



STROUD DISTRICT COUNCIL

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3 July 2019

STRATEGY AND RESOURCES COMMITTEE

A meeting of the Strategy and Resources Committee will be held on **THURSDAY 11 JULY 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). 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 13 June 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 8 JULY 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.
- 5 **LGA CORPORATE PEER CHALLENGE ACTION PLAN**
To consider the Action Plan resulting from the LGA Corporate Peer Challenge Feedback Report received in May, and reported to Council on 16 May 2019.

6 **SENIOR MANAGEMENT STRUCTURE**

To consider a new senior management structure to better reflect the Council's priorities and organise its service delivery following the recommendations of the LGA Corporate Peer Challenge team, set out in the Feedback Report received in May, and reported to Council on 16 May 2019.

7 **REDEVELOPMENT OF BRIMSCOMBE PORT**

To seek approval to three of the tender documents for the procurement of a developer partner for the redevelopment of Brimscombe Port.

8 **UNITE CONSTRUCTION CHARTER**

To enable the Committee to consider the implications of adopting the Charter and to make a recommendation to Council.

9 **WORK PROGRAMME**

To consider the work programme.

10 **MEMBER\OFFICER REPORTS**

- a) Performance Monitoring
- b) Investment and Development Panel
- c) Leadership Gloucestershire Update
- d) Others

11 **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



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STRATEGY AND RESOURCES COMMITTEE

13 June 2019

7.00 pm – 9.55 pm

Council Chamber, Ebley Mill, Stroud

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Minutes

Membership:

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

P = Present A = Absent

Officers Present:

Chief Executive	Head of Community Services
Interim Director of Resources and Section 151 Officer	Principal Procurement Officer
Interim Head of Legal Services and Monitoring Officer	Principal Accountant
Head of Housing Services	Property Manager
	Democratic Services and Election Officer

SRC.001

APOLOGIES

An apology for absence was received from Councillor Skinner.

SRC.002

DECLARATIONS OF INTEREST

There were none.

SRC.003

MINUTES

RESOLVED

To approve as a correct record the Minutes of the meeting held on 11 April 2019.

SRC.004

PUBLIC QUESTION TIME

There were none.

The Chair advised that the order of the items printed on the agenda would be revised.

SRC.005**ADOPTION OF THE REVISED PROCUREMENT STRATEGY**

The Principal Procurement Officer outlined the revised Procurement Strategy which was in line with the National Procurement Strategy for Local Government. In reply to Members' questions confirmation was given that there is an authorisation process at the start of the procurement process, this has not changed. Training of officers within service areas would be undertaken when the new strategy would be reiterated to officers.

Councillor Pickering confirmed the importance of the implementation of the new strategy and would like monies spent within the Stroud District, as far as possible. It would be for the Performance Monitors to monitor, and important that all staff followed the new procedure.

A discussion ensued where Members agreed that this was an excellent strategy and Members should promote the South West Portal to raise awareness and encourage local applicants to apply.

RECOMMENDED TO COUNCIL **That the revised Procurement Strategy is adopted.**

SRC.006**CORPORATE ASSET MANAGEMENT STRATEGY – PROPERTY REVIEWS AND COMMUNITY ASSET TRANSFERS**

The Property Manager outlined the background to the property reviews and updated Members, emphasising that this was the first phase where information would be gathered prior to all options being identified. Each asset would be different. Queries were raised on the following sites, Woodchester Mansion, 3 sites in Nailsworth, 3 garage sites in Upton St Leonards, the Old Town Hall, Gossington Depot.

The Property Manager reiterated that at this stage the review would be looking at options, no decisions had been made and recommendations will be brought back to a future meeting of this Committee.

The Property Manager also outlined the approach to be used in any future Community Asset Transfers.

RESOLVED (a) **The proposed property reviews due to start in 2019/20, and**
 (b) **The approach for Community Asset Transfers are approved and the update on property reviews is noted.**

SRC.007**HOUSING REVENUE ACCOUNT (HRA) OUTTURN 2018/19 – SUMMARY OF VARIANCE**

The Principal Accountant introduced the above report and confirmed that overall there was nothing of concern at the moment. The Housing Committee report did contain more detailed information. Budgets would continue to be closely monitored.

RESOLVED (a) **Note the Housing Revenue Account revenue outturn for 2018/19, as shown in Table 1.**
 (b) **Approve the transfers to and from earmarked reserves for the year, as set out in Table 2.**
 (c) **Approve the reprofiling of the HRA Capital Programme budget as set out in Table 6.**

SRC.008**GENERAL FUND REVENUE OUTTURN REPORT 2018/19**

The Interim Director of Resources and Section 151 Officer outlined the above report which was the final outturn position against the General Fund revenue budgets for 2018/19. He drew Members' attention to the various tables contained therein, confirming that monies had been earmarked for ongoing projects and if there were any planning appeals this would be funded from reserves.

Councillor Cornell confirmed that since the report had been drafted more up to date figures for the Littlecombe Industrial Estate were available whereby 2 units had been sold, 2 units let, 1 unit let (subject to contract), leaving 4 units currently available.

- RESOLVED**
- (a) **To note the General Fund Revenue Outturn for 2018/19, as shown in Table 1.**
 - (b) **To approve the transfers to and from earmarked reserves for the year, as detailed in Section 2 and Appendix A.**

SRC.009**CAPITAL OUTTURN REPORT 2018/19**

The Interim Director of Resources and Section 151 Officer outlined the above report which advised the capital outturn for 2018/19, sought authority to carry forward capital budgets and corresponding finance into the 2019/20 capital programme and also reporting the latest capital programme and funding position. He agreed to provide a more detailed table showing where money came from and how it down for Committee.

- RESOLVED**
- (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.**

SRC.010**COMMUNITY SERVICES VEHICLE REPLACEMENT**

The Head of Community Services outlined the above report. In reply to Members' questions he confirmed that discussions with other services would be taking place for a more corporate approach, including logos on the vehicles themselves. Electric vehicles would be purchased directly from the manufacturer. Consultation with the County Council regarding smart meters and also discussions with at least one other Parish Council had also taken place. It is anticipated that the vehicles will be charged overnight by a standard single charger point.

Councillor Pickering supported the report, which was the first step in changing the Council's fleet to low carbon emissions, and having a rolling replacement programme in place.

- RECOMMENDED TO COUNCIL**
- RESOLVED**
- That a Capital Budget of £257k is approved, funded from the Business Rates Reserve, to purchase a new low carbon fleet.**
- To 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.**

SRC.011 **SUPPORTING THE MILITARY COVENANT IN THE STROUD DISTRICT**

The Head of Housing Services outlined the reasons for supporting the Military Covenant in the Stroud District., one of which was that more needed to be done to drive awareness and assist by sign posting our veterans to receiving the help and assistance they deserved. He had linked up with the local Royal British Legion and also visited colleagues in Hereford who had undertaken a self-build project. At the present time there was no need for a budget.

Members were very supportive and agreed a change to the decision box to make a recommendation to Council to appoint a Councillor to Champion the Military Covenant.

- RESOLVED**
- (a) To agree that a member of the Royal British Legion is based in reception on designated days to support veterans on a trial basis.**
 - (b) That the Head of Housing Services is tasked with being the Council's Officer Champion for the Military Covenant.**

RECOMMENDED TO COUNCIL **To appoint a Councillor to Champion the Military Covenant.**

SRC.012 **REVIEW OF LEGAL SERVICES**

The Interim Head of Legal Services provided an overview of Legal Services and outlined the options for future service delivery. Some Members had attended an information evening where One Legal had given a presentation.

In reply to Members' questions the Officer confirmed that the report was asking Members what options they wanted explored. All Members agreed that the two options to be investigated were an in-house service or a shared/collaborative service.

The Chief Executive confirmed that a solution would have to work for all partners. A business case and further report would be presented to Committee in October 2019.

Councillor Townley, seconded by Councillor Pickering moved an amendment to paragraph (b) of the decision box, "To instruct the Interim Head of Legal Services and Monitoring Officer to provide a further report in relation to a shared service and in-house options".

The Interim Head of Legal Services confirmed that the Council has a very committed legal team who want to do a good job for the Council.

- RESOLVED**
- (a) To note the report.**
 - (b) To instruct the Interim Head of Legal Services and Monitoring Officer to provide a further report in relation to a shared service and in-house options.**

SRC.013 **APPOINTMENTS**

RESOLVED **To appoint Councillors Cooper and Pearson as Performance Monitoring Champions for the new civic year.**

SRC.014 **EMERGING WORK PROGRAMME**

The Chief Executive confirmed that there was still a lot of work to be undertaken. From the Corporate Delivery Plan, the Policy Team and Democratic Services were working together to create a Forward Plan which will involve all Committees. A standard item would be added to each meeting for updates to be given on external bodies eg GFirst LEP.

RESOLVED **To note the above.**

SRC.015 **MEMBER REPORT**

Investment and Development Panel – Councillor Cornell confirmed that there had recently been a Members' Information Sheet on Brimscombe Port and this topic would be discussed at the next meeting. The study on May Lane, Dursley was ongoing.

SRC.016 **MEMBERS' QUESTIONS**

There were none.

The meeting closed at 9.55 pm.

Chair

STRATEGY AND RESOURCES COMMITTEE

11 JULY 2019

5

Report Title	LGA CORPORATE PEER CHALLENGE ACTION PLAN
Purpose of Report	To consider the Action Plan resulting from the LGA Corporate Peer Challenge Feedback Report received in May, and reported to Council on 16 May 2019.
Decision(s)	The Committee RESOLVES to: (1) Agree the Action Plan; and (2) Note that progress reports will be brought to future Strategy & Resources Committee meetings.
Consultation and Feedback	The Peer Challenge process involved meetings with the Leader, Group Leaders, Committee chairs, a number of other members, the CE, senior management and a cross-section of staff as well as external partners and agencies. The Action Plan has been developed in consultation with managers and members of this Committee.
Financial Implications and Risk Assessment	There are no financial implications arising directly from the report. Actions taken will be subject to proper financial evaluation and reported to Committee as appropriate. Andrew Cummings, Interim Director of Resources and Section 151 Officer, Tel: 01453 754115 Email: andrew.cummings@stroud.gov.uk
Legal Implications	There are no legal implications arising from the content of this report. Patrick Arran, Head of Legal Services and Monitoring Officer, Tel: 01453 754369 Email: patrick.arran@stroud.gov.uk
Report Author	Kathy O'Leary, Chief Executive, Tel: 01453 754292 Email: kathy.oleary@stroud.gov.uk
Options	The Local Government Association encourages all local authorities to undergo a Corporate Peer Challenge every 4-5 years. These are designed to complement and add value to the Council's own performance and improvement focus. The preparation of an Action Plan to address the recommendations set out in the feedback report is optional. The Action Plan will help guide the Council's improvement over the next 18 months to 2 years.

Performance Management Follow Up	Progress against the Action Plan will be regularly monitored and reported to this Committee. The LGA will follow up with a visit in the next 18 months to 2 years to assess progress against their recommendations.
Background Papers/ Appendices	LGA Corporate Peer Challenge feedback report, May 2019. Report to Council on LGA Corporate Peer Challenge feedback report 16 May 2019. Appendix 1 – Emerging Action Plan

1. BACKGROUND

- 1.1 The Local Government Association (LGA) offers all local authorities the opportunity to participate in a Corporate Peer Challenge every 4 years or so as part of its sector-led improvement programme.
- 1.2 The Council's Corporate Peer Challenge took place between 26 and 29 March 2019. It was conducted by a team of elected members and senior officers from other local authorities together with LGA advisors.
- 1.3 The Peer Challenge considered 5 core components:
- How well we understand our local place and priority: do we understand the local context and use this to inform a clear vision and set of priorities?
 - Leadership of place: do we provide effective leadership through members and officers and form constructive partnerships with stakeholders?
 - Organisational leadership and governance: how effective is this politically and managerially and is this supported by good governance and decision making in response to key challenges and allows the Council to change and transform in response to these?
 - Financial planning and viability: do we have a plan in place which ensures our long term viability?
 - Capacity to deliver: is our resource aligned with our priorities?
- 1.4 The Peer Challenge team were also asked to give views on:
- How well are we currently meeting customer needs?
 - How might we make the best use of technology in the delivery of efficient and excellent customer services?
 - How well our structure supports our vision and delivery of corporate objectives and how might we improve this?
 - How we can best achieve financial self-sufficiency – including making the most of commercial investment and treasury management (with an eye on the benefit to residents and businesses)?
- 1.5 The Peer Challenge team reviewed the Council's self-assessment, key documents and visited Ebley Mill for 4 days between 26 and 29 March 2019. They conducted site visits, interviews and workshops with a wide selection of staff, members, stakeholders and partners, meeting with 107 people and holding 47 meetings during their stay.
- 1.6 The Council received the Peer Challenge team's feedback report in May 2019 and reported it to Council on 16 May 2019. The report to Council identified the headlines in the feedback report, which included that Stroud District Council is a good Council

providing good services, does much that is of the highest order and has the potential to be an exemplar leader of place.

