliver savings in transactional processes.
- Providing assistance to contract owners in the planning and co-ordination of improvement of current contracts, business continuity, exit strategies and post contract appraisals and reviews.
- Ensuring the procurement process eliminates the potential for fraud and favouritism towards any supplier.
- Supplier analysis to identify supplier base, spend per supplier, spend per category.
- Coordinate and monitor the Council Contracts Register to allow improved advanced planning for procurement and contract management activity.
- Organising training for staff, to include specific procurement training, induction and Contract & Procurement Procedure Rules, and use of the procurement portal.

### **9.0 Value for Money (VFM)**

- 9.1 Value for money does not mean the lowest cost. There are many aspects to achieving VFM through the procurement process; mainly to select a procurement model that is proportionate to the value and risk of individual contracts.
- 9.2 It also requires a proportionate approach to the evaluation of cost and quality; where the costs can be broadly predetermined there will be a higher weighting towards quality.
- 9.3 VFM is not just about price, there are a wide range of other considerations that may be taken into account when assessing VFM, including for example, quality relevant and appropriate to the specifics of the contract; social value in terms of community experience and outcomes and whole life value.

## **10.0 Social Value**

- 10.1 The Public Services (Social Value) Act 2012 requires us to consider how the services we procure might improve the economic, social and environmental well-being of the area. It is defined as improving economic, social and environmental wellbeing from public sector contracts over and above the delivery of the services directly required at no extra cost. Used properly, additional social value can be beneficial to both suppliers and councils and represent a joint effort to exploit maximum value from procurement.
- 10.2 Our Social Value Policy is attached at Appendix 3 and sets out our approach to ensure that all resources are used wisely and that we protect and enhance the environment whilst ensuring the efficient use of resources and delivery of value for money.

## **11.0 Sustainable Procurement**

- 11.1 Sustainability is an important consideration when making procurement decisions. It ensures that we consider the environmental impact of procurement decisions.
- 11.2 We are committed to making our spending decisions in a way that delivers both value for money on a whole life cycle basis, and achieving wider economic, social and environmental benefits.
- 11.3 We are committed to achieving the aims of the Council's Environmental Policy and Strategy, and we will:
- Require our suppliers and contractors to reduce the impact of goods, works and services by considering whole life costs; ending our use of single use plastics; and the carbon impacts associated with goods works and services.
  - Require information from potential suppliers on how they will help us to progress our environmental objectives as part of the delivery of a contract.

## **12.0 Supporting the Local Economy**

- 12.1 We recognise that there are significant advantages of engaging with small local businesses, for both the Council and the local economy. We are committed to using procurement processes that encourage such businesses to compete for opportunities.

12.2 We are precluded from any explicit local buying policies by the Treaty of Rome, however we will procure in a manner that benefits the local economy. Procurement Aim 3 – achieving community benefits, in Appendix 1 further identifies our aims in relation to supporting the local economy. We will also recommend to suppliers and contractors that local suppliers are used in the supply chain, where appropriate.

### **13.0 Ethical Procurement**

13.1 Ethical procurement considers the impact of environmental, economic and social factors along with price and quality. We must be aware and look out for signs of unacceptable practices in the supply chain such as modern slavery, fraud and corruption.

13.2 We are committed to the Co-operative Party's Charter against Modern Slavery and we will:

- Train all staff using the Chartered Institute of Purchasing and Supply's online course on Ethical Procurement and Supply.
- Require contractors to comply fully with the Modern Slavery Charter 2015, wherever it applies, with contract termination as a potential sanction for non-compliance.
- Challenge any abnormally low-cost tenders to ensure they do not rely upon any potential contractor practising modern slavery.
- Highlight to our suppliers that contracted workers are free to join a trade union and are not to be treated unfairly for belonging to one.
- Publicise our whistle-blowing system for staff to blow the whistle on any suspected examples of modern slavery.
- Require our contractors to adopt a whistle-blowing policy which enables their staff to blow the whistle on any suspected examples of modern slavery.
- Regularly review our contracted spending to identify any potential issues with modern slavery.
- Highlight to our suppliers any risks identified concerning modern slavery and refer them to the relevant agencies to be addressed.
- Refer for investigation via the National Crime Agency's national referral mechanism any of our contractors identified as a cause for concern regarding modern slavery.
- Annually report on the implementation of this policy and publish on our website.

### **14.0 Management of Risk**

14.1 Risk management is an integral part of a procurement process and must be considered at the planning stage of any procurement process. We will identify the risks associated with all major procurement activity and the contingencies for service disruption in each project and how these are to be mitigated and managed.

14.2 For any high financial value, high risk or high profile procurement and which also involves significant risk including staff transfer; or significant potential for reputational or financial risks we will utilise the project management methodology throughout a projects life to ensure it delivers the project objectives and outcomes. Risks and issues register(s) relating to the procurement will be set up and regularly monitored by the project team.

### **15.0 Managing Contracts and Supplier Relationships**

- 15.1 Contract and relationship management refers to the effective management and control of all contracts from their planning inception until their completion by the appointed contractor(s). It covers the supported policies, procedures and systems needed to undertake it, together with broader issues from the identification and minimisation of risk, successful and timely delivery of outcomes and performance, effective control of cost and variations, and the maintenance of clear communications and operational relationships with contractors.
- 15.2 Buyers and contract managers will be proactive in relation to managing contracts and performance in order to ensure that positive output and outcomes are maximised, cost variations are minimised and any issues in relation to the delivery of the contract are appropriately addressed at the earliest opportunity.

## **16.0 Business Continuity**

- 16.1 Business continuity is the process of preparing for and responding to a disaster, event or situation that could have a serious impact on the delivery of services. For high risk procurements the suppliers will be required to submit a business continuity plan as part of the tender submission. All key suppliers will be required as part of contract management to provide an annual update of their business continuity plans.

DRAFT

## Procurement Strategy – Strategic Aims

Vision for procurement	<b>Our vision for procurement over the term of this strategy is to demonstrate value for money through the effective procurement of goods, services and works on a whole life basis in terms of generating benefits to the community and the organisation, whilst minimising impacts to the environment.</b>
<b>Procurement Aim 1 - Showing Leadership</b>	With local government third party expenditure totalling around £60 billion a year in revenue alone, procurement clearly has a major contribution to make. A more strategic approach to procurement should be at the heart of thinking for our councillors and decisions makers because procurement is not merely about ensuring compliance. There is an ever-growing need to engage with service heads and procurement teams on high value-high risk procurements to drive innovation, generate savings and identify opportunities for income generation.
Engaging Councillors	<p><b>What it is:</b> Councillors set the council vision and strategic priorities and must be satisfied that the procurement and commercial arrangements for their delivery are robust. Councillors make key decisions, particularly in major projects, and maintain oversight of the performance of key contracts, agreeing corrective action where necessary. Councillors need to be fully engaged in these roles. Councillor engagement needs to be supported through training, good procurement and commercial advice and reporting arrangements.</p> <p><b>Why it is important:</b> When councillors are fully engaged with procurement and commercial matters, the quality of decision-making is better and oversight and accountability are improved. Among other things, councillor engagement leads to better project delivery and better outcomes for the local community.</p>
Engaging Senior Managers	<p><b>What it is:</b> Key decision-makers value and benefit from procurement and commercial advice, including advice at the early stages of major projects. This is a two-way process requiring action by senior managers on the one hand and by procurement and commercial advisors on the other.</p> <p><b>Why it is important:</b> Good procurement and commercial (wherever possible, provided in-house or shared between councils) can have a decisive impact on the outcome of a project, particularly one involving innovation. It is important that senior managers engage with the procurement and commercial issues from the earliest stages of the project.</p>
Working with Partners	<b>What it is:</b> The council works as a single team to design and implement solutions for public services and commissioners / budget holders, and commercial and procurement advisors work together as part of that team.