- 1.7 The Peer Challenge team set out eight recommendations in respect of areas for development and improvement on pages 3 and 4 of the feedback report. The first four recommendations were identified as needing more immediate action and the latter four as needing action in the medium term. To some extent progress on the medium term recommendations and actions relies on addressing initial recommendations and actions, particularly carrying out a senior officer restructure to ensure sufficient strategic capacity is in place at the top of the organisation. A separate report on this agenda addresses that issue.

2. ACTION PLAN

- 2.1 The Action Plan at Appendix 1 sets out the 8 recommendations in full and the actions identified to address them, with reference to the page numbers and sections in the LGA Peer Challenge team's feedback report to ensure all suggested actions are captured. The anticipated timescale and current progress against each action is recorded and lead officers / members identified.
- 2.2 As further work is carried out in respect of each recommendation and action, which will include lead members and officers engaging with the LGA and others for advice and support, the Action Plan will be underpinned by further detail.
- 2.3 The Action Plan will be kept under continual review and progress regularly reported to this Committee. The intention is to make substantial progress on the Action Plan by the time the LGA are invited back within the next two years.

3. CONCLUSION

- 3.1 Members are asked to endorse the emerging Action Plan at Appendix 1 which is being developed to respond to the LGA Corporate Peer Challenge team's feedback report.

LGA Corporate Peer Challenge Feedback Report (May 2019) Recommendations		Action	Timescale	Progress	Led by
1	Commence senior officer restructure to ensure sufficient strategic capacity is in place at the top of the organisation.	1a) Improve capacity in the short term until restructure implemented.	Complete	Interim Director of Resources in post 1 June 2019 Interim Senior Leadership Team (SLT) in place and meeting weekly May 2019; wider Operational Managers Team (OMT) established early 2019 and meets monthly.	CE HR Manager
		1b) Review senior leadership team to address lack of strategic capacity and reflect structural and cultural changes required (page 9-10, section 4.3 and page 13-14 section 4.5).	Immediate with recruitment Autumn 2019	Report to Strategy & Resources Committee 11 July 2019 to outline proposed recruitment of 3 Strategic Directors; recruitment process to commence in July with first round interviews in September and final interviews in October.	CE HR Manager
		1c) Consider the need for additional short-term capacity at director level to drive forward the Council's digital and wider transformation programme at pace (page 15, section 4.5.1)	Immediate with recruitment Autumn 2019	Report to Strategy & Resources Committee 11 July to outline proposed recruitment of Director of Transformation for 2 year term.	CE HR Manager
2	Agree short-term priorities and actions for the period to May	2) Set realistic short term goals (next 12 months) (page 9, section 4.3).	Complete	The updated Corporate Delivery Plan with Key Actions for 2019/20 was approved by Council 16 May	CE and Alliance

LGA Corporate Peer Challenge Feedback Report (May 2019) Recommendations		Action	Timescale	Progress	Led by
	2020.			2019. Progress will be recorded and monitored regularly by SLT and OMT (on Excelsis) and reported quarterly to SLT and committees.	Leaders SLT and OMT
3	Ensure the integrity of the current IT system. Review the progress and suitability of current plans, capability and capacity in respect of this, and beyond that to confirm that emerging plans in respect of ICT development and digital delivery fit with longer term transformation plans.	3a) Seek external expertise to review the Socitm work undertaken to ensure short, medium and long term priorities are set out (page 10, section 4.3).	May - September 2019	Socitm work shared with some external experts already and way forward being established ahead of proposed appointment of fixed term Director of Transformation. Outputs of Socitm work being revisited with Socitm themselves too.	CE / SLT
		3b) Review ICT capability and capacity professionally and across the organisation to support transformation and day to day service delivery (page 14, section 4.5.1).	June 2019 onwards	Report to Strategy & Resources 11 July 2019 proposes fixed term Director of Transformation who will lead on this; in the meantime CEO and SLT will work with external experts (see above).	CE / SLT/ Director of Transformation
		3c) Develop a clear route map and resource plan to implement agreed actions to ensure suitability of IT for transformation as well as day to day	July 2019 onwards	See above. Immediate work being undertaken on Disaster Recovery options and infrastructure priorities.	CE / SLT/ Director of Transformation

LGA Corporate Peer Challenge Feedback Report (May 2019) Recommendations		Action	Timescale	Progress	Led by
		service delivery (page 14, section 4.5.1).			
4	Work with all key stakeholders over the next year to develop a clear vision and priorities for the council aligned to its medium term financial plan (MTFP), to be agreed in the next iteration of the Corporate Delivery Plan (CDP) and once approved ensure this is communicated effectively to residents, businesses and other partners	4a) Analyse available data on district to ensure SDC and its members are well briefed on a strong evidence base to compellingly underpin priorities and decision making processes (page 7, section 4.1).	Autumn 2019	Preparation under way to undertake annual budget consultation with residents and businesses in October 2019 to provide baseline information on the future priorities for the Council.	Policy team / SLT
		4b) Engage members early in district wide priorities, using their knowledge and understanding of their communities to shape and inform them, and ensuring a strategic focus on financial sustainability and the district as a whole rather than on individual wards. Local initiatives can often draw capacity from SDC as a whole and make it difficult for the Council to deprioritise and stop doing things (page 7, section 4.1).	Autumn 2019 onwards	A budget workshop on linking the MTFP with priorities from the emerging CDP 2020+ is planned.	Interim Director of Resources CE / SLT
		4c) Engage other key stakeholders, including staff, Parish & Town Councils; LSP and partners (page 7-8, section 4.1)	Autumn 2019 – Spring 2020		CE / SLT / OMT / Democratic Services & Elections Manager,

LGA Corporate Peer Challenge Feedback Report (May 2019) Recommendations		Action	Timescale	Progress	Led by
					Comms Manager
		4d) Prepare an internal and external engagement plan for the preparation of the new CDP 2020-2024 and a Communications Plan for the agreed CDP (page 7-8, section 4.1).	Summer 2019		Comms Manager / SLT
		4f) Adopt new CDP 2020-2024 (page 3, section 1).	Post May 2020		CE / Leader
5	Create time, once its senior officer team is appointed, for its political and managerial leadership teams, both informally and formally to have the 'strategic conversations', referred to in this report. This will help develop a strong leadership team and help them develop clear priorities and plans to be put in place focused on SDC's improvement, for the district and the wider county and sub region.	5a) Schedule regular meetings between SLT and lead members to jointly discuss strategic matters.	Summer 2019 onwards	This will start with CDP and budget workshops Summer and Autumn 2019.	CE / Alliance Leaders
		5b) On a county and sub-regional level, more members and officers need to be bolder, more active and lever SDC strategic planning influence on the broader stage for the benefit of its residents, businesses and the wider region. Revisit potential for collaboration in formal and informal partnerships including working more closely with other districts on shared services or joint priorities (page 8-9, section	Summer 2019 onwards	Potential for shared legal service being explored as one option for future provision.	CE / Leader

LGA Corporate Peer Challenge Feedback Report (May 2019) Recommendations	Action	Timescale	Progress	Led by
	4.2).			
<p>6 Establish effective workforce planning and performance management arrangements so that the Council has a committed and engaged staff group with clarity in terms of the expectations of them and sufficient capacity to deliver its plans. The Council should:</p> <ul style="list-style-type: none"> • Review its future staffing arrangements, ensuring strategic fit and the development of a 'one council' ethos • Develop core transformation plans and ensure sufficient capacity to enable effective delivery and monitoring. This includes consideration of ICT provision • Establish appropriate pay and reward arrangements for staff • Ensure consistent compliance 	6a) Review the staffing structure and develop a clear workforce plan to ensure skills and capacity are aligned to delivery of Council priorities (page 11, section 4.3).	Autumn 2019 onwards as emerging CDP develops.		CE / SLT / HR Manager
	6b) Create a learning organisation; in terms of leading, influencing and shaping places there is significant knowledge and talent which needs to be more effectively harnessed, tapping learning from different projects and programmes within the lead department across the Council (page 8, section 4.2).	Summer 2019 onwards	Creation of a Corporate Policy team planned to help centralise learning. Skills audit to identify talent across the organisation. Organisational development planning under way.	Interim Director of Resources HR Manager/
	6c) Develop effective mechanisms for staff engagement to develop and promote more effectively the values, behaviours and new ways of working (page 10-11, section 4.3).	Autumn 2019	Values and behaviours workshops planned in 'Proud of Stroud' CE / staff briefing sessions.	HR Manager / SLT
	6d) Put in place appropriate systems for and application of performance management. The current system could do with improved clarity, purpose, consistent compliance and	Winter 2019 onwards as CDP and workforce plan are developed.		HR Manager / SLT

LGA Corporate Peer Challenge Feedback Report (May 2019) Recommendations		Action	Timescale	Progress	Led by
	<p>with, and outcomes arising from, core HR policies are delivered eg appraisals</p> <ul style="list-style-type: none"> • Ensure consistent oversight, management and compliance with key performance management practices. 	effective monitoring arrangements (page 11, section 4.3).		Quarterly performance reports to SLT and Committees.	Policy team
		6e) Undertake a council-wide staffing, pay and reward review (page 10, section 4.3).	July 2019 onwards; likely to take 18 months	Pay and reward to recruit proposed directors addressed in report to Strategy & Resources Committee on 11 July 2019, in a 'top down' approach.	HR Manager
7	Building on its relatively strong financial position, review how its investment and commercial plans could be enhanced. A key focus of this will be to help deliver the council's priorities as well as sustain its financial viability into the medium term.	7a) Learn lessons from the past where projected savings / income have not been achieved eg introducing car parking charges in some market towns (page 12, section 4.4 and page 7, section 4.1).	Autumn 2019	Facilitated workshop to be planned.	Interim Director of Resources / CE / Leader
		7b) Forecast income more effectively (page 12, section 4.4).	Ongoing	Regular budget monitoring activity.	Interim Director of Resources
		7c) Manage SDC's capacity into the future, recognising that key areas as staffing structure, pay and reward, skills and transformation require financial planning and commitment	Ongoing	Reserves put in place.	Interim Director of Resources

LGA Corporate Peer Challenge Feedback Report (May 2019) Recommendations	Action	Timescale	Progress	Led by
	(page 13, section 4.4).			
	7d) Increase visibility and transparency around cost of services and options (page 13, section 4.4).	Ongoing	CPC report notes that a good start has been made.	Interim Director of Resources
	7e) SDC to internally consider what commercialism means to the Council in order to develop a strategy as part of its longer term plan, eg how it links investment to priorities, place shaping etc (page 13, section 4.4).	July 2019	LGA facilitated budget workshop planned for Autumn 2019.	Interim Director of Resources
	7f) Treasury management – the Council is regarded as being fairly risk averse, and commercialisation opportunities that deliver enhanced return and other policy priorities should be positively considered within a controlled environment in relation to risk and reward (page 13,	Summer 2019 onwards	Implementation of the Investment Strategy agreed at Council in February 2019	Interim Director of Resources

LGA Corporate Peer Challenge Feedback Report (May 2019) Recommendations		Action	Timescale	Progress	Led by
		section 4.4).			
		7g) Routinely review income derived from fees and charges (page 13, section 4.4).	Autumn 2019	Budget workshop planned.	Interim Director of Resources
		7h) Ensure members have sufficient financial and performance information on which to make informed decisions and deliver challenge (page 13, section 4.4).	Ongoing	CPC report notes Interim Director of Resources' groundwork is really helping with this. Business cases required.	Interim Director of Resources
8	<p>Consider reviewing governance arrangements to ensure better decision making, in order to deliver its revised priorities and plans. As part of this the Council should:</p> <ul style="list-style-type: none"> • Look to develop better collaboration at an early stage in producing policy or service 	8a) Carry out a review of the committee system, and the governance arrangements that support it (member / officer working groups and separate member and officer meetings), to gauge how effectively the current way of working operates and especially whether its application in practice enables effective decision making			Cross-party Task & Finish Group supported by Democratic Services / SLT

LGA Corporate Peer Challenge Feedback Report (May 2019) Recommendations	Action	Timescale	Progress	Led by
<p>options, taking account of expertise available from members where appropriate, together with ensuring that operational, financial and legal implications of options are effectively understood</p> <ul style="list-style-type: none"> • Seek to build greater political consensus before decision making reports come to members, with greater opportunity for testing and rigour. 	(page 11, section 4.3).			
	8b) Develop a longer term forward plan and associated with this, clarity around approaches to challenge and effective scrutiny to improve decisions, and importantly the quality of reports to underpin this (page 11, section 4.3).	May 2019 onwards	Work is under way to produce a forward plan for the year ahead based in CDP Key Actions for 2019-20 and 'business as usual'.	SLT / Policy team and Democratic and Elections Manager
	8c) Support the development of member capacity, through further focused training and development (page 11, section 4.3).	Summer 2019 onwards		CE / Alliance Leaders / Monitoring Officer / Democratic Services and Elections Manager
	8d) Member / officer training to ensure both are aware of their respective roles, responsibilities and accountabilities and staff have a strong sense of political awareness	Autumn 2019 and post 2020 elections		CE / Alliance Leaders / Monitoring Officer / Democratic

LGA Corporate Peer Challenge Feedback Report (May 2019) Recommendations	Action	Timescale	Progress	Led by
	to respond effectively and lead and deliver improvement (p10, section 4.3).			Services and Elections Manager
	8e) Utilise the existing programme management capacity that is available; further clarity of role and purpose is needed (page 11, section 4.3).	July – October 2019	Creation of a Corporate Policy team resource from within existing staff resource, together with new JDs, is being scoped.	Interim Director of Resources / CE / HR Manager
	8f) Ensure the Constitution is updated to reflect the above actions.	Ongoing		Monitoring Officer

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

11 JULY 2019

6

Report Title	SENIOR MANAGEMENT STRUCTURE
Purpose of Report	To provide the Committee with the advice of the Head of Paid Service regarding a new senior management structure to better reflect the Council's priorities and organise its service delivery following the recommendations of the LGA Corporate Peer Challenge team, set out in the Feedback Report received in May, and reported to Council on 16 May 2019.
Decision(s)	The Committee RESOLVES to: (1) Agree the recruitment and remuneration of 3 Strategic Directors of Communities, Place and Resources as set out in this report; (2) Agree the recruitment and remuneration of a Director of Transformation for a fixed term period of 2 years, as set out in this report; and (3) Agree the use of the transformation reserve to meet the additional costs arising from those appointments.
Consultation and Feedback	Leader, Group Leaders and Committee chairs. Advice, support and feedback on organisational structure and pay and reward from the Local Government Association (LGA) and South West Councils.
Financial Implications and Risk Assessment	<p>The new salary positions for permanent directors would result in additional costs of approximately £45k p.a. in total. The impact in 2019/20 can be comfortably accommodated using savings from senior management vacancies. The MTFP will be adjusted in future years to take account of the new senior management structure.</p> <p>A two year appointment of a Director of Transformation will incur total costs of approximately £230k, depending on salary offered. This will be funded from the transformation reserve which is earmarked for such usage.</p> <p>Any one-off costs in 2019/20 of recruitment and possible redundancy payments can also be funded from in year savings and the transformation reserve.</p> <p>The HRA would need to fund a fair share of the senior management structure, with any one-off costs being funded from in year savings, or where necessary the HRA staffing earmarked reserve. Ongoing costs would be built into the HRA MTFP.</p> <p>Lucy Clothier, Principal Accountant Tel: 01453 754343 Email: lucy.clothier@stroud.gov.uk</p>

Legal Implications	All legal implications are set out in the body of the report. Patrick Arran, Head of Legal Services and Monitoring Officer, Tel: 01453 754369 Email: patrick.arran@stroud.gov.uk
Report Author	Kathy O’Leary, Chief Executive, Tel: 01453 754292 Email: kathy.oleary@stroud.gov.uk
Options	The Local Government Association Corporate Peer Challenge feedback report’s first and most urgent recommendation is to commence a senior officer restructure to ensure sufficient strategic capacity is in place at the top of the organisation. This is essential to address the current lack of capacity at director level and as such, there are no other feasible options available.
Performance Management Follow Up	The proposed approach and timetable for recruitment is set out in this report, which recommends informal opportunities for staff and members to meet candidates and engaging Group Leaders together with the CE and HR Manager in the final stage of the recruitment process. Once recruited, the postholders will be subject to established staff performance management procedures.
Background Papers/ Appendices	<ul style="list-style-type: none"> ○ LGA Corporate Peer Challenge feedback report, May 2019. ○ Report to Council on LGA Corporate Peer Challenge feedback report 16 May 2019. ○ See also report on Corporate Peer Challenge Action Plan on this agenda. Appendix 1 - SDC Organisational Structure May 2019 Appendix 2 – Proposed New Director Structure (subject to refinement)

1. BACKGROUND

- 1.1 The first recommendation of the LGA Corporate Peer Challenge team’s feedback report is that in the first instance, the Council should commence its senior officer restructure to ensure sufficient capacity is in place at the top of the organisation. The report goes on to recommend that this should be followed by a review of the overall staffing structure, pay and reward so that these align.
- 1.2 The executive summary of the report identifies that the Council must ensure that it has the capacity to both maintain its core community and partner strengths and work with purpose towards its improvement goals. One of these goals is to move towards a more inclusive and empowering Council, which centres on the need to modernise and transform its operating model, culture and systems. The report goes on to say that:

“...- the capacity needed to address this and the time and resources required should not be underestimated. Importantly SDC has appointed a new Chief Executive and given her a mandate to lead and steer this change and she has set about this with vigour by engaging with key stakeholders, most especially the Council’s workforce, who clearly are on board with and want to be part of a dynamic Council. If that vitality and purpose is to be sustained SDC needs to ensure, as a priority, that the Chief Executive is supported in building a strong leadership team around her. For a range of reasons that capacity is currently

absent and this is a fundamental foundation stone that must be secured as soon as is practicable.”

- 1.3 Section 4 of the Local Government and Housing Act 1989 sets out the statutory duty of the Head of Paid Service (Chief Executive). The Head of Paid Service has responsibility, where they consider it appropriate, to provide a report to the council in relation to;
- the number and grades of staff required by the authority for the discharge of its functions;
 - the organisation of the authority’s staff; and
 - the appointment and proper management of the authority’s staff.
- 1.4 This report is therefore a formal report from the Chief Executive setting out her advice on the organisation and grades of the senior management team. This advice is based on the clear recommendation from the LGA and Corporate Peer Challenge team.
- 1.5 The authority has ultimate responsibility for appointing officers and determining their terms and conditions, including remuneration. Any decision should have regard to the advice from the Chief Executive. Remuneration upon appointment must be in line with the pay policy adopted by Council.
- 1.6 The Strategy and Resources Committee has delegated authority under Standing Orders to exercise functions in relation to the pay policy and senior appointments. In accordance with the Staff Employment Procedure Rules, this includes appointment of senior officers and determining the remuneration payable.

2. SENIOR MANAGEMENT TEAM PROPOSALS

The Current Structure

- 2.1 The existing organisational structure, in terms of its division of responsibilities between the Chief Executive and the three director posts is set out at Appendix 1. The Chief Executive effectively behaves as a 4th director, as she has direct service line reports in addition to the 3 director roles which report to her.
- 2.2 The three main directorates are not evenly matched in their split of responsibilities and have evolved over time. The Peer Challenge feedback report says that for a period of time the Council has been characterised as being in a ‘steady state’, essentially making incremental changes and responding tactically to circumstances rather than planning strategically in order to lead change. This approach, together with the lack of capacity at director level as a result of retirements and long term sickness, has left the Council playing ‘catch up’ in terms of modernisation.
- 2.3 There is a need for directors to operate strategically to guide the authority to achieve its ambitions, rather than being closely involved in operational matters on a regular basis. The Peer Challenge report also notes that the lack of effective capacity, infrastructure and apparent cultural barriers between services and directorates limit working in a ‘one Council’ way.
- 2.4 Importantly, the Peer Challenge report also identifies the potential that the Council has in its staff resource. The Peer Challenge team found it refreshing that all the staff and

managers they met were completely supportive of driving deeper and more concerted efforts to work collaboratively, to embrace modern ways and develop a new culture of distributive leadership and accountability. It will be central to the development of the proposed new culture that officers are given appropriate freedom to be innovative and exercise discretion. This would need to be enabled within a strategic framework which is led from the front by a strategic management team.

The Proposed Structure

- 2.5 Having consulted extensively with the Peer Challenge Team and the Local Government Association, in order to deliver the Council's ambitions and meet future challenges, the advice of the Chief Executive is that three new Strategic Director roles should be created within a form that follows the function of the organisation. This will reflect three broad themes that can be identified in the delivery of the Council's services and the Corporate Delivery Plan. The strategic nature of these new roles needs to be emphasised as this is the team that will support the Chief Executive to give effect to the political agenda and run the Council.
- 2.6 It is important to note that these are new Strategic Director roles which differ from the responsibilities and requirements of the current director posts. Each Strategic Director will be expected to assist and deputise for the Chief Executive and ensure the effective and efficient strategic management of the organisation to meet overall Council objectives, as well as to oversee and be responsible for a portfolio of services and ensure that they are run well.
- 2.7 The table at Appendix 2 gives an indication of the potential organisation of services under the three Strategic Directors. The first three columns suggest the broad structuring of services under the proposed new Directors as follows:
- **Strategic Director of Resources**
Internal support services and Corporate Policy and Governance. These services need to operate well together to support the outward-facing services of the Council.
 - **Strategic Director of Place**
Outward facing place-based services concerned primarily with the built and natural environment; generally regulatory services.
 - **Strategic Director of Communities**
Outward facing services concerned primarily with people and communities, their opportunities and quality of life.
- 2.8 This proposed structure is similar to that adopted by many local authorities and has been developed from numerous conversations with managers, other staff, lead members and some partners, and with the support of the LGA following the Corporate Peer Challenge. The overall aim is to achieve better cross-service collaboration to fulfil the Council's ambitions and meet strategic objectives and the structure needs to be more flexible to respond to changing needs and opportunities.
- 2.9 The purpose of this report is to advise upon a senior management structure. The actual allocation of particular responsibilities within each portfolio will be within the discretion of the Chief Executive. The portfolios outlined are intended to be indicative

at this stage and the Chief Executive will undertake any necessary revisions once Directors are appointed. There will inevitably be further refinements as Directors and managers work closely together with staff to determine the most effective groupings of services.

- 2.10 It is important to note that, what is being proposed is a fundamental change to the senior management team with payment of suitable remuneration to reflect the strategic nature of the role. It is not simply a reconfiguration of existing resources and responsibilities. If approved, the changes proposed by this report will mean that the current Director posts will be redundant. The post of Director of Customer Services is currently vacant. However, the post holders of Director of Development Services and Tenant and Corporate Services will be potentially at risk of redundancy and a short period of consultation will need to take place. Both officers are aware of the proposals and informal discussions have already taken place with them. Given the differences in the proposed Strategic Director roles and salaries and the need to demonstrate that appointments have been made on merit, there will need to be a competitive process. As such, no roles will be ring fenced. Both officers affected will be able to apply for one of the new roles and take part in the competitive process and will be automatically shortlisted.
- 2.11 Members will note that an interim appointment has been made to a temporary Director of Resources to provide short term support for the Chief Executive whilst this process is underway and whilst one of the Directors is on long term sickness absence. Whilst the interim post holder will be able to apply for the substantive role should he wish, if he were unsuccessful, he would revert to his substantive role which is held vacant at present. The proposed recruitment process will be referred to below.

Director of Transformation (fixed term)

- 2.12 The Corporate Peer Challenge report recommends that the Council “*should consider the need for additional short-term capacity at director level to drive forward the Council’s digital and wider transformation programme at pace*”. The Council’s transformation plans need to be developed and clearly articulated and there is a need to ensure that these are underpinned by ICT capacity, capability and new approaches to digital delivery that are designed around the residents and businesses that we serve. The most essential aspect of transformation is the culture change required across the organisation.
- 2.13 This is a significant challenge which requires dedicated capacity at a senior strategic level. It is recommended that to drive this forward a Director of Transformation is appointed for a fixed term of two years. In the longer term, it is anticipated that change and transformation activity can be mainstreamed within the remit of the Strategic Director of Resources, potentially in the Corporate Policy and Governance team that is yet to be created using existing staff resources from existing teams.