	<p><b>Why it is important:</b> A team approach is the best use of limited resources and can lead to innovative solutions and better results. The team approach should characterise how council departments work together and how the council works with other councils, health, fire, police, housing, VCSEs and other partners.</p>
Engaging Strategic Suppliers	<p><b>What it is:</b> The council takes a strategic approach to the management of relationships with the most important suppliers (otherwise known as Strategic Supplier Relationship Management). This activity should be carried out cross-department and is most effective when done cross-organisation.</p> <p><b>Why it is important:</b> Effective management of strategic supplier relationships can deliver a range of benefits including improved outcomes for the public, added social value, reduced cost, reduced risk and innovation.</p>

<b>Procurement Aim 2 - Behaving Commercially</b>	<p>We need to improve public service commissioning and procurement to increase the effectiveness and efficiency of government. This means improving the skills of public sector leaders so their teams can design service provision, influence external parties, and shape and manage markets to get the best outcomes.</p>
Creating Commercial Opportunities	<p><b>What it is:</b> There are many ways in which commercial opportunities can be created through the strategic management of the commercial cycle and the services and assets delivered through the contracts it creates. Commercialisation is a broad and important subject to the sector. This key area is confined to how procurement teams should contribute to helping identify and create commercial opportunities.</p> <p><b>Why it is important:</b> As grants from central government are reduced, organisations are required to look at other means of reducing funding deficits. Commercial opportunities can be created in many different ways, from conventional means such as increasing returns on assets to the way it engages with its development partners and third party contractors.</p>
Managing Contracts and Relationships	<p><b>What it is:</b> Contract and relationship management is the process by which all contracts and variations are managed effectively to control costs, secure the quality and timeliness of agreed outcomes and performance levels and minimise the occurrence of risks.</p> <p><b>Why it is important:</b> Research by the International Association for Contract and Commercial Management (IACCM) shows that contracts exceed their expected costs by 9.4 per cent on average over their lifetime. Poor contractor performance or commercial failure can seriously damage a council's reputation and its ability to deliver effective services and support to local communities.</p>
Managing Strategic Risk	<p><b>What it is:</b> A series of actions and policies designed to reduce or even eliminate the probability of a perceived risk occurring and minimising the detrimental effects that may occur should it materialise.</p> <p><b>Why it is important:</b> The occurrence of any risk, particularly when it could be foreseen, can have a devastating impact on the organisation's reputation and the lives of the people it serves, the quality of the services that it provides, and even its financial viability.</p>

<b>Procurement Aim 3 - Achieving Community Benefits</b>	<p>We can use procurement to achieve wider financial and non-financial outcomes, including improving wellbeing of individuals and communities, social value and improved environment.</p>
Obtaining Social Value	<p><b>What it is:</b> Social value is about improving economic, social and environmental wellbeing from public sector contracts over and above the delivery of the services directly required at no extra cost.</p> <p><b>Why it is important:</b> Experience from procurements let by Councils that have fully included social value requirements has shown that a minimum +20 per cent social value 'additionality' can be obtained on contract value by way of direct community benefits.</p>
Local small medium enterprises (SMEs) and micro-business engagement	<p><b>What it is:</b> SMEs are non-subsidiary, independent firms.</p> <p><b>Why it is important:</b> SMEs play a major role in creating jobs and generating income for those on low incomes; they help foster economic growth, social stability, are a source of innovation and contribute to the development of a dynamic private sector. With the potential localisation of business rates, it will be even more important for local authorities to encourage the establishment and growth of SMEs in their areas.</p>
Enabling voluntary, community and social enterprise (VCSE) engagement	<p><b>What it is:</b> The VCSE sector is diverse in size, scope, staffing and funding of organisations. It provides a broad range of services to many different client groups. However, VCSE sector organisations share common characteristics in the social, environmental or cultural objectives they pursue, their independence from government, and the reinvestment of surpluses for those objectives.</p> <p><b>Why it is important:</b> VCSE organisations can play a critical and integral role in health and social care including as providers of services; advocates; and representing the voice of service users, patients and carers.</p>

## **Legislation, Council policy and procedure rules relating to Procurement**

Public procurement operates in a highly regulated environment that is governed by legislation and policies set by the European Union (EU), nationally through statute and case law and locally by our Constitution and Contract and Procurement Procedure Rules, and other relevant Council policies. These are listed below:

### **EU Directives and Public Contract Regulations (PCR) 2015**

The EU procurement regime is based on the Treaty principles of transparency, non-discrimination, equal treatment and proportionality. The directives give detailed instructions on how public procurement over a certain threshold should be carried out. The detail behind the legislation and regulations is complex, and since their inception has been supplemented by a raft of case law.

In December 2009, the Remedies Directive provided additional regulations which provide suppliers with additional powers to challenge and arrange for a contract award to be set aside under certain conditions.

The Public Contracts Regulations 2015 came into force in February 2015. Failure to adhere to the provision of the EU Directive and The Public Contracts Regulations 2015 can result in the authorities becoming subject to Court action or enforcement action by the European Union.

### **Local Government Transparency Code 2015**

The Transparency Code requires the Council to publish details of every invitation to tender for contracts with a value that exceeds £5,000. We must also publish details of any contracts, commissioned activity, purchase order, framework agreement or any other legally enforceable agreement with a value that exceeds £5,000.

### **The Public Services (Social Value) Act 2012**

This act places a duty on local authorities, at the 'pre-procurement' phase of procuring services to consider how and what is being procured might improve the economic, social and environmental well-being in their community; and how they might secure that improvement in the procurement process itself as long as such action is relevant to what is being procured, and is considered to be proportionate. This applies to all public services contracts with only an element of goods or works. It does not apply to public works contracts or public supply (goods) contracts.

### **Community Right to Challenge (Localism) Act 2012**

This act enables "relevant bodies", for example voluntary and community groups, employees or Parish Councils, to challenge to take over local services that they think they can run differently or better. The right enables a relevant body to submit an expression of interest (EOI) to a relevant authority to provide or assist in providing a relevant service.

### **Freedom of Information Act 2000**

This act provides people with the right to access to information held by public bodies. This with the government's transparency agenda has consequences for those contracting with the partners where the financial details of contracts awarded may be made public.

### **Data Protection Legislation**

The General Data Protection Regulation 2016 and the Data Protection Act 2018 sets out the basis on which we process the personal data we collect. Any contract must clearly set out the

roles and responsibilities of the council and the contractor, and require the contractor to comply with Data Protection legislation and indemnify the council against any claim.

### **Contract and Procurement Procedure Rules, Financial Regulations and Scheme of Delegation**

As part of its corporate governance arrangements the Council must ensure that there are adequate controls, procedures and standard documentation in place to satisfy the need to meet probity, propriety and transparency tests. The Contract and Procurement Procedure Rules, Financial Regulations and Scheme of Delegation fulfil this requirement and they are part of the approved Constitution. They must be observed by both Members and Officers within the procurement process.

### **Other Council plans and policies**

The Council's procurement framework is aligned to the commitments made in other Council plans and policies:

- Corporate Delivery Plan
- Environmental policy and strategy, including ISO14001
- Risk Management strategy
- Capital Strategy

# Social Value Policy

## Introduction

This policy outlines the approach that will be taken in order to ensure that all resources are used wisely, that we protect and enhance the environment whilst ensuring the efficient use of resources and delivery of value for money.

There is no 'one size fits all' model for achieving social value, it is an area where we are learning about how best to achieve and evidence it. This policy will continue to be informed by national developments and our own learning.

## What is Social Value?

The Public Services (Social Value) Act 2012 requires us to consider how the services we procure might improve the economic, social and environmental well-being of the area. It is defined as improving economic, social and environmental wellbeing from public sector contracts over and above the delivery of the services directly required at no extra cost. Used properly, additional social value can be beneficial to both suppliers and councils and represent a joint effort to exploit maximum value from procurement.

## Definitions of Economic, Social and Environmental Outcomes

**Economic outcomes:** providing contributions to the local economy and economic growth that supports social outcomes. Retaining, re-circulating and leveraging funds in local areas – a wider contribution to skills, tackling unemployment and maintaining employment.

**Social outcomes:** contributing to a vibrant and healthy community. Community based actions. Equality, diversity, cohesion and inclusion – local relationships, partnerships and people.

**Environmental outcomes:** relate to protecting, promoting and enhancing the environment. Supporting local activities to improve the environment.

## Aims of the Policy

We aim to ensure that our expenditure is utilised in ways that most benefit our local communities. We will:

- **Encourage a diverse base of suppliers:** Promoting supplier diversity; including the participation of SME's and 3<sup>rd</sup> sector organisations, and local suppliers in general.
- **Promoting fair employment practices:** Ensuring workforce equality and diversity in supply chains.
- **Meeting targeted and recruitment and training needs:** Offering a range of apprenticeships, training and skills development opportunities as well as employment opportunities.
- **Community Benefits:** Maximising opportunities for local organisations to participate in our supply chains and encouraging suppliers to make a social contribution to the local area.

- **Ethical sourcing practices:** Ensuring compliance with UK, EU and international standards, promoting fair trade and fair pricing policies, tackling corruption and compliance with the Modern Slavery Act.
- **Promoting greater environmental sustainability:** Minimising waste and pollution, supporting carbon reduction initiatives, include Carbon Neutral District 2030 and Single Use Plastic, furthering energy efficiency and other sustainability programmes.
- **Improving council economic sustainability:** Engaging businesses in delivery of additional social value will have a range of direct and indirect economic benefits to the Council. This includes improving viability of SMEs in the district, providing additional support to third party providers to ensure better community benefits, and resulting in the eventual reduction in costs to the Council of providing services.
- **Encouraging participation:** Engaging and encouraging user and employee involvement in service design and delivery.

**STROUD DISTRICT COUNCIL**  
**STRATEGY & RESOURCES COMMITTEE**

**AGENDA  
ITEM NO**

**13 JUNE 2019**

**8**

<b>Report Title</b>	<b>REVIEW OF LEGAL SERVICES</b>
<b>Purpose of Report</b>	To provide an overview of Legal Services and to outline options for service delivery
<b>Decision(s)</b>	<b>The Committee RESOLVES to:</b>  <b>(1) Note the report.</b> <b>(2) Instruct the Interim Head of Legal Services and Monitoring Officer to provide a further report in relation to any of the three options which the Committee wishes to consider.</b>
<b>Consultation and Feedback</b>	Initial consultation in relation to the purpose of the service review has taken place with members, officers and Legal Services colleagues.
<b>Financial Implications and Risk Assessment</b>	There are no financial implications arising from this report.  Andrew Cummings Interim Director of Resources Tel: 01453 754115 Email: <a href="mailto:Andrew.cummings@stroud.gov.uk">Andrew.cummings@stroud.gov.uk</a>  No risk assessment has been carried out at this stage due to the nature of the report which is principally informative
<b>Legal Implications</b>	There are no legal implications arising specifically from this report and the recommendations. Any legal considerations will be set out in the body of the report  Patrick Arran – Interim Head of Legal Services and Monitoring Officer Tel: 01453 754369 Email: <a href="mailto:patrick.arran@stroud.gov.uk">patrick.arran@stroud.gov.uk</a>
<b>Report Author</b>	Patrick Arran – Interim Head of Legal Services and Monitoring Officer Tel: 01453 754369 Email: <a href="mailto:patrick.arran@stroud.gov.uk">patrick.arran@stroud.gov.uk</a>

<b>Options</b>	The options are that the Committee can note the report and provide instructions to officers to carry out further work.  Alternatively, the Committee can note the report and take no action
<b>Performance Management Follow Up</b>	If the Committee instructs officers to carry out further work, a report will be taken to a future meeting of this Committee.

## 1. INTRODUCTION

1.1 Given the direction of travel for local government funding with increasing budgetary challenges and constraints, there is a compelling need for Councils to explore other options for delivering services and increasing revenue. This, in turn, will require innovative approaches to the way Councils work which may include partnerships and consideration of initiatives for commercial opportunities. The Council may need to look at ways of maintaining service provision by generating revenue through charging and trading. It will also be necessary to seek to control and influence third-party spend through strategic procurement and contract negotiation.

1.2 An effective Legal Services function is essential to the success of any new initiatives. However, it is clear that as well as dealing with the normal day to day legal work – which has not decreased - local authority legal services are now expected to carry out or commission legal work that would not have even been considered ten years ago. This all brings new challenges and a modern local authority legal service has to grow and adapt to meet those challenges.

1.3 The impact of financial challenges and limited available resource is that it is often harder to provide a specialised legal service that Councils can rely upon. To compound the situation, Councils struggle to recruit and retain legal staff and, for a District Council, this is normally a particular issue in key specialist areas, such as planning, commercial property and contracts.

1.4 In local government and the wider public sector generally, the austerity agenda has driven Councils to be more innovative and consequently, local authority lawyers have to be solution-focused. Legal Services must work in a way which is strategic; business focussed and with a facilitative approach to enabling new ways of working which are both ethically and legally defensible.

1.5 With these considerations in mind, this report will:

- Set out the purpose of a legal services function
- Outline the current service provision at Stroud District Council
- Give an indication of client assessment and service need
- Provide an illustration of the cost of legal services to the Council
- Set out an overview of the available options for delivery of legal services by way of illustration only



1.6 It is important to note that this report will not make any recommendations as to a preferred option. If members do wish to consider specific options in more detail, a further report will be necessary with an options appraisal.

1.7 There are a number of reasons for carrying out a review of legal service provision. The situation in Stroud is that the timing for a review was opportune given that there is currently no permanent Head of Service or Monitoring Officer. Coupled to this, there is a situation where certain service areas do not use Legal Services and commission advice from the private sector instead. In addition, all Councils are considering service provision with a view to determining what model works best for their particular organisation. It is therefore considered appropriate to carry out a review at this point in time.

1.8 Whilst this report is not intended to set out an options appraisal, the following - which are set out here for information only - would be used as metrics in any future options appraisal if members required it.

**i) Reducing costs of delivery**

**It should be noted that this is not one of the reasons for this particular review.** This would involve a number of different aspects, including the overall reduction of the cost of legal service (which includes external legal spend) over the short and medium through efficiencies, a reduction in overheads and low levels of external legal support.

**ii) Improved resilience**

The Council requires key legal staff to carry out the work necessary to meet its objectives now and in the future and for there to be cover available, thereby providing continuity and resilience.

**iii) Skills to deliver**

The Council requires the ready and accessible provision of high quality and professional legal services to help it meet objectives and which provides solution based advice through a skilled generic and specialist legal workforce.

**iv) Meeting client needs**

The client departments within the Council require a service that meets their needs and ensure their requirements are met appropriately and efficiently.

**v) Future proofing**

Service provision must be able to meet the needs and aspirations of the Council, and where appropriate, the wider area on an ongoing basis, providing a model of operation that can enable future initiatives.

**vi) Value for Money**

Any service should be agile, competitive in terms of the cost of the service and based on clear client specifications with monitoring of performance against cost.

**vii) Adaptability**

The service needs to be able to flex to meet the changing demands and circumstances of clients in a timely and cost-effective fashion.

1.9 In summary, the outcome of the review will be to establish a settled model of service provision to provide the Council with the legal advice it needs to have in order to carry out its activities lawfully and with a risk based approach.

### Methodology of the Review

1.10 For the purposes of carrying out the review, the author has carried out the following:

- Interviews with senior managers and some operational colleagues
- Considered management information from the case management system and analysed that data where possible
- Carried out an assessment of service provision from the position of interim Head of Service.

## **2. Purpose of Public Sector Legal Service**

2.1 The Legal Services function should be effective in ensuring that the Council and its interests are protected by providing the legal, corporate and constitutional support that the authority regularly and routinely needs. In short, it provides assurance that the Council is acting legally and within the scope of its powers.

2.2 The majority of lawyers working in local government operate in similar roles. On a day to day basis, a legal service provides strategic, reputational and risk-based advice to their organisations. Legal services also ensure regulatory compliance and the delivery of traditional transactional legal services such as conveyancing, prosecutions and planning advice, for example. However, most lawyers tend to specialise very quickly in their careers and it is often a challenge to find generalist lawyers who can diversify and work competently across a number of legal disciplines.