3. REMUNERATION

- 3.1 The Corporate Peer Challenge report recommends that pay and reward is reviewed for staff, all of whom are currently on historic spot salaries. Unison, in a recent guide on negotiating pay structures¹ have commented that the problem with spot payments is

¹ <https://www.unison.org.uk/content/uploads/2016/10/Pay-structures.pdf>

that they “...leave no scope for progression which can lead to problems with morale in the workplace and productivity issues”. In addition, a spot salary approach does not recognise or differentiate experience in the role or provide adequate incentivisation by way of further reward. This does not help the Council retain or recruit staff and the Council struggles to compete with neighbouring local authorities, particularly where resources are scarce and in high demand, for example in a number of the professional services such as Planning.

- 3.2 The Peer Challenge team were clear that Stroud has the ability to become an exemplar Council. However, the team were equally clear that managing the Council’s capacity into the future necessitated recognising that key areas such as the staffing structure and pay and reward needed financial planning and commitment. Whilst there are a great many obvious benefits and attractions to living and working in the District, the Council has to be able to offer the necessary financial incentives to attract and retain talent to take it forward and achieve its objectives.
- 3.3 The proposed senior management structure with the appointment of strategic directors presents the opportunity to take a ‘top down’ approach to a review of pay and reward. Ordinarily, a pay review would consider the whole Council, but such a review could take up to a year and the senior management team needs to be appointed as soon as possible to help the Chief Executive achieve traction in the short term. On the basis that the whole pay structure is generally influenced by senior pay in any event, making a decision on pay for strategic directors at this point will not cause any issues for a later pan-Council pay review. Indeed, in many organisations, Chief Officers are on different pay arrangements altogether.
- 3.4 More importantly, the Council needs to make any job advert immediately attractive to candidates in the marketplace and present itself as an attractive proposition compared to other comparable local authorities in the area.
- 3.5 Currently SDC directors are paid £73,161 gross per annum. The Chief Executive has consulted with the LGA and made enquiries in relation to the level of director pay locally, regionally and nationally. The proposed pay scale set out below takes account of the available information and is considered to be an appropriate level for the duties required of the new strategic director posts. In order to provide members with sufficient comparator detail, the figures will be presented in the following order:
 - Gloucestershire Comparator Authorities
 - Regional Comparator information provided by South West
 - National Comparator information
- 3.6 Gloucestershire Comparator Authorities – Gloucester City, Cheltenham Borough Council, Tewkesbury Borough Council (2018-19 rates based on Statement of Accounts and open data records).

Gloucester City	2018-19 Rate	Pay Band
Corporate Director 1	88,089	85,359 – 94,344
Corporate Director 2	88,089	85,359 – 94,344
Head of Policy and Resources (S151)	78,160	72,131 – 79,724
Head of Place	72,500	72,131 – 79,724

Cheltenham Borough Council	2018-19 Rate	Pay Band
Cheltenham Task Force Managing Director	95,700	90,000 – 99,999
Executive Director, People and Change	87,092	75,000 – 89,999
Executive Director, Finance and Assets	93,448	90,000 – 99,999
Managing Director, Place and Growth	87,092	75,000 – 99,999
Director, Corporate Resources*	66,731	65,000 – 74,999
Director, Environment*	65,536	65,000 – 74,999
Director, Planning*	65,536	65,000 – 74,999
* Deputy Chief Officers		

Tewkesbury	
Deputy Chief Executive	81,287
Borough Solicitor (Also a Director)	86,455
Head of Service S151 & Asset Mgt.	68,856

3.7 Regional Comparator Information - 2nd tier Authority (38 Records)

Average Salary SW District Authority	70,609 – 74,995
Median Salary SW District Authority	73,161 – 74,899
Upper Quartile SW District Authority	81,147 – 83,232

3.8 National Data – District Authority, Similar Population Size (79 Records)

Average Salary District Authority	77,856 – 83,991
Median Salary District Authority	75,735 – 83,232
Upper Quartile District Authority	86,030 – 93,388

3.9 The current rate of pay for Directors at SDC is below the bottom of the scales paid by Cheltenham and Gloucester and the salaries paid by Tewkesbury. It is also below the national average and median salaries for a District Authority with a similar size population.

3.10 In terms of the regional position, the current salary is in line with the average and median pay ranges, but is well below the upper quartile, which is where SDC would like its performance to be in terms of its position aspiring to be an exemplar council.

- 3.11 The LGA and South West Councils recommend that to fulfil the Council's potential and to match its ambition, it will need to consider offering regionally competitive upper quartile salaries to attract and retain the best talent in these demanding strategic roles. This would be in the region of £80,000 - £85,000 pa for each director.
- 3.12 There are two options; one would be to adopt a spot salary approach and the other would be to adopt a salary band. It is the recommendation of the Chief Executive and the LGA that the Council adopts a salary band for Strategic Directors, which is the position in two of the three local comparators. It is custom and practice within local government to place new starters on the bottom increment of any salary range. Incremental increases are then based on satisfactory performance and controlled on that basis. However, a salary band also gives the Council the ability to offer a higher salary within the band to exceptional candidates if necessary.

Financial impacts of proposals

- 3.13 To provide an illustration, the costs of the existing structure and the proposed structures are set out below.

3.14 Current Structure with on costs

Current Structure	Salary pa	Cost including on costs
Chief Executive	£115,268	£150,732
Director of Development Service	£73,161	£95,235
Director of Tenant & Corporate Services	£73,161	£95,235
Director of Customer Services	£73,161	£95,235
Total	£334,751	£436,437

3.15 Proposed structure – based on minimum and maximum cost

Proposed Structure	Salary pa (minimum)	Costs including on costs (minimum)	Salary pa (maximum)	Costs including on costs (maximum)
Chief Executive	£115,268	£150,732	£115,268	£150,732
Strategic Director of Resources	£80,000	£104,249	£85,000	£110,839
Strategic Director of Place	£80,000	£104,249	£85,000	£110,839
Strategic Director of Communities	£80,000	£104,249	£85,000	£110,839
Total – Ongoing Structure	£355,268	£463,479	£370,268	£483,249
Director of Transformation (Fixed term for two years)	£80,000	£110,839	£85,000	£110,839
Total – Including Fixed Term Post	£435,268	£567,728	£455,268	£594,088

- 3.16 The proposed increase in salary for the new strategic director roles and the proposed additional fixed term Director of Transformation would mean a temporary increase in the wage bill of the Council. To put this proposed increase in context, the current total annual wage bill of the Council is £13.4m and the proposed overall wage bill for a

temporary period would be £13.53m. The additional cost would be met from the existing transformation reserve, which was created with the intention of funding short terms costs relating to post peer review transformation. However, this investment in the 2nd tier posts of the Council will significantly increase capacity and improve the ability of the Council to drive transformation and efficiency, which ultimately should reduce the Council's wage bill in the longer term. While the Council can afford to invest, it is recommended that it does so to improve its chances of achieving financial self-sufficiency and delivering on other ambitions and objectives to improve services for residents and businesses.

4. PROPOSED RECRUITMENT PROCESS AND TIMETABLE

- 4.1 Given the number and importance of the roles proposed, it is recommended that a national recruitment specialist is engaged to work with the Council, provide advice and support the process, particularly the sourcing, long listing and short listing of suitable candidates. The process will be advertised nationally, but will also be open to internal candidates. As stated above, any officers at risk of redundancy will be automatically shortlisted if they wish to apply for one of the new strategic director posts.
- 4.2 Preliminary work has been carried out with a national recruitment specialist to identify options and costs, which are currently being considered with the HR Manager to establish what the Council can best do itself and where it would most benefit from external support. These one-off advertising and recruitment costs can be met from the transformation reserve.
- 4.3 It is suggested that, subject to costs and timetabling, the final stage of the interview process will include a day of familiarisation with members, staff and external stakeholders, meetings and presentations at Ebley Mill followed by final interviews the next day with the CE and member panel.
- 4.4 The Employment Procedure Rules, part 4) state that “A *panel of Strategy and Resources Committee will appoint Chief Officers. The Chief Executive will Chair.*” The term (Non Statutory) Chief Officers is defined in statute and includes any officer who reports directly to the Chief Executive, which includes strategic directors. The recent recruitment of the Chief Executive involved all 4 Group Leaders in the final panel and it is suggested that that approach should be taken in the recruitment of the new strategic directors. Given the number of roles and the potential number of candidates, logistically this would take up 4 working days.
- 4.5 Further work will need to be carried out to detail the recruitment process and finalise costs. At present the indicative timetable is as follows:

Advertisements placed and search/sourcing commenced:	w/c 29 July
Application closing date:	6 September
Longlist meeting:	w/c 9 September
Longlist interviews conducted by recruitment agency and technical assessors:	w/c 16 and/or 23 September
Final interviews and panel:	From w/c 7 October

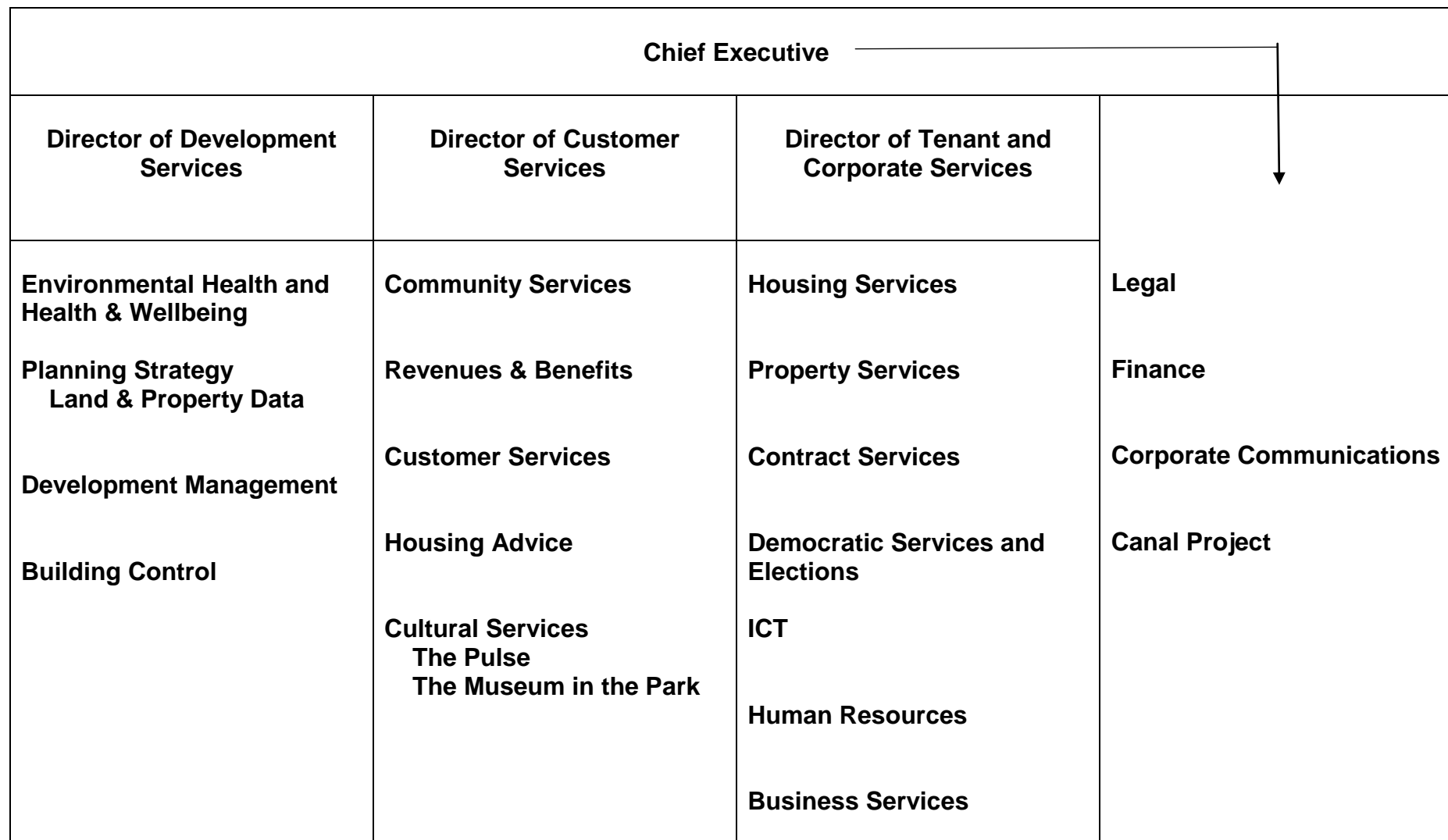
5. LGA COMMENT

- 5.1 The recommendations set out in the report, to create a new senior management team, respond directly and positively to the challenges identified in the Corporate Peer Challenge concerning the importance for the Council of creating the strategic leadership capacity needed both to meet its ambitions for the people of Stroud, but also to modernise the way the Council works in future.
- 5.2 The proposed senior management structure is consistent with current good practice within the local government sector and the recommended salary band of £80-85,000 reflects the market for high quality strategic directors.