2.3 A lack of diversity, particularly in a small organisation, can increase the need to commission advice or skills from other public bodies or from the private sector when capacity or competency in a particular area of law is needed. It is important for members to note that it is simply not feasible for any service model – complete commissioning model apart - to avoid an element of commissioning of external legal advice.

2.4 There will always be occasions when external legal advice will be needed. In-house expertise is usually supplemented by resources from other local authorities through shared services and private practice and estimates are that this is on a ratio of say 80:20 or 90:10. Examples of when it may be necessary to commission external legal advice are:

- Advocacy in the higher courts, tribunal and complex inquiries
- A second opinion is required
- Politically sensitive matters, including where investigations of senior officer or Member conduct are involved

- Major projects are undertaken and, there are likely to be skills/capacity issues.
- Particular specialist expertise is required, e.g. in defamation, tax, competition / state aid and other specialist advice not usually available to a local authority; and
- The private sector can offer flexibility / price certainty / speed of delivery by marshalling / employing resources for a particular task.

2.5 Whilst it is inevitable the external legal advice will be appropriately procured from time to time, it is important that this is controlled. There should not be any 'maverick' spend in terms of the commissioning of legal advice by individual services. In short, all legal work should be commissioned by and through Legal Services; client departments should not recuse themselves from this approach to commissioning. It is clear that some service areas have not operated on this basis in the recent past.

2.6 In terms of aims, a legal services function should aspire to deliver its core purpose with:

- A clear focus on customer outcomes
- A facilitative approach based on risk awareness, not risk aversion
- An in house private practice approach to service delivery and standards whilst maintaining a public sector ethos
- Assurance of efficiency of process and provision of service

#### Current Service Provision - Work Areas

2.7 The current service model for Legal Services is traditional in-house. Professional advice is provided on the full range of core legal services relative to a District Council. In terms of organisation of legal services, it has been customary to refer to enforcement / litigation and prosecutions as contentious business and property, planning, contract drafting as non-contentious business. Legal Services is organised in this way though, given the size of the team, there is inevitably cross over and there is no formal division of the team. Legal Services does not trade its services, but does generate income (Please see below at paragraph 4.1 – 4.3). Legal Services consists of colleagues who have a range of core skills and provide the following services:

- Advisory work – provide advice on all aspects of law
- Property and related transactions
- Infrastructure support - Planning and Rights of Way
- Procurement and Contract law advice
- Litigation and dispute resolution
- Prosecution / Regulatory
- Drafting legal documents
- Negotiation
- Advocacy
- Corporate Governance & Committee Work

2.8 As a support service, the primary objective for Legal Services is to enable the Council to achieve its Delivery Plan priorities and to support customers in the discharge of their functions and achieve their policies and objectives whilst ensuring legality and probity.

2.9 Given the size of the service, there are no distinct teams within Legal Services, rather colleagues are relatively diverse but tend to work in particular areas of law and practice. The general groupings are as follows.

#### **2.10 Monitoring Officer and Governance**

This area of work is traditionally carried out by the Head of Service who is usually the Monitoring Officer. There are two Deputy Monitoring Officers. The role of the Monitoring Officer is to ensure good governance and decision making and, in particular, to avoid the potential for maladministration and Judicial Review of Council decisions. The latter is more of a risk nowadays given the difficult choices that need to be made as a result of budget issues. The Monitoring Officer also has responsibility for ethical conduct and to deal with any complaints under the Code of Conduct for elected members.

#### **2.11 Contentious Business**

Colleagues carry out all of the work in this area of practice covering both criminal and civil proceedings. The team carry out advocacy at Courts and Tribunals, draft documents and proceedings, carry out negotiation, analyse queries from client departments and provide advice and training. Areas of work covered are:

- Housing related advice including anti-social behaviour, injunctions, possession, disrepair
- Gypsy / Traveller incursions
- Prosecutions
- Licensing
- Bankruptcy/Insolvency
- Contractual disputes
- Debt Recovery

#### **2.12 Non Contentious Business**

Colleagues deal with the following areas of work:

- Asset management work - including leases; renewal leases; licences to occupy, alter, assign or underlet; deeds of variation and surrenders.
- Acquisitions and disposals of land/buildings
- General advice on property matters
- Planning
- Right to Buy transactions

#### Observations of Current service provision

2.13 Observations regarding the current service provision are set out below. It must be made clear that this is not intended to be a 'critical' review, but it is important that any issues – perceived or real – are set out in the report. This

information has been obtained as part of the interviews of senior managers. As mentioned above, interviews were carried out with a number of senior managers and colleagues who use the service regularly. Themes arising from these discussions are set out below.

2.14 In summary, apart from some discreet reputational issues, Legal Services is generally well regarded by its client departments and officers alike. It provides a good service to the Council. The service is well established and the majority of colleagues have worked with the Council for a number of years. Officers dealing with colleagues on a regular basis reported that they were happy with the service they received and that, in the main, legal colleagues were very helpful and receptive to constructive challenge.

2.15 There is sufficient capacity within the team to meet the needs of client departments on a day to day basis dealing with routine matters. As one would expect, certain members of the team conduct advocacy in straight forward Criminal and Civil matters. A question was raised whether the team could deal with straightforward planning inquiries rather than instructing counsel and this is something that might be explored by training a colleague on a 'spend to save' basis.

2.16 There appears to be good use of the existing case management, but there is a lack of sufficient knowledge in house to interrogate the system to provide adequate management information and this will be referred to below. Time recording is not always carried out throughout the team consistently, which is an issue because this is the best means available of demonstrating value for money.

2.17 Due to the makeup of the team and the lack of junior colleagues such as paralegals or apprentices, some colleagues are doing work which is below their level of experience / pay grade. In terms of workforce planning, consideration should be given to a means of ensuring that work is carried out at the appropriate level. There is a vacant trainee solicitor post which could be utilised to provide support for lower level work as well as providing some 'home grown' resilience for the future. However, this person would need to be supervised by someone authorised by the Solicitors Regulation Authority, but there are three colleagues within the team who are sufficiently experienced to carry out this role.

2.18 There is a perception that Legal Services may not always operate in a strategic way. Anecdotal examples have been provided which form the basis of a belief that Legal Services has tended to operate in a 'policing' role, perhaps sometimes adopting a dogmatic or unaccommodating approach to issues. Some services routinely instruct external solicitors rather than use Legal Services. One of the outcomes of the review will be to resolve any relationship issues with certain client departments. In addition, any future service planning for Legal Services will need to focus on customer outcomes and the role of the service in providing advice which is risk aware.

2.19 It is the view of the report author that, where there are issues, this has been because the service has not benefitted from clear strategic direction in terms of its role and purpose within the Council. Whilst this is in no way exclusive to Legal Services, there is no workforce and service planning regularly carried out and likewise, the formal appraisal process has not been applied consistently. This is where the fundamental principles in relation to purpose, role and approach would be made clear.

2.20 It must be made clear that it would be unfair to form a view of the service as it is now because of historical perceptions and the better approach is to be forward looking. Furthermore, it is clear that colleagues in Legal Services are focussed on providing an excellent service to the Council. However, the service will need direction to help colleagues achieve their full potential.

### Needs Assessment

3. In terms of needs, the starting point is that any central services function is necessarily demand led. However, it is important to stress that any needs assessment - and particularly in a climate of austerity – should be based on the level of legal support that the authority actually needs – as opposed to what officers may want or have been used to in the past. The challenge then is to assess these needs and plan to resource them adequately through the business / workforce planning process. If members are minded to ask officers to carry out an options appraisal, this would be the appropriate time to provide more detailed information.

3.1 The distinction between ‘wants and needs’ is important given shrinking resources. In terms of ‘wants’, it has traditionally been the case in local government for Legal Services to be relied on by officers to provide a ‘seal of approval’ even when this is not strictly necessary. This approach is unsustainable in a modern Council and this level of service is not justifiable given the resources available. One of the advantages of working in a multi-disciplinary organisation such as the Council is that a large proportion of our clients are professionals in their own field with extensive knowledge of the law affecting their areas of expertise. We therefore already have an “expert client” function which can be utilised to manage interaction appropriately.