6. CONCLUSION

- 6.1 Given the strong recommendation of the Corporate Peer Challenge team that significant modernisation and transformation is required to achieve the Council's ambitions and priorities to and to ensure the Council fulfils its potential to be an exemplar leader of place, these appointments should be a priority for the Council. Members are asked to endorse the proposed structure and recruitment of three permanent Directors of Resources, Place and Communities and one fixed-term Director of Transformation at a market salary of £80,000 - £85,000 to reflect the strategic importance of the roles. The additional cost can be met from the transformation reserve.
- 6.2 It is imperative that officers with the necessary skills and experience are appointed to these pivotal new roles within the authority to ensure that the Chief Executive is supported at a strategic level to shape the Council's staff to deliver the Council's ambitions and priorities, and maintain excellent services for residents and businesses.

SDC Organisational Structure May 2019



Proposed New Director Structure (subject to further refinement)

Chief Executive			
Strategic Director of Place	Strategic Director of Communities	Strategic Director of Resources	Director of Transformation (2 year fixed term)
Environmental Health Planning Strategy Land and Property Data Development Management Building Control Regeneration including Canal Project Economic Development and Tourism	Community Services Revenues and Benefits Customer Services Housing Services Contract Services Cultural and Leisure Services The Pulse The Museum in the Park Health & Wellbeing	Legal Finance Strategic Asset Management Human Resources Democratic Services and Elections Corporate Policy and Governance (includes Projects, Programmes, Performance, Procurement and Partnerships) Corporate Communications	ICT (Close relationship with Customer Services, and services within Resources, where change and transformation activity will be incorporated in the longer term)

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES

**AGENDA
ITEM NO**

11 JULY 2019

7

Report Title	REDEVELOPMENT OF BRIMSCOMBE PORT
Purpose of Report	To seek approval to three of the tender documents for the procurement of a developer partner for the redevelopment of the Port.
Decision(s)	<p>Strategy and Resources Committee RESOLVES:</p> <p>a) i. To approve the Output Specification. ii. To approve the Value for Money Protocol. iii. To approve the Commercial Principles Paper for the procurement of a development partner for Brimscombe Port and</p> <p>b) To delegate authority to the Head of Property Services in consultation with the Chair and Vice Chair of Strategy and Resources to make minor amendments to these documents prior to finalising the documents for the launch of the procurement process.</p>
Consultation and Feedback	Consultation has taken place with Ward Councillors, the Parish Council, Stroud Valleys Canal Company (SVCC) and Homes England on the Output Specification. Liaison meetings continue with tenants on the site and local residents.
Financial Implications	<p>There are no direct financial implications arising from the decisions in this report.</p> <p>Council has agreed the SDC contribution to this project and the Value for Money Protocol confirms those sums. The Project Board regularly review expenditure against this budget.</p> <p>Andrew Cummings, Interim Director of Resources and S151 Officer Tel: 01453 754115 Email: andrew.cummings@stroud.gov.uk</p>
Legal Implications	<p>There will be a number of legal implications arising from this project which will be outlined as it progresses. Other than the issue referred to below, there are no specific legal implications with this report which is to agree specification documents in readiness for the tender process.</p> <p>It is important to note that the Output Specification will be incorporated into the terms of the contract for the purchase of the Port from SVCC which could potentially be completed by the end of July. The contract will allow minor variations necessary to meet planning requirements and other consents required by law but will not be capable of significant change other than with the consent of both parties to that contract.</p>

	Patrick Arran, Interim Head of Legal Services & Monitoring Officer Tel: 01453 754369 Email: patrick.arran@stroud.gov.uk and Alan Carr, Solicitor Tel: 01453 754357 Email alan.carr@stroud.gov.uk
Report Authors	Leonie Lockwood, New Homes and Regeneration Manager Tel: 01453 754153 Email: leonie.lockwood@stroud.gov.uk
Options	The Council could choose to not develop a set of procurement documents to select a partner through the competitive dialogue route and market the site for sale or develop the site itself.
Performance Management Follow Up	Documents are reviewed by Project Board and update reports are brought to Investment and Development Panel. Regular Information Sheets are prepared for Committee.
Background Papers/ Appendices	Appendix 1 – Output Specification Appendix 1 A – Phase 1 -Canal Infrastructure Works Engineering Design Appendix 1 B – Phase 2 - Canal Infrastructure Works Engineering Design Appendix 2 - Value for Money Protocol Appendix 3 – Commercial Principles Paper

1. Introduction

- 1.1 At Strategy and Resources Committee on the 4 October 2018, members approved the delivery strategy for the redevelopment of Brimscombe Port by means of seeking a development partner/s subject to a further report to Committee to approve the Heads of Terms for the development agreement, the procurement process and associated documents.
- 1.2 Work has been progressing on the tender documentation and the purpose of this report is to seek approval to the first tranche of those documents: the Output Specification, Value for Money Protocol and the Commercial Principles Paper.
- 1.3 A further report is proposed to be presented to Committee on the 3 October 2019 to seek approval to the remaining tender documentation, the Draft Heads of Terms for the Development Agreement, the Heads of Terms between the Council and the Parish Council for the Community Centre and final approval to proceed with the procurement of a partner.
- 1.4 An Information Sheet was circulated to members on the 6 June 2019 providing an overall update on the progress with the redevelopment of the Port and a timetable for consultation and approvals prior to procurement. Here is a [link](#) to that document.

2. Planning application

- 2.1 As noted in the Information Sheet published in April, officers are now proceeding with a detailed planning application for the infrastructure only (and associated Listed

Building Application), rather than a hybrid application, leaving a planning application for the redevelopment of the site until we have appointed a developer partner.

- 2.2 It is anticipated that these applications will have been submitted by early July and determined before the end of the year. Homes England's approval to the application is required under the loan agreement.

3. Procurement Documentation

- 3.1 **The Output Specification** is attached at Appendix 1. It sets out the Council's design, site and partnership requirements (aspirations and objectives) and provides information about the site and its existing condition. Developers will be clear about our vision for the site and will need to respond to the details within the document in their tender submissions.

- 3.2 The document has been reviewed extensively, involving a wide range of officers from across the Council, the Project Board and has been discussed at Investment and Development Panel. The Parish Council, SVCC and Homes England (HE) have also been consulted.

- 3.3 Members will note that the details relating to the Community Centre at 3.1.6 are still to be agreed. Regular meetings are taking place with the Parish Council to develop its requirements to enable the Heads of Terms to be agreed that will set out the arrangements between the Council and the Parish. Members will be given the opportunity to review and approve this arrangement when the Heads of Terms are presented to Committee for approval in October 2019.

- 3.4 The Output Specification, together with Atkins' engineering design for phase 1 and 2, which are attached as appendices to this document, will be incorporated into the terms of the contract for the purchase of the Port from SVCC which could potentially be completed by the end of July.

- 3.5 **The Value for Money Protocol** is attached at Appendix 2. This document sets out the value for money principles the Council requires the Development Partner to adopt to provide transparent means of assuring the Partnership Board that value for money has been achieved. The principles include the following:

- Competitive tendering
- Benchmarking against historic schemes delivered by the Partnership
- Benchmarking against the wider market
- Market testing using an agreed and sustainable methodology
- Open book
- Use of frameworks
- Approved schedules of rates

- 3.6 The **Commercial Principles paper** at Appendix 3 sets out:

- The funding being provided by the Council and HE
- The minimum development requirements, being:

- Circa 178 dwellings with 30% affordable housing
 - Circa 1,000m2 of commercial space
 - Infrastructure works related to opening up the canal and flood alleviation
- The level of risk the Council is willing to hold and what will be expected of the Developer Partner.

3.7 The main principle is that the Council is only committed to the funding already approved as follows:

Homes England - £2 million
 SDC Capital - £1.6 million
 Revenue Income - £0.6 million

3.8 The final level of funding from the revenue income from current tenants on the Port will continue to accumulate up to the point that the procurement process starts.

3.9 The risk then associated with funding the development of the port and the risk of sales then lies with the developer partner.

4. Recommendation

4.1 It is recommended that Committee approves the three documents attached and grants delegated authority to amend the documents to reflect any minor amendments (including the requirements for the community space) prior to finalising the documents for the launch of the procurement process.

4.2 However, should any fundamental changes be required to any of the documents then these would be presented to Committee at the meeting on the 3rd October 2019 along with the remaining tender documentation for approval.

Stroud District Council

OUTPUT SPECIFICATION

FOR

BRIMSCOMBE PORT

[INSERT DATE]

Contents

- 1. Document Status
- 2. The Site
- 3. Overview of Requirements
 - 3.1 Development Deliverables
 - 3.1.1 *Canal and Associated Infrastructure Works*
 - 3.1.2 *Residential Requirements*
 - 3.1.3 *Commercial, Retail and Leisure Requirements*
 - 3.1.4 *Public Realm Requirements*
 - 3.1.5 *Site Access, Egress and Car Parking*
 - 3.1.6 *Community Facilities*
 - 3.2 Planning Policy and Design Standards
 - 3.3 Sustainability Requirements
 - 3.4 Social Value Requirements
 - 3.5 Site Information
 - 3.6 Delivery Partner Requirements (including KPI's)

Appendix A: Phase 1 – Canal Infrastructure Works Engineering Design
 Appendix B: Phase 2 – Canal Infrastructure Works Engineering Design

Document Control

Date	Version	Status	Issued
	0	Initial Draft for Comment	GA
	0.1		
	0.2		
	0.3		
	0.4		
	0.5		
	0.6		
	0.7		
21/03/2019	0.8	Updates to include sustainability and social value requirements.	CA

03/05/2019	0.9	Updates following 29/04/2019 workshop.	CA
15/05/2019	0.10	Further updates following receipt of planning wording.	CA
22/05/2019	0.11	Further update following Project Board on the 20 May 2019	LL
10/06/19	0.12	Further update from planning services and update to reference June 6 th Environment Committee	LL
26/06/2019	0.13	Incorporating comments from Homes England, Parish Council and MW.	LL
01/07 2019	0.14	Finalised version for Strategy and Resources Committee 11 July 2019	LL