3.2 In short, the situation ought to be that Legal Services will support its clients as and when necessary. The focus should be on becoming involved ‘upstream’ seeking to prevent – where possible - more intensive (and costly) interventions later on in the process. The legal service should seek to empower clients to deal with matters themselves when appropriate.

3.3 Any needs assessment should include all legal support whether provided on an in-house or commissioned basis. Only when this is established can a true picture be available as to the total cost of legal advice to the Council, which in turn can enable one to determine the most cost effective way to deliver that advice.

3.4 The best indicator of the current level of demand for Legal Services is the cost of external legal advice together with the information regarding the extent of

work carried out by the in-house team which is held in the case management system. This is based on matters opened and time recorded. It must be accepted that the available management information held does not provide precise detail of what the real need is – i.e. was legal advice / involvement absolutely necessary in the circumstances? It nevertheless provides reasonably reliable intelligence which demonstrates:

- who the clients are
- what type of work clients have asked Legal Services to do
- how many matters have been opened instructed on
- how much time has been spent on each task / matter

3.5 There are unfortunately constraints currently in relation to the available management information because of a lack of expertise on site to interrogate the system. However, more detailed information would be provided as part of any options appraisal.

### Time Recording

3.6 Time recording in Stroud is generally consistent across all areas of work and is universal, i.e. not just used to record time where costs may be recovered such as in court proceedings. Time recording is mandatory and all colleagues have been set an objective of achieving 1000 ‘chargeable’ hours per year. This target allows for annual leave, training and ad hoc sickness absence. The majority of staff reach their monthly time recording targets, though this is not performance managed at present and some colleagues will over and under achieve. Time recording performance is something which should form part of any Legal Service key performance indicator suite going forward.

3.7 There are some general caveats on time recording – which in positive terms may mean that the time recording data available is potentially lower than the figures stated – they are:

- Not all colleagues meet time recording targets – which may mean that more work is being done than is being recorded
- Colleagues do not always record all of the work they do – i.e. do not time record as they go
- time recording is not carried out in the same way as in private practice, i.e. as if the client will be sent a bill
- Colleagues may only time record up to their target and then not record any more time when they have achieved their target.

### External Legal Costs

3.9 The cost of external legal advice will be set out in the next section.

### Short to Medium Term Pressures

3.10 Based on the current position, everyone is currently working within capacity. However, discussions with senior managers on a ‘horizon scanning’

basis indicate that there may well be an increase in the need for legal service support in the short to medium term. The areas highlighted are as follows:

- Charging and Trading
- Commercial Property
- Canal Restoration
- Council Owned Property
- Potential lottery
- Housing – improving tenant behaviour, ASB, gardens etc
- Housing reactive repairs in-sourcing / TUPE
- Local Plan and ancillary work
- Waste
- Contracts
- Private Sector Rental Market and use of statutory powers
- Community Governance Review
- Governance Matters – review of Constitution
- Constitution Review
- Brimscombe Port
- Asset transfers
- Lettings

3.11 There are no current issues regarding resources within the team, but the potential increase in need for legal support and the demographics of the team increase the possibility that there may not be sufficient resource to meet demand in the medium to long term.

3.12 In the event colleagues were to move on to different jobs, pay and compensation benefits at Stroud are unlikely – in relation to certain disciplines - to enable the Council to maintain competitiveness in the local and labour market pertinent to the service. This is already being considered as part of the Corporate Peer Challenge feedback and no doubt will be an element in any corporate approach to make the Council an attractive proposition compared to the other councils in the area.

#### Cost of Legal Advice to Council

4.0 The obvious way in which to demonstrate that the department provides value for money is to analyse the true cost of legal advice to the Council based on time recording compared to the cost if this work were to have been carried out by the private sector.



## Cost of in house team

4.1 The cost of the in house team is summarised as follows:

Description	2015/16	2016/17	2017/18	2018/19	Grand total
Salaries	355,068	373,004	371,071	372,991	1,472,134
Legal Services Costs	77,314	104,092	63,797	64,689	309,892
Sub total	432,382	477,096	434,868	437,680	1,782,026
Income	(61,340)	(62,252)	(56,125)	(66,031)	(245,748)
Total Net Cost of Legal Service	371,042	414,845	378,742	371,649	1,536,278
% of budget met from income	14.19	13.04	12.90	15.08	13.79

4.2 The salaries line speaks for itself, but the item “Legal Services Costs” consists of all of the normal expenses associated with a service unit such as expenses, travel, IT etc. It also consists of payments in respect of Court fees and HM Land Registry. The proportion of external legal advice paid from the Legal Services budget is relatively low as one would expect at circa £18k over the whole of the sample period. This is on the basis that the cost of external legal advice should ordinarily be met from the instructing department’s budget.

4.3 Local government legal services generally have considerable experience of generating income; however income strategies have not always been well developed across the sector. Income is achieved from a number of different sources including s106 agreements, legal fees and third party charges for agreements. It is always preferable for an in house legal team to generate income to offset the costs of the service and be self funding to a degree. There is a pretty respectable income position at an average of 13.79%. However, income should not be seen as a panacea as it is difficult to generate income, on a material scale, without detriment to in-house provision so a balance has to be struck.

## Cost of external legal spend

4.4 Total external legal spend covers a number of different cost heads, but the main items of expenditure are on ancillary costs such as court fees and external legal advice commissioned directly by Legal Services or by service areas directly. At present, the only service areas who directly commission legal advice are Housing and Human Resources.

4.5 As mentioned above, the general rule of thumb should be that external legal advice is commissioned only when there the skills or capacity are not available in house. To have a complete picture, one would ordinarily have a complete legal spend profile in terms of the in house provision and commissioned legal advice. The difficulty here is that not all legal spend comes through the service budget or is identified as such in the data. Figures have been compiled by colleagues in Finance in relation to legal spend taken from all service budgets and whilst it is believed that this is probably representative of the total cost, they cannot guarantee that all legal spend has been captured.

4.6 In terms of headlines, external legal costs are set out in the following table, but are subject to the caveat below.

Description	2015/16	2016/17	2017/18	2018/19	Grand total
External Legal Advice (legal services)	51,762	23,608	19,223	16,173	<b>110,767</b>
External Legal Advice (Consultants)	16,082	10,477	19,021	50,423	<b>96,004</b>
External Legal Costs (Court Fees etc.)	19,844	15,305	16,159	34,257	<b>85,565</b>
Capital Legal Costs	16,015	10,989	6,478	0	<b>33,481</b>
<b>Total External Legal Costs</b>	<b>103,704</b>	<b>60,379</b>	<b>60,881</b>	<b>100,854</b>	<b>325,817</b>

4.7 As mentioned above, it is difficult to be certain about the precise amount spent on external legal advice because of approaches to coding spend. Due to other elements being included, such as training and enforcement for example, it is not possible without further detailed analysis to determine what is solely related to legal advice obtained from solicitors or barristers. Likewise the Consultancy element also includes entries which really relate to legal advice.

4.8 Further work will be necessary to refine the data as part of any options appraisal. However, for the purposes of this report, any spend in relation to Court Fees (line 3) can be disregarded. Even with that disregard, it is not a matter of simply adding together the cost of the Legal Services and the amounts in the external legal costs table and an element of caution needs to be applied in terms of calculating the total cost of legal advice to the Council. As stated, a 'deep dive' of the data will be needed as part of any options appraisal to provide an accurate figure in terms of spend on legal advice and whether this was work that could have been done in-house.

#### Options for Delivery of Legal Services

5.0 Based on widespread recent experience across local authorities, and on the basis that no legal service will be able to carry out all of the work the Council needs, there are really only three main strategic options for the provision of a Council's legal service. These three options are not mutually exclusive, and may ultimately be combined with one or more, implemented immediately or over time. The options are:

- Internal provision with external support when needed – hybrid model
- Shared Service / Collaboration – centres of excellence
- Fully Commissioned - Public or private

#### Internal Provision

5.1 The traditional in house model is probably still the most common approach to service provision. The influence and support that in-house legal teams provide to a Council should not be under-estimated. The service often

extends well beyond purely legal advice and includes, for example, policy, organisational knowledge and softer decision making.