1.0 Document Status

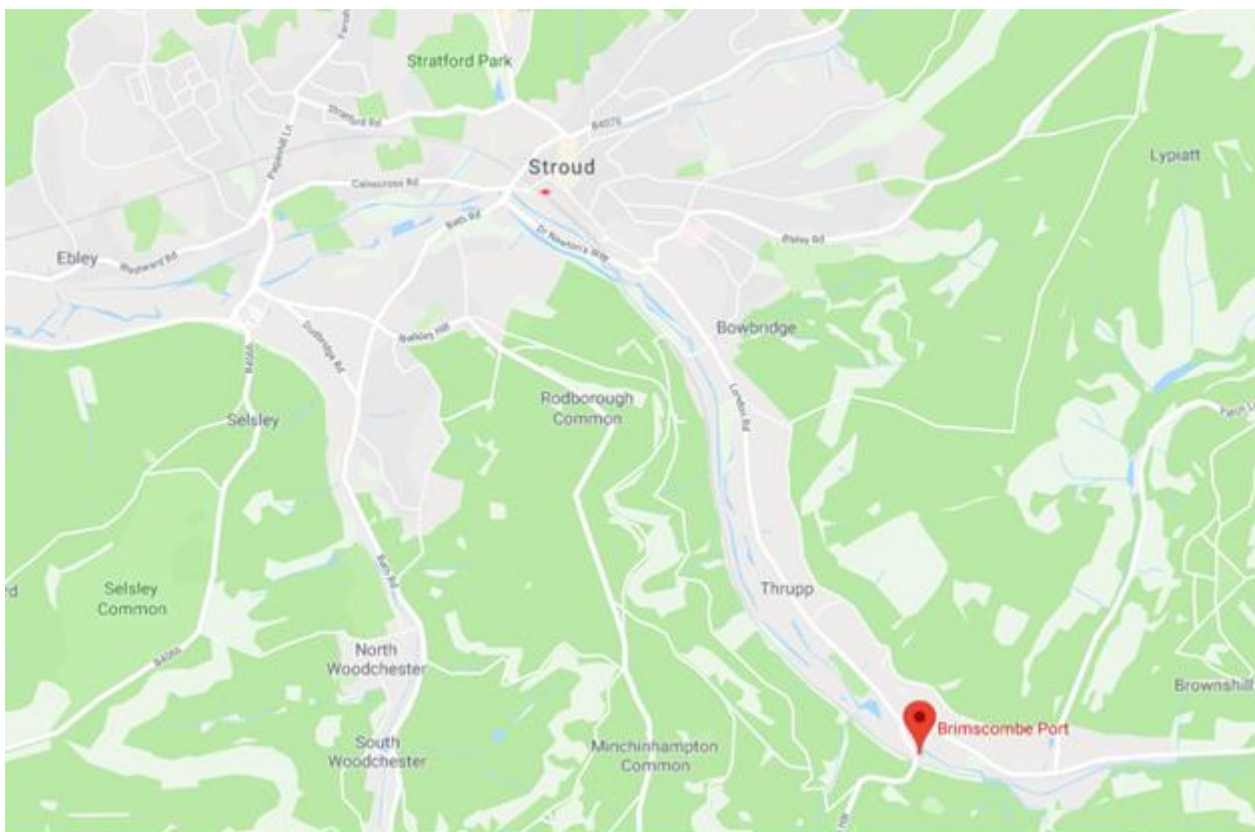
This Output Specification (hereafter “OS”) has been drafted to support the procurement of a Strategic Partner for the Brimscombe Port development in Stroud. This document sets out the Councils requirements for the new Brimscombe Port development, which will be used as a baseline for all Competitive Dialogue discussions.

2.0 The Site

2.1.1 Site Location

The site is located at:

Brimscombe Port
Brimscombe Hill
Brimscombe
Stroud
GL5 2QG



2.1.2 Site History

Historically Brimscombe Port was an inland port, created to transfer goods from large sea going Severn Trows to Thames barges to navigate the narrower canal to the east. This link was promoted by local clothiers as well as London merchants to link with the Midlands. The Stroudwater Canal (to the west) was finished in 1779 and the Thames and Severn Canal (to the east) the following year. Amazingly for that era the Port was capable of handling 100 vessels at a time.

Following the decline in canals the Port became redundant. The canal was in-filled in the 1950's and the site developed as an industrial estate during the 1960/70's.

Some of the historic port buildings survive, including the Salt Warehouse and the Port Mill. Both are listed and charming stone buildings. Much of the site is open with concrete hard standings and a few modern industrial buildings from the 1960s and 70s which are no-longer fit for purpose.

2.1.3 Site Context

This site has a spectacular setting. It is surrounded by verdant hillsides which rise steeply up to the Cotswold plateau. The site is in a narrow valley formed by the River Frome which runs beside the canal. Views are dramatic from the hillsides down into the site and along the valley.

The hillsides to the north and south define the edge of the Cotswold AONB.

The site is within the Industrial Heritage Conservation Area (IHCA), one of the biggest in the country. Commenting on the scope of the Conservation Area, a 1986 report by URBED concluded "nowhere else in the country were there so many mills from such an early period, surviving in a relatively complete condition. It is a microcosm of history from early 13th century cloth making to pre-industrial revolution into Victorian expansion and ongoing evolution in the modern era".

2.1.4 Development Objectives

The vision for Brimscombe Port is to deliver a sustainable new residential-led mixed use community that meets the needs of both existing and future residents. By responding to the site's unique characteristics with innovative and inspiring design; the Council aspires to create an exemplar scheme that integrates with the existing surroundings and improve and expand upon the site's constraints and opportunities to enhance resident's daily life.

The five objectives for the site are to:

1. Create a distinctive and memorable place, appropriate to its context and history with a strong character and identity;
2. Build sustainable, energy efficient buildings and low impact development that minimises harm to the environment;

3. Create a vibrant and inclusive community that provides for a range of ages, affordability and demographics;
4. Create and integrate landscape comprehensively, enhancing biodiversity and creating new habitats that bring nature into the site;
5. Encourage wellness and healthy lifestyles through the new open spaces and enhance existing routes to increase the recreational uses in the area and commutable travel routes across the site;
6. Create a financially sustainable canal to ensure the ongoing quality of the waterside setting.

The impact of this site cannot be underestimated in terms of its importance to the whole redevelopment of the valley, and the economic and strategic benefits to the area, acting as a catalyst for other development along the canal. It creates a destination for canal tourism, not only for the local canal network but also for the whole canal system, a nationally important landmark destination.

*“BRIMSCOMBE PORT WILL BE AN EXEMPLAR AND SUSTAINABLE
NEW COMMUNITY FULLY INTEGRATED WITH THE EXISTING SURROUNDINGS”*

3.0 Overview of Requirements

The Brimscombe Port development will offer the following key deliverables;

- Reinstatement of the canal and associated infrastructure including the port basin, the towpath, site remediation and flood alleviation. The canal will act as a pull for tourism and provide a visitor destination. Provision will be made for canal moorings.
- Provision of a high density mix of residential units that will address the current housing need for 1, 2 and 3 bedroom dwellings, with 30% affordable, and provision of associated car parking.
- Provision of new community facilities, the form and scale of which are to be determined but which are to include a community meeting space.
- Provision of commercial/retail units/offices to provide a 'mixed use' element.
- New site access/egress points.
- Public realm for residents and visitors.

Building for Life 12 and Building with Nature will be the criteria against which proposals will be assessed.

3.1 Development Deliverables

3.1.1 Canal and Associated Infrastructure Works

3.1.1.1 Council Canal and Infrastructure Objectives

The canal is at the centre of the Brimscombe Port development; its reinstatement offers developers an opportunity to create a unique waterside setting for the local community. Furthermore, the aspiration is that this development will create a tourist destination in the District, attracting a diverse demographic to visit the site and experience Brimscombe Port.

It is planned that the route of the canal and basin will be handed back to Stroud Valleys Canal Company (SVCC) at completion of the development and it will own, manage and maintain the canal through income from moorings and community interest charges across the development.

3.1.1.2 Council Canal and Infrastructure Requirements

The canal, basin, flood management and site access have been designed by Atkins, with planning approval received on [insert date]. The Brimscombe Port development must be designed in accordance with the Atkin's canal and infrastructure design and the associated planning approval and conditions. The design incorporates extensive flood alleviation measures to take the site out of the flood zone and meets the requirements of SVCC in terms of the number of moorings, a basin of sufficient size to moor boats and allow passage of other vessels to pass, as well as a turning area suitable for the maximum width boats.

The new access road has been designed and an area identified on the site to allow a temporary crane to enter the site to enable boats to be lifted into the basin.

Please refer to Appendix A and B for the associated drawings.

Bidders must note that the planning approval is for all of the canal infrastructure up to Gough's Orchard lock and the works are split into two phases with phase 1 being the subject of this procurement exercise and as detailed at Appendix A. The second phase works takes the canal and river under Brimscombe Hill and takes the route up to Gough's Orchard lock as detailed at Appendix B.

The canal, and associated infrastructure works, required in this partnership have been summarised below:

- Preparation of the site including demolition and site clearance
- Excavation for the new canal, material disposal, construction of new canal walls, towpath and lock.
- Excavation for the new river channel, construction of new river bed and walls and infill the old channel.
- Provide drainage including sewer diversion, drainage connections and provision for future surface and foul water drainage.
- Earthworks associated with site clearance, excavated material, disposal, site raising and reclamation.
- Part excavation of the canal channel to Gough's Orchard Lock.
- Provide site access from the A419.

A second phase of works is planned. Whilst these works do not form part of the requirements for this tender, there may be an opportunity for the Strategic Partner to deliver the second phase of works, subject to additional funding. Should these works be delivered by the Strategic Partner, they would likely include:

- All works associated with Brimscombe Hill, including carriageway construction, utilities diversion and any necessary temporary works.
- Construct new River Frome bridge, canal bridge, river crossing culvert, retaining wall and overflow weir and demolition of the existing bridge.
- Excavation of the remainder of the canal channel to Gough's Orchard Lock

3.1.2 Residential Requirements

The Council has completed a master-planning exercise to determine the site's viability which suggests that 178 new homes could be accommodated on the site. Bidders should not be limited by the indicative figure included within the Local Plan. It is anticipated that the development will be high-density, in order to maximise the viability and sustainability of the site. The masterplan produced by the Council demonstrated this was achievable using a mixture of apartments and houses. It is expected that the delivery partner will initiate their own masterplan for the site,

developed in partnership with the District Council, and determine a suitable quantum and mix of residential units to ensure the developments success.

The Council's policy requires a minimum of 30% affordable housing provision for any new development. Brimscombe Port will be no exception. The required affordable housing provision for Brimscombe Port is:

- 50% Rented
- 50% Intermediate (shared ownership)

Of this mix of affordable housing, the Council requires a predominance of 2 bedroom and then 1 bedroom homes and a smaller element of 3 and 4 bedroom homes, all with access to private external space.

The Council is open to exploring alternative housing products such as private rental, community-led housing, extra care or over 55 living. The housing products proposed must be designed with the following in mind;

- Local amenities, the suitability of these and any deficits that may need to be filled;
- Access and car parking;
- Sustainable living i.e. the ability to live and work within the community;
- The current shortfall in the local area of 1, 2 and 3 bedroom apartments and housing;

The design of units should be sympathetic with their surroundings (as detailed in the 'Planning/Design' section of this Output Specification). There is scope for a predominance of south facing dwellings overlooking the water with a backdrop of hills.

Careful consideration of the market demand will be required and how the units can be made available to the public at the earliest opportunities.

Residential canal moorings will be provided and maintained by SVCC to increase the diversity of the residential offer.

3.1.3 Commercial, Retail and Leisure Requirements

It is envisaged that circa 1,000m² of commercial space is provided, depending on viability. The development partner will be required to determine a suitable mixture e.g. retail, office and workshop/gym uses for the site.

3.1.3.1 Commercial

The delivery of commercial facilities is a requirement of this OS, however the mix and amount should be determined by Bidders.

Commercial space should:

- Support the desire for local enterprise;
- Be carefully considered alongside the community facilities being provided;
- Be sustainable with long term viability;
- Enable Brimscombe Port to be a vibrant destination during evenings and weekends.

The commercial facilities will play a crucial role in developing the local economy, supporting the ability for the community to live and work in the same place, and providing opportunities to new, small and independent businesses.

3.1.3.2 Retail and Leisure

The Council requires retail and leisure facilities to be provided to enhance the sense of place for the local community and drive the local economy in a sustainable way. For this to be successful the retail and leisure facilities must be;

- Viable all year round;
- Be suitably competitive given the sites location and the alternative options visitors have;
- Enhance the community offer and crucially, link to the residential offer;

The scale of the offer will require careful consideration to ensure that it is sustainable yet meets local demand.

3.1.4 **Public Realm Requirements**

The Council encourages bidders to be creative with the Public Realm proposals and consider innovative solutions that reflect the Building for Life 12 and Building with Nature requirements.

The Public Realm is required to be designed to:

- Meet the Council's Public Realm policy requirements, as detailed in the local plan, for the Public Realm;
- Align with the Stroud Industrial Heritage Design Guide, which is adopted as Supplementary Planning Advice;
- Make the basin, canal, river, Bourne Mills and Port Mills focal points;
- Enhance the public rights of way along the towpath, pedestrian and cycle access across the site. Connect with existing cycle routes and include improvements to the cycle network where required;
- Ensure public circulation enables interaction with the Public Realm and surrounding environment, with streets as social multifunctional spaces to enable a sense of community;
- Clearly distinguish between public and private space;
- Include play equipment and play space, suitable for young children, in a safe and secure environment. The most appropriate solution should be determined by Bidders;
- Provide separate play space for older children;
- Incorporate public art.

Due to the constraints of the site it is recognised that the policy position for play space cannot be achieved at Brimscombe Port. Bidders are encouraged to align proposals with LEAP policy as far as possible.

3.1.5 Site Access, Egress and Car Parking

3.1.5.1 Site Access and Egress

A new vehicular access, as detailed in the Atkin's design and planning permission, will be required at the midpoint of the A419.. This will create a new view across the site and hillside, giving a magnificent sense of arrival from a slightly elevated stance.