5.2 Many in-house legal teams now operate on a 'mixed economy' or 'hybrid' model. In this model, the in-house team meets a certain level of demand and uses external service providers to assist with peaks of demand or specialist expertise. This allows the authority to retain a range of legal skills, while attempting to ensure value for money from external service providers by competitive tendering. Therefore, rather than try to cover all areas by having a dedicated resource in house, one would commission the advice on a call off basis only when needed. Options for provision of the call off service could be from the private sector under a commercial arrangement, normally under a framework or the public sector via formal or informal arrangements.

5.3 In terms of considerations regarding this model of delivery, the in-house legal team would need to demonstrate that it delivers best value against other options. This could be through ongoing improvement and management of demand for services. There will be generally be some pressure for the in-house team, where possible, to further reduce costs through efficiencies and generate income to offset the cost of services.

5.4 An in-house team would achieve its aims by a focus on outcomes, managing risk appropriately and delivering pro-active, enabling legal services. Effective in-house legal teams will be agile, preparing meaningful management information on current performance and costs, and will have effective relationships with client departments and Members. The in-house option will provide flexibility, additional capacity and expertise and support for major projects. The key advantages of an in-house service are:

- Local knowledge and history of the organisation
- Established relationships
- Settled team – a known quantity

#### Shared Service / Collaboration

5.5 Local government has a long established history of sharing services with partners in the public sector, especially other councils and the NHS, and local government lawyers likewise. It is nothing new, is not an outsourcing of provision, and in fact, has gained in prominence in recent years.

5.6 The public sector is not in competition with one another, and all are engaged in public service. Public sector lawyers are no different in this respect because they are usually working towards an agreed outcome in the best interests of the public purse. Informal arrangements regarding sharing of resources are common, but there are recent examples of authorities tightening up those existing relationships through formal shared service or merger.

5.7 A formal shared service approach is a partnership or collaboration as opposed to a wholly commissioned model which would be an outsourcing of the service. The collaborative arrangement normally involves a delegation by one

Council of its legal function to the other under section 101 of the Local Government Act 1972. Staff transfer to the lead provider's employment protected by TUPE, then all staff in the team will be made available to both Councils under section of the 113 Local Government Act 1972 which will enable each Council to delegate decisions to them as if they were their own staff.

5.8 There are a variety of mechanisms for collaborative working, both 'top-down and bottom-up', for example:

- Sharing a Head of Legal Services / Monitoring Officer
- Full legal services' teams managed through a joint committee
- Delegation of the legal function from one authority to another/to an officer of the other authority

5.9 Usually these arrangements are operated on a cost sharing basis, with an agreed mechanism for sharing the savings that result, documented in an Inter-Authority or Collaboration Agreement. Shared services may operate for the whole or part of legal services and an Authority may concurrently provide legal services even if it has entered into a shared services arrangement.

#### One Legal

5.10 There are numerous examples of collaborative working within the local government sector, however, with the exception of those Councils that trade services such as Essex Legal Services, Local Government Support Services (LGSS) and Invicta Law (Kent County Council, most arrangements are entered into on a geographical basis.

5.11 In Gloucestershire, there is an existing arrangement, One Legal, which provides legal services to Gloucester City, Tewkesbury and Cheltenham Borough Councils. One Legal was established between Tewkesbury and Cheltenham Borough Councils with key objectives of resilience and cost savings. Gloucester City joined the partnership at a later date.

5.12 One Legal operates as a shared service on the basis set out in paragraph 5.7 above. Members will have received a presentation from One Legal at an information evening on the 30<sup>th</sup> May 2019, but it is important to point out that whilst staff transfer to a shared service, it is not an outsourcing arrangement.

5.13 The key purpose of collaboration should, as a minimum demonstrate value for money, and in addition:

- enhance the quality of service to customers
- increase resilience and flexibility
- reduce the overall cost of the service through economies of scale
- create a sustainable model with the ability to grow and develop
- increase staff development opportunities and recruit and retain staff more easily
- provide opportunities to generate more external income.

## Fully Commissioned – Public or Private (Outsourcing)

5.14 In this model, the Council could outsource all, or part of, its legal support to a commercial provider or (more likely) to a number of providers, possibly through a managed service contract. This could be to the private sector, the public sector or a combination of both. This would mean that Councils only pay for the service they need and there would be no built in staff costs. Existing staff would transfer to the new provider(s) under TUPE.

5.15 It is unlikely that external providers would agree a fixed price or fees because Legal Services are primarily demand led and both volumes and complexity are notoriously difficult to predict. Hourly rates are the preferred charging model for most legal service providers and, in the case of service companies, costs are driven down by less favourable terms and conditions.

5.16 Councils would need to retain a Monitoring Officer who would be the first call for advice and support within the Council and also the commissioning / relationship manager.

5.17 Previous tendering exercises across the industry have consistently demonstrated that the cost of external providers is greater than in-house provision as they are normally operating commercially. Furthermore, as opposed to a shared service or in-house arrangement, outsourcing the service would not generate income which would help reduce costs further.

5.18 There may also be costs associated with central establishment charges that remain with the Council even where a service is outsourced (e.g. accommodation, telephones, payroll etc.) where the third party provider recharges the Council as part of the fee for the service (effectively meaning that the Council pays twice, until such time as the in-house charges can be reduced).

5.19 A joint venture legal services business between a local authority and a private practice firm could combine the public sector ethos with private sector innovation and commercial disciplines. Both partners must focus on client service and enhancing their skills base. However, this would almost certainly increase costs and is normally only an option for in-house teams in larger organisations.

## **6. CONCLUSION**

This report is intended to provide members with an overview of the current service provision and potential options for future service delivery.

6.1 No recommendations are being made in this report, but it is suggested that of the three options, outsourcing should be discounted because it does not fit with the Council's political aspirations and would increase costs and / or potentially dilute staff terms and conditions.

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

**AGENDA  
ITEM NO**

**13 JUNE 2019**

**9**

<b>Report Title</b>	<b>COMMUNITY SERVICES VEHICLE REPLACEMENT</b>
<b>Purpose of Report</b>	To Approve a Capital Budget for replacement of the Community Services Fleet
<b>Decision(s)</b>	<p><b>The Committee RESOLVES to:</b></p> <p><b>(1) RECOMMEND to Council that a Capital Budget of £257k is approved, funded from the Business Rates Reserve, to purchase a new low carbon fleet</b></p> <p><b>(2) DELEGATE to the Head of Community Services, in consultation with the Head of Finance and the Chair of Environment Committee, the authority to determine the final number of charging points required and their location.</b></p>
<b>Financial Implications and Risk Assessment</b>	<p>This report commits £257k of Business Rates Pilot funding. The remaining balance of this funding is now £486k (this figure will be updated before S&amp;R based upon the business rates year end across the County).</p> <p>This project meets the requirements of that funding as agreed by this Committee in March 2019.</p> <p>The Council has not previously built up a budget for fleet replacement. Without this purchase of a green fleet a budget for purchase of conventional vehicles would be considered for the Capital Programme.</p> <p>Any financial savings generated by the new fleet will be placed in reserve for future fleet purchases. The overall need for fleet replacement will be considered as part of the next budget setting process.</p> <p>The provision of charging points for public use may generate a small income stream which will be monitored and incorporated in the MTFP if appropriate.</p> <p>Andrew Cummings – Head of Finance &amp; S151 Officer Tel: 01453 754115 Email: <a href="mailto:andrew.cummings@stroud.gov.uk">andrew.cummings@stroud.gov.uk</a></p>

<b>Legal Implications</b>	There are no specific legal implications arising from this report.  Patrick Arran – Interim Head of Legal Services and Monitoring Officer Tel: 01453 754369 Email: <a href="mailto:patrick.arran@stroud.gov.uk">patrick.arran@stroud.gov.uk</a>
<b>Report Author</b>	Mike Hammond – Head of Community Services Tel: 01453 754447 Email: <a href="mailto:mike.hammond@stroud.gov.uk">mike.hammond@stroud.gov.uk</a>
<b>Options</b>	The existing fleet could be retained but this is likely to lead to increasing repairs costs, increasing carbon emissions and the possibility of service reductions if vehicles are off the road.  A conventional fleet of petrol and diesel vehicles could be purchased. This may lead to small initial capital savings but may not deliver whole life savings and is not in line with the Councils' Carbon Reduction commitments.
<b>Performance Management Follow Up</b>	Financial Monitoring Reports Fleet Carbon Emissions Monitoring
<b>Background Papers/ Appendices</b>	SDC Capital Strategy

## 1. INTRODUCTION / BACKGROUND

- 1.1 Community Services have had their own vehicles since the start of the neighbourhood warden service, these vehicles were funded via a grant from Government Office South West and the Council. These vehicles have served us well however they are starting to become costly to maintain and repair due to their age.
- 1.2 These vehicles will be used to provide frontline services, this will include Careline, Multi services team, the council's mail room service, youth delivery, emergency planning and enforcement of car parks.
- 1.3 As the initial purchase of the vehicles was by grant there has been no money set aside in the Council's revenue and capital budget for the replacement of the current fleet. Therefore a new budget must be identified in order for the vehicles to be replaced and the service to continue.
- 1.4 The Council will receive additional funding from the 100% Business Rates Retention Pilot. This gain is currently estimated at £793k. In March 2019 Strategy and Resources Committee agreed the principles for the allocation of that funding. All uses of the money must be approved by that Committee and meet at least of the following criteria.
- Supporting local businesses
  - Improving the Council's long-term financial position

- Local Wealth Building
- Supporting a carbon-neutral district
- Reducing inequality and poverty

## 2. ISSUES FOR CONSIDERATION

- 2.1 The current fleet achieves an average of 30 mpg (the worst performing vehicle achieves an average of 23 mpg), with 50% being diesel powered. The vehicles that are used are also looking tired and not as reliable as they should be.
- 2.2 In order to continue delivering the frontline services as detailed in paragraph 1.2 the current vehicles will need to be replaced within the next 12 months to prevent increased repair and maintenance costs which are uneconomical compared to the residual value of the vehicles. There is currently no budget identified for this expenditure.
- 2.3 Table 1 below sets out the costs incurred in keeping the existing fleet on the road (2018/19 part year figures). Fuel is a significant cost which would be reduced with a fleet of newer and more energy efficient vehicles. There will also be savings on Road Tax and initial savings on repairs and servicing, although these costs will increase as the new fleet ages over time.
- 2.4 The final savings figure is difficult to determine at this stage but is likely to be in excess of £5k per annum. Any savings against existing budgets will be placed into a reserve to partially fund the cost of fleet replacement in future years.

**Table 1 – Costs of Existing Fleet**

	<b>2016/2017</b>	<b>2017/2018</b>	<b>2018/2019 (part year)</b>
Repairs	£2,261.58	£2,013.55	£2,300.74
Servicing/MOT	£2,009.51	£1,390.01	£1,810.60
Tyres	£772.58	£718.31	£493.49
Road Tax	£2,179.00	£1,302.60	£1,451.85
Consumables	£61.27	£322.77	£168.00
Roadside Recovery	£575.00	£774.41	£646.00
Petrol	£3,394.77	£2,640.13	£1,881.10
Diesel	£3,271.79	£3,517.54	£4,170.00
<b>Fuel costs total</b>	<b>£6,666.56</b>	<b>£6,157.67</b>	<b>£6,051.10</b>

<b>Total Costs</b>	<b>£14,525.50</b>	<b>£12,679.32</b>	<b>£12,921.78</b>
--------------------	-------------------	-------------------	-------------------



**Table 2 – Estimated costs for electric/hybrid vehicles**

	<b>Electric (x6)</b>	<b>Hybrid (x4)</b>	<b>Combined fleet</b>
Repairs			
Servicing / MOT (No MOT for 3 years)	£1,728.00	£0 included in purchase price for 3 years	£1,728.00
Tyres	£360.00	£240.00	£600.00
Road Tax	0	£120.00	£120.00
Consumables	£50.00	£50.00	£100.00
Roadside Recovery	£387.00	£259.00	£646.00
Petrol	£0	£2,064.00	£2,064.00
Diesel	£0	£0	£0
Electric	£1,927.20	£432.00	£2,359.20
<b>Fuel costs total</b>	<b>£1,927.20</b>	<b>£2,496.00</b>	<b>£4,423.20</b>

<b>Total Costs</b>	<b>£4,452.20</b>	<b>£3,165.00</b>	<b>£7,617.20</b>
--------------------	------------------	------------------	------------------

Based on 60 miles average per day

- 2.5 The table below shows the total amount of carbon emissions for current fleet within Community Services and the pool cars within Planning. There has been a reduction in emissions in the past two years. This is as a result of the reduction in the number of staff within Community Services who have been using the current fleet, the reduction can also be attributed to the withdrawal of pool cars from Planning following a review. The number of staff who will be required to use a vehicle within Community Services is due to increase as a result of a successful recruitment process, filling vacant posts.

**Table 3 – Fleet Carbon Emissions**

<b>Scope 1 Emissions</b>	<b>Tonnes of CO<sub>2e</sub> 2017/18</b>	<b>Tonnes of CO<sub>2e</sub> 2016/17</b>	<b>Tonnes of CO<sub>2e</sub> 2015/16</b>	<b>Tonnes of CO<sub>2e</sub> 2014/15</b>
Owned Transport emissions (Fleet)	24	32	36	36

- 2.6 It is recommended that the fleet is replaced with a new fleet of electric and plug-in hybrid vehicles. These vehicles will reflect the current configuration of the service and the needs of users. The proposed new fleet is set out in the table below.

**Table 4 – Makeup of New Fleet and Estimated Prices**

Vehicle	Engine Type	gCO2 / Km	Quantity	Estimated Price	Total Price
RX1 Outlander PHEV Juro Auto	Petrol/ Electric	171	3	£25,359	£76,079
VX1 Outlander PHEV Commercial Auto	Petrol/ Electric	171	1	£24,875	£24,875
Nissan e-NV 200	Electric	0	6	£22,000	£132,000
			10		£232,954

- 2.7 The proposal to move to electric/hybrid vehicles will contribute to the target of reducing carbon dioxide emissions from the council's direct operations (electricity, heating and transport) by a minimum of 3% per annum (taken from our Environment Strategy 2007 - 2027). On the 24 January 2019 Council passed a motion to endorse the 'Climate Emergency' announced by the administration on 16 November 2018 and pledge to do everything within the Council's power to make Stroud District carbon neutral by 2030 and the replacement of an ageing fleet entirely powered by fossil fuels with a modern fleet significantly powered by electricity would be a significant carbon reduction.
- 2.8 The Authority uses green electricity in its buildings. Therefore the charging of electric vehicles from Council properties will also be carbon neutral
- 2.9 Charging points will need to be installed across the District to facilitate the use of the vehicles. It is currently estimated that 10 charging points will be required to allow appropriate charging capacity for the services.
- 2.10 Charging points can either be standard charging points which allow for the charging of vehicles overnight or faster charging points allow for a quicker charge. The estimated price of the standard points is £1,000 each and £5,000 for the faster charge points. These costs exclude any necessary civil engineering works for installation. This is estimated at £4,000. The total estimated amount included in the budget related to charging points is £24,000.

**Table 5 - Estimated costs for vehicle charging points**

Charging points	Quantity	Estimated Price each	Estimated Civil works total	Total Price
Standard Single	10	£1,000	£3,000	£13,000
Fast Charge Twin	2	£5,000	£1,000	£11,000
				£24,000

- 2.11 It is envisaged that for the majority of Council usage standard charging points will be sufficient. However, in some locations the charging points will be available for public use during the day and in these locations faster charging points will be provided. This will be a chargeable service with charges to be set in line with industry averages. Income generated from charging will be used towards maintenance of the charging points and any surplus will be added to the reserve for fleet replacement. There is a government grant available that will offset some of the costs associated with the installation of charging points. However, it should be noted that at the time of writing this report no application has been submitted, if the proposal is accepted an application will be pursued.
- 2.12 The Business Rates Pilot reserve has been identified as the source of funding for this project. The expenditure meets the criteria of both improving the financial sustainability of the Council, through reducing costs of fuel and repairs, and working towards a carbon-neutral district.
- 2.13 Charging points across the district had previously been proposed to be funded from car parking receipts. The budgeted level of receipts does not allow for the provision of points across the whole district and business rate pilot funds will be limited in their use through this proposal to those which are required by this Council fleet.
- 2.14 The final proposed budget is therefore made up of the following amounts.