The existing access at the western side of the site will be closed off due to the canal works.

A study is being carried out to explore the upgrading of the A419 to create better cycle and pedestrian routes which in turn aim to have place making benefits. The A419 Stroud to Chalford Inspiration Study will be made available to bidders.

3.1.5.2 Car Parking

Car parking will be one of the most important challenges during the design development and the Building for Life requirements set out the Council's desired approach.

Car parking will be land hungry, will need careful consideration and should not dominate the street. Prominent waterside locations should be avoided and car free areas created. Provision of car parking within/beneath buildings/structures may reduce visual impact.

The Council would like Bidders to consider:

- Innovative design solutions to minimise the impact of car parking on the development;
- Alternative options to reduce reliance on cars, and support the Council's sustainability agenda, such as car sharing and other sustainable transport measures;
- Electric car charging points.

The Council requires the following parking provision to be provided:

- 1.5 parking spaces per residential unit
- Sufficient parking for visitors, and local businesses
- Parking for the community centre (as detailed in section 3.5.6. below).

3.1.6 Community Facilities

A new community space will form part of the new development; this is seen as being crucial to 'add value' to the development by providing a 'sense of place'. It is currently the intention to provide these facilities in a 'prime location' on the Port.

The facilities must be clearly defined and co-ordinated with the wider context of the proposed development and be a sustainable facility that will offer year-round facilities that are flexible for a wide range of uses.

The community facilities should support the Council's and Parish Council's key values which are;

- Social – a hub where people can meet and socialise, and where people get help and support. A place that is always accessible to local people.
- Sustainable – generating a surplus to enable long term improvements and friendly to the environment
- Services – offering useful facilities to local people

To ensure success the community facilities must be designed with the following in mind;

- A suitable amount of car parking is provided to encourage use of the facilities;
- Flexible/multi-use spaces to accommodate a range of activities;
- A welcoming design to encourage use;
- A café will form part of the facilities and will be key to providing regular income in order to operate and maintain the facilities in the long term;
- Facilities which are capable of being let; this may take the form of meeting rooms, small business start-up units, offices for hire etc,
- Other building uses that may be considered include; health service provision, children's and/or youth centre and adult education provision;
- The building must be adaptable to changing uses with changing trends in requirements to ensure its success and sustainability.

3.2 Planning Policy and Design Standards – Quality and Context

The Council's Local Plan¹ for the Brimscombe Port site encourages:

- A diverse/mixed-use development;
- A minimum of 150 dwellings (The Council's masterplan suggests that 178 homes can be delivered and so any proposal should not be limited by this indicative figure in the Local Plan).
- Canal related tourism with the reinstatement of the canal being a strategic priority.
- Employment uses e.g. commercial and retail units which could take advantage of the waterside setting. There is some flexibility over the range of uses (as encouraged by Paragraph 22 of the National Planning Policy Framework).

3.2.1 Council Design Standard Objectives

¹ <https://www.stroud.gov.uk/environment/planning-and-building-control/planning-strategy/stroud-district-local-plan>

The Council's aspiration is for the Brimscombe Port development is to create a series of spaces that respond to the site's unique opportunities such as its relationship with the water, and so that the site maximises the views beyond.

The Brimscombe Port development should be a place which is attractive for residents, visitors and local businesses. The Council will assess proposals against the Building for Life 12 standards and in addition the checklist below provides criteria against which the design for Brimscombe Port will be considered; it does not provide solutions rather lists matters which need to be addressed.

- The relationship between the site and the wider community will need to be a primary consideration, and it is expected that the village and the site should have good visual and physical connectivity. Some provision for community use on the site is expected.
- The Council will be seeking imaginative ideas with regard to parking and traffic movement within the site. A car-dominated scheme is unlikely to be appropriate. Schemes that separate cars from people would be favourably considered.
- Thought should be given as to how the site sits within the landscape. Development should allow views out to the surrounding hills, and conversely should sit comfortably in its setting when seen from higher ground.
- The Local Planning Authority welcome innovative approaches to architectural style, construction method and materials, encouraging modern methods of construction, providing that they pay regard to the character of the site. Pastiche mill type buildings that would challenge the hierarchy of the remaining historic buildings on and adjacent to the site would be unlikely to be supported. Generic 'marina' type development would not be appropriate.
- Care is needed on heights and massing of buildings; whilst some tall structures are likely to be appropriate, particularly in the middle of the site, these should be broken up by buildings that respect human scale on the site edges. Overly restrictive standards with regard to matters such as privacy etc may not always be applied in the interests of good development, however, secured by design principles should be applied wherever possible.
- The development would be expected to provide a diverse range of public and private spaces. Widespread public access to the canal and basin edges is a requirement, but communal and private spaces for the use of residents will be encouraged. Traditional development with individual gardens is unlikely to be appropriate across the site; therefore other means for the provision of residential amenity space would be welcomed.
- Opportunities should be taken to enhance biodiversity across the site, including the introduction of planting wherever possible. Schemes that are planned for the differing needs of the various species found around the site and for the encouragement of new species would be welcomed. It is expected that the development should achieve the Building with Nature benchmark.
- Be innovative with design solutions, setting the development apart and creating a 'beacon' within the District;

- Ensure that the design and implementations allows for ease of maintenance once in operation;
- Consider noise and air quality and proposed solutions that minimise the effects of both.

3.3 Sustainability Requirements

The Council is committed to ensuring that all future development within the District is delivered in a sustainable manner, not just in the short-term delivery but in the long-term use and operation of buildings. This section of the OS sets out the Council's key objectives for the Brimscombe Port development which will contribute towards to Council's District wide ambitions.

3.3.1 Council Sustainability Objectives

- **Carbon Neutral by 2030**

At the Council's Environment Committee on the 6 June 2019 members approved a report setting out the Council's initial response to its declaration of a Climate Change Emergency and the proposed framework for moving towards a Carbon Neutral District by 2030.

Bidders will need to address this framework for the redevelopment of the Port.

- **Development Requirements**

Brimscombe Port is located in the heart of the Cotswolds and offers a unique opportunity to the Council and its development partner to develop a thriving sustainable community, enhancing its diverse environmental offer. The site, with its unique placement in a valley at the foot of picturesque hillsides leading to the Cotswold plateau and adjacent to the River Frome, offers developers an opportunity to design and develop a 'one of a kind' site which enhances its environmental features.

This section details what the Strategic Partner will be required to deliver as part of the Brimscombe Port development.

3.3.1.1 Carbon Neutral by 2030

Bidders should consider and propose innovative solutions to support the achievement of the Council's Carbon Neutral by 2030 target. Consideration must include the short, medium and long term:

- Short Term – Bidders will be required to consider material selection during construction, transport of materials, plant and labour to minimise CO2 production where possible. This will be monitored through KPI's which will be developed during the dialogue process.
- Medium and Long Term – Bidders will be required to demonstrate that the design solutions proposed ensure that the use and operation of buildings minimises CO2 production such that the Carbon Neutral target can be achieved by 2030.

3.3.1.2 Holistic Approach to Sustainability and Development

Bidders must demonstrate a holistic approach to the design development and sustainability strategy developed through dialogue. Considerations could include:

- The attractiveness of the development to end users and the impact this has on demand, purchase prices and resale values;
- The impact on the wider local community in relation to transport (both during and after construction), services and facilities available;
- Energy generation and consumption;
- Carbon use and reduction (as noted above), including embodied Carbon;
- Green infrastructure;
- Waste minimisation;
- Transport and access;
- Services and utilities strategy e.g. gas, water, electric etc;
- Building materials and systems;
- Design philosophy.

3.3.1.3 Standard Assessment Procedure (SAP) Target

The Council requires the development to achieve a SAP Rating of 86-94 which equates to Code level 4 requirements.

3.3.1.4 Building with Nature

The Council is committed to working in accordance with the Gloucestershire Green Infrastructure Pledge.

The pledge will be implemented through this project by delivering in accordance with 'Building with Nature' standards². This user guide combines existing guidance and good practice to ensure that new infrastructure projects implement sustainable and green principles in all stages of a project, including:

- Policy
- Planning
- Design
- Delivery
- Long-term management and maintenance

² <https://www.buildingwithnature.org.uk/how-to-start>

Bidders will be required to provide the Council with a strategy to outline how this benchmark will be delivered and achieved.

As a consequence of the Building with Nature accreditation, Bidders will be required to consider the use of Sustainable Drainage Systems (SuDS) at an early stage in the design development (in addition to ensuring all proposals align with the Atkins design for the Infrastructure works, as detailed in Appendix A and B of this OS).

3.4 Social Value Requirements

Under the provisions of the Public Services (Social Value) Act 2012 the Council is required to consider how the economic, social and environmental well-being of the district might be improved through the procurement of services. This section of the OS sets out the Council's aims in this regard, in relation to the procurement of services for the Brimscombe Port development.

3.4.1 Council Social Value Objectives

- Enable local wealth building and skills development within the local community;
- Ensure that construction works are carried out in accordance with Considerate Contractor standards.
- Leave behind a positive legacy for years to come.
- Ensure that the procurement and delivery of infrastructure works adheres to the Modern Slavery Charter.

3.4.2 Development Requirements

This section details what the Strategic Partner will be required to deliver as part of the Brimscombe Port development; these standards will be monitored through Key Performance Indicators (KPIs) to ensure ongoing delivery by the Strategic Partner.

3.4.2.1 Local Wealth Building and skills development within the local community

The Council has identified a shortage of skilled workforce in the Brimscombe Port area and intends to address this through the Brimscombe Port development, with the support of the Strategic Partner. The key objectives are;

- Development of a skilled workforce within the local community addressing skills shortages such as bricklaying, plasterers, roofers, plumbing, steelwork, site supervision etc;
- Provide long term economic benefits to the local community;

It is anticipated that skills will be developed through apprenticeship schemes offered by the Strategic Partner and their supply chain. The sub-contractors to the Strategic Partner will play a critical role in achieving this objective and must be fully engaged in the Social Value objectives in order to achieve the project KPI's, which will be developed through the Competitive Dialogue process.

In addition, the Council would like to promote the development of small businesses within the local area to again develop skills within the local workforce and subsequently stimulate the local economy.

3.4.2.2 Considerate Contractor Standards

The Council recognises the importance of reflecting its Social Values in the project delivery/construction phase and will require the Strategic Partner to deliver these standards through the Considerate Contractor scheme. In particular the Council wishes to:

- Promote the Brimscombe Port development in the local community by presenting competent management, awareness of environmental issues and demonstrating 'neighbourliness'.
- Ensure that community engagement is an important part of the project from planning stage through to completion.

3.4.2.3 Modern Slavery Charter

The Council has passed a Modern Slavery Charter³ which all supply chain members must adhere to. The Strategic Partner will be required to comply with this Charter and ensure all of its supply chain complies with said Charter.

3.4.2.4 Use of Local Supply Chain

Where possible the Strategic Partner should utilise local skills and labour for the Brimscombe Port development.

3.5 Site Information

Brimscombe Port was the largest inland port in the Country dating back to the 1780's. Following the decline of the canals the Port became redundant and was in-filled in the 1950's and latterly developed as an industrial estate during the 1960/70s. Today the industrial estate is now dilapidated and the land that it sits on has a legacy of contamination following the tipping of waste into the old canal and basin.

3.5.1 Buildings to be retained

The Port Mill, a spectacular Grade 2 listed building will be retained and form part of the development masterplan; the building is owned by and will be retained by the Council and is Class B1 (Business).

³ <https://party.coop/local/councillors/modern-slavery-charter/#intro>

The Grade 2 listed Salt Warehouse is to be retained and it is planned that this will be transferred to Stroud Valleys Canal Company for canal amenities such as WC's, shower's and pump-out facilities or a visitor information centre.

To support the enabling works all other buildings will require demolition in accordance with the planning permission and listed building consent.

3.5.2 Site Surveys

The Council has undertaken extensive site investigation, including the following site surveys:

- Transport assessment
- Utilities assessment
- Ground Investigation Report
- Ecology Surveys
- CCTV and ground penetrating radar surveys
- Archaeological survey

All documents can be found on the planning portal at ref **XXXX** together with the planning approval and related conditions for the infrastructure design.

3.6 Delivery Partner Requirements

This section of the OS outlines the Council's requirements in relation to the Delivery Partner, including the behaviours required.