**Table 4 – Proposed Capital budget**

Purchase of vehicles	£232,954
Charging Points (including Civils)	£24,000
<b>Total</b>	<b>£256,954</b>

### **3. CONCLUSION / RECOMMENDATION**

- 3.1 To approve the procurement of replacement fleet vehicles to be used within Community Services. This expenditure would also allow for the fitting of charging points some of which would be accessible for public use, which will create an additional income stream. As this is an emerging need the potential income generated is difficult to ascertain, however this should increase as electric/hybrid vehicles become more popular.

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

**AGENDA  
ITEM NO**

**10**

**13 JUNE 2019**

<b>Report Title</b>	<b>SUPPORTING THE MILITARY COVENANT IN THE STROUD DISTRICT</b>
<b>Purpose of Report</b>	To raise awareness of the ongoing work supporting the commitment of Stroud District Council delivering the military covenant.
<b>Decisions</b>	<b>The Committee RESOLVES to:</b> a) <b>Agree that a member of the Royal British Legion is based in reception on designated days to support veterans on a trial basis</b> b) <b>Agree to appoint a councillor to champion the military covenant</b> c) <b>That the Head of Housing Services is tasked with being the Council's officer champion for the Military Covenant</b>
<b>Consultation and Feedback</b>	Housing Committee Tenant Representatives Senior Leadership Team
<b>Financial Implications and Risk Assessment</b>	There are no financial implications.  Lucy Clothier - Principal Accountant Tel: 01453 754343 Email: <a href="mailto:lucy.clothier@stroud.gov.uk">lucy.clothier@stroud.gov.uk</a>  <b>Risk assessment by the report author</b> The risk of supporting our veterans is low considering we have a moral obligation to support the men and women of our armed forces both past and present. There will be no element of veterans having a greater entitlement to services as this is already set out in the covenant.
<b>Legal Implications</b>	There are no legal implications arising from this report.  Mike Wallbank - Solicitor Email: <a href="mailto:Mike.Wallbank@stroud.gov.uk">Mike.Wallbank@stroud.gov.uk</a>
<b>Report Author</b>	Kevin Topping - Head of Housing Services Tel: 01453 754196 Email: <a href="mailto:Kevin.topping@stroud.gov.uk">Kevin.topping@stroud.gov.uk</a>
<b>Performance Management Follow Up</b>	Report back to a future Committee on progress regarding activities within the military covenant.

<b>Background Papers/ Appendices</b>	<b>Appendix A - <a href="#">Gloucestershire Armed Forces Community Covenant Annual Report–2015/16</a></b> <b>Appendix B - <a href="#">Alabare home for veterans</a></b> <b>Appendix C - <a href="#">Buchanan Trust</a></b>
--	--

**1.0. Background**

1.1. The Armed Forces Covenant outlines the moral obligation between the nation, the government and the armed forces. It encourages local communities to support the armed forces community in their area and promote understanding and awareness among the public of issues affecting the armed forces community.

1.2. Local authorities and the armed forces community are encouraged to work together to establish a covenant in their area in order to:

- encourage local communities to support the armed forces community in their areas and to nurture public understanding and awareness among the public of issues affecting the armed forces community
- recognise and remember the sacrifices faced by the armed forces community
- encourage activities which help to integrate the armed forces community into local life
- encourage the armed forces community to help and support the wider community, whether through participation in events and joint projects, or other forms of engagement

1.3. Covenants in each community may look quite different from one location to another. This is a scheme where one size does not fit all, and the nature of the support offered will be determined by both need and capacity.

1.4. Since the launch of the ‘community covenant’ in June 2011, every local authority in mainland Great Britain has signed a ‘community covenant partnership’ with their local armed forces. The community covenant is now known simply as the Armed Forces Covenant, which covers all aspect of society. Many local authorities have an ‘Armed Forces Champion’. The role of a ‘champion’ is often to make sure that the local authority achieves its commitments to the armed forces community and any blockages are resolved.

**2.0. Introduction**

2.1. Stroud District Council signed up to the Armed Forces Community Covenant in 2012, in 2016 we signed up to the new covenant advising of a number of areas where we are supporting veterans (see Appendix A).

2.2. The Head of Housing Services has met with the County Council Commissioning Officer responsible for the covenant and agreed a closer dialogue with a view to revisiting the covenant and bringing it up to date with stakeholders, ensuring Stroud is an active partner supporting its

commitments, expanding our involvement and generating opportunities for the future.

- 2.3. One of the decisions in the report is to enable a member of the Royal British Legion to be located in reception at Ebley Mill, possibly on a 2 weekly basis initially to gauge interest (ensuring we communicate effectively to raise awareness). This role would effectively identify any signposting or support that an individual or family may need so that veterans can feel comfortable talking to someone who has a better understanding of their background and in some cases particular issues such as mental health.

### **3.0. Summary**

- 3.1. The decisions requested of Strategy and Resources Committee are designed to ensure Stroud District Council takes an active role in delivering the military covenant.
- 3.2. The Head of Housing Services seeks Committee support to make a commitment to raise awareness of the armed forces covenant and our veterans as fully as possible, but would clarify not to the detriment of others. We remain a responsible social landlord mindful of our tenants both current and future whatever their background, seeking to work with the wider community with our internal private sector colleagues, other registered providers, support services and other agencies.
- 3.3. A number of other organisations are set up to provide support such as Alabare (Appendix B) and the Buchanan Trust (Appendix C) to name but a few but hopefully this will raise some awareness of the types of support organisations locally available.

#### **APPENDIX A**

<https://www.gloucestershire.gov.uk/media/16243/the-armed-forces-community-covenant-in-gloucestershire-annual-report-2015-16.pdf>

#### **APPENDIX B**

<https://www.alabare.co.uk/home/gloucestershire-home-for-veterans2/veterans>

#### **APPENDIX C**

<http://www.buchanan-trust.org.uk/>

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

**AGENDA  
ITEM NO**

**13 JUNE 2019**

**12**

**EMERGING WORK PROGRAMME**

<b>Date of meeting</b>	<b>Matter to be considered</b>	<b>Reporting Member/Officer</b>
11.7.19	Brimscombe Port Redevelopment	Head of Property Services
	Member reports: a) Performance Monitoring b) Investment and Development Panel	Councillors Leader
	Work Programme	Committee
	Leadership Gloucestershire Update	Chief Executive
	Report on the Senior Management Structure	Chief Executive
	Corporate Peer Challenge Action Plan	Chief Executive
	Update on the Canal Project	Canal Manager
3.10.19	Council Tax Support Scheme 2020-21	Revenue and Benefits Manager
	Member reports: a) Performance Monitoring b) Investment and Development Panel	Councillors Leader
	Work Programme	Committee
	Budget Strategy	Interim Director of Resources
	Brimscombe Port	Head of Property Services
	Legal Services Options	Interim Head of Legal Services
	Merits of establishing a local good causes lottery	Interim Director of Resources
12.12.19	Member report: a) Investment and Development Panel	Leader
	Work Programme	Committee
	Leadership Gloucestershire Update	Chief Executive
30.1.20 (Budget)	Member reports: a) Performance Monitoring b) Investment and Development Panel	Leader
	Work Programme	Committee
	Leadership Gloucestershire Update	Chief Executive
5.3.20	Member report: a) Investment and Development Panel	Leader
	Work Programme	Committee
	Leadership Gloucestershire Update	Chief Executive
16.4.20	Member reports: a) Performance Monitoring b) Investment and Development Panel	Councillors Leader
	Work Programme	Committee
	Leadership Gloucestershire Update	Chief Executive

**Topics to be discussed at a future meeting:-**

ICT Strategies

GFirstLep will be invited to attend

**Information Sheets**

Ref/Date	Topic	Author(s)