The Council is seeking a delivery partner to offer the following;

- Similar project delivery experience
- Capacity and capability to provide the resource required to support the new development
- Access to development funding
- To act collaboratively with The Council to ensure a successful partnership and ensure the success of the development.

The Council has identified a number of Key Performance Indicators (hereafter "KPIs") which will be used for the duration of the contract, to monitor and record the Delivery Partner's performance against a set of key performance standards. It is proposed that the KPIs are developed through the competitive dialogue process.

Category			KPI
1	Delivery	Deliver the development effective and efficiently.	Rate of actual delivery against the agreed development model (as agreed through the dialogue process).
2			Compliance with or improvement of the commercial outcomes in the agreed development model.
3			Compliance with the Value for Money protocol.
4	Behaviours	Exhibit the right collaborative behaviours in all that we do.	Achieving continue improvement in staff satisfaction, evidenced through an increased score in the [Name tbc) Satisfaction Survey
5	Health & Safety	Continually maintain the highest levels of safety in all we do.	Provide an average of a least [♦] hours of training for each member of staff on site, on health and safety matters.
6			Achieve the target of zero reportable incidents.
7			Achieve the Considerate Contractor requirement to achieve a minimum score of 42 in each quarterly report.
8	Sustainability	Ensure that we minimise the impact of our actions and activities on the environment.	Achieve or exceed project target for sustainability. Baselines for environmental measures established should be consistent with good industry practice (including carbon, water, waste/recycling, raw materials and habitats).
9	Social Value	Deliver additional value to the communities we serve.	Achieve or exceed project target for social value.

For Appendix 1 – Appendix A please follow the link below:

<https://www.stroud.gov.uk/media/1034144/item-7-appendix-1-appendix-a-output-specification.pdf>

For Appendix 1 – Appendix B please follow the link below:

<https://www.stroud.gov.uk/media/1034145/item-7-appendix-1-appendix-b-output-specification.pdf>

Stroud District Council
VALUE FOR MONEY PROTOCOL
BRIMSCOMBE PORT

[INSERT DATE]

Date	Version	Status	Issued
	0	Initial Draft for Comment	GA
	0.1	Internal update (Gleeds)	GA
17.12.18	0.2	Update for issue to SDC	GA
5.4.19	0.3	Update to streamline document.	GA
16.5.19	0.4	Update to include local wealth building reference and omit authorisation process.	GA

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DRAFT

1. VALUE FOR MONEY PROTOCOL

This Value for Money Protocol (“the Protocol”) sets out how the Partnership will demonstrate value for money to Stroud District Council throughout the duration of the Partnership and having regard to all activities undertaken however delivered. Specifically, this Protocol is intended to apply to the following cost headings:

- Construction costs – all types (groundworks, house building and other construction works;
- Professional services – whether connected with the general operations of the Partnership and delivery of the project;
- Funding – general banking, development/project finance, etc.

In all cases, this Protocol applies whether any of the above is sourced from within the organisations within the Partnership (including subsidiaries thereof) or whether they are procured in the wider market place.

2. DEFINITION OF VALUE FOR MONEY

It is agreed value for money is not just about price, albeit this should always be the determining factor when all else is equal. There are a wide range of other considerations that may be taken into account when assessing value for money. These include:

- Quality, determined as may be relevant and appropriate to the specifics of the scheme but with particular relevance paid to:
 - the community experience and outcomes
 - whole life value
- Programme, with particular reference to the period over which any benefits linked to investment are realised (the return on investment, whether financial, social, etc.)
- Risk transfer, again with reference to the nature of risk on an individual scheme and how this is apportioned between the Partnership and delivery partner. Risk should always be allocated to the party best placed to manage this risk and in a manner that:

- Ensures risk premiums included as part of fixed pricing arrangements are commensurate with the level of risk being transferred, and reflect the 'best for project' outcome
- Recognises the benefits that collaborative contractual models may offer in terms of sharing and managing risk effectively
- Wherever appropriate, links payment to the attainment of outputs and/or attainment of required performance levels
- Wider socio-economic benefits, having regard to the Social Value principles the Council expects the Strategic Partner to embed into the project, including Local Wealth Building.

Price will be assessed dependent on what is being procured, but is likely to be evaluated based on one of the following:

- Lowest project cost (works contracts, professional services, etc.)
- Lowest nominal/real/NPV cost (service contracts, funding packages, etc.)

3. DEMONSTRATING VALUE FOR MONEY

There are a number of ways in which value for money might be demonstrated. One or more of the following techniques must be used to provide a transparent means of assuring the Partnership Board that value for money has been achieved:

- Competitive tendering
- Benchmarking against historic schemes delivered by the Partnership
- Benchmarking against the wider market
- Market testing using an agreed and sustainable methodology
- Open book
- Use of frameworks where commercial terms have been agreed in a competitive process. Frameworks may be specific to the Partnership or may be wider industry frameworks.
- Approved schedules of rates

The basic principles as to how each of these will be operated are set out in the remainder of this section.

4. COMPETITIVE TENDERING

Competitive tendering should always be carried out having regard to best practice, and in the spirit of the public procurement regulations. Processes and procedures should always maintain transparency and equality of opportunity.

Competitive tenders will usually be issued to at least three organisations; however, the Partnership Board may agree to reduce this number if there are specific circumstances relating to an individual tender that warrant this.

The Partnership will proactively work to develop supply chains for all aspects of its activities and will ensure competitive processes provide fair opportunity across these supply chains. An important element of this activity will be to ensure all opportunities are appropriately advertised/publicised. The Partnership will not operate closed tender lists: a clear rationale should underpin the tender list selected for any individual project that recognises key issues including (in no particular order):

- The appropriateness of an organisation to work on the project.
- Experience, capability and capacity to complete the activities sought
- Market appetite: ensuring that tender lists and tender strategies best reflect the prevailing market conditions and how best to secure competitive tension
- The ability of an organisation to offer and underpin appropriate performance guarantees/warranties commensurate with the activity being undertaken

Competitive tender processes should be properly documented, and the basis of decisions recorded at all stages of the process, enabling a full and transparent audit trail. These records shall be made available for review by the Council as part of any reasonable request and at any time before, during or after activities have been undertaken.

5. BENCHMARKING

It is vital that all benchmarking exercises are properly conducted in accordance with good industry practice. Specifically, this should include:

- Ensuring that comparison is made on a 'like for like' basis, ideally using 'raw' data from similar relevant schemes. It is recognised however that more often than not, data will require some adjustment for items such as price inflation, scale of activity, etc. Wherever adjustments are made, these should be:
 - completed using standard indices selected to best match the nature of activities concerned.
 - applied to the relevant parts of the cost data, rather than the whole amount i.e. adjusting individual elements of cost (e.g. cost of elemental works, preliminaries, etc.) rather than applying indexation at a whole cost level
- Ensuring benchmarking data groups have a sufficient sample size and/or provenance to give the necessary assurance that it is indicative of the prevailing market.

Benchmarking exercises enable costs to be compared, and the value for money of any future proposition to be interpreted by the Partnership Board. Additional factors that must be considered as part of any interpretation (as opposed to any adjustments in the benchmarking exercise) include:

- The benefits of continuous improvement, either passed down from the Partnership to a supply chain partner, or as a result of the same supply chain partner undertaking similar works to those already underway/previously completed
- The benefits of any wider economies of scale that could be realised by aggregating collective activity within the overall programme or on a locality basis with other client groups
- The benefits of longer term commitments, which in turn should allow more effective planning/delivery on the part of the supply chain partner
- Other differences in the specified activity that form part of the overall value for money judgement as set out in Section 1.0 above.

Benchmarking data should be final outturn costs rather than tender costs, budgets, etc. This will avoid skewing benchmarking exercises with particular concerns relating to:

- Inflated initial budgets by virtue of substantial risk allowances, unknowns, etc. and where the cost at completion was substantively lower

- Initial budget or tender returns that were the subject of subsequent change as a result of variations/claims

6. MARKET TESTING

In the context of this Protocol, market testing is considered to be securing alternative prices from the market place to deliver the specified works/services/funds in order to demonstrate that a proposition is 'on-market'. It is not necessarily a competitive tender.

Market testing will only be an acceptable means of demonstrating value for money on 'off the peg' standard activities i.e. those that are clearly defined and understood and can be readily priced within the general market place.

A valid market testing exercise must be conducted having regard to the following:

- Packages of work to be market tested must be relatively standard in terms of their nature, how they are packaged, and the terms and conditions on which they will be let. The Partnership Board will disregard any market testing exercise where it is considered that the scope of works is likely to distort the integrity of the process. Examples where this may be the case include:
 - Combining several activities in a manner that makes it impossible for any peer organisation to properly offer a comparator price
 - Including commercial or technical risk that is beyond market norms, and requires an unreasonable amount of work from any peer organisation to understand the implications of such prior to offering a comparator price
 - Using bespoke terms and conditions (which includes substantive amendment to standard form contracts), where any peer organisation would need to engage additional internal/external support (and therefore cost) to understand the implications of such prior to offering a comparator price
- Generally, where market testing results in a peer organisation providing a lower cost, then they shall be entitled to step-in and deliver the service on the same terms as which the price was obtained. Where market testing is conducted with a 'right to match' provision for an incumbent/preferred provider, then the peer organisation shall be entitled to payment of its

reasonable costs (which may be specified beforehand) in preparing the comparator price in the event that this provision is exercised.

OPEN BOOK

It is recognised that whilst Open Book working provides a robust means of demonstrating value for money, it also requires a significantly greater level of input (and therefore cost) in administering the process for both the Partnership as client and the supply chain partner. The selection of this process as a means of securing and demonstrating value for money must recognise and reflect this consideration, and the Partnership Board must be content that this means of contracting offers the best value for money and most appropriate procurement route having regard to these additional costs when compared to other options available. With this in mind, it is generally expected that open book approaches will only be adopted on low value or highly specialised works/services packages where:

- The scope and level of input for works and/or services to achieve the required outcome cannot be reasonably be defined in advance
- Alternative pricing structures are reasonably considered to offer poor value for money as a result of contingent/risk pricing
- There is a clear commitment on the part of the supply chain partner to participate in a genuine open book process

As appropriate and with particular reference to the initial bullet point above, the Partnership Board may determine an open book process is appropriate for more significant activities only in conjunction with other commercial mechanisms to control open ended commercial commitments.

Possible examples include:

- Linking open book processes to target cost structures, where the supply chain is incentivised to manage/mitigate cost overruns. In such instances, the target cost is to be derived in accordance with this Protocol.
- Using competitive tender/benchmarking/market testing processes to secure unit rates/commercial adjustment factors that would be used in open book calculations to include:
 - Agreed mark-up on tier 2 supply chain (contractors, consultants, suppliers, etc.)

- Corporate overheads on self-delivered work (which includes work undertaken on any group affiliate/subsidiary companies). Overheads will include all head office, divisional and corporate overhead costs as follows:
 - Franchises, royalties, licences
 - Taxes (e.g. Council Tax/Business Rate etc.)
 - Interest, financing charges, banking charges
 - Company accounting / auditing
 - Research and development
 - Business and works insurance premiums including warranties, professional indemnity and product liability insurance
 - Non-Programme or Project specific stationery and consumables
 - Marketing, sales, exhibitions, advertising including agency fees and publication costs
 - General fees paid on a regular basis, including trade bodies and professional fees
 - Legal advice, fees and services
 - All Corporate management, technical, administration and service staff and non-project-specific staff including HR, Finance, Commercial, Accounts, Purchasing, HSQE and IT
 - Company cars, where not allocated directly to project specific staff
 - All non-Programme/Project specific accommodation costs including all services, administration, maintenance, furniture, equipment, rent, rates, taxes, telephone, fax, reprographics, couriers, postage
 - Corporate computer and telecommunications hardware and software systems

- All staff/HR costs associated with recruitment, statutory payments (maternity, paternity, sickness, etc.), redundancy, employee grievances, etc.
 - Tendering costs
 - Charitable donations and entertaining
 - Training and development costs (save for where specific to the Programme or Projects within it)
 - Parent Company Performance Guarantee/Performance Bonds
- Profit

Where open book processes are used, the supply chain partner must be required to evidence all costs relating to:

- Staff costs: Actual costs relating to named staff engaged on the programme/project directly employed by the supply chain partner, including but not limited to salaries, benefits to which an employee is contractually entitled, allowances or expenses incurred in delivering their designated role, plus employer direct costs associated with their employment. The following costs will not be permissible:
 - Statutory payments
 - Bonuses or other benefits linked to business performance
 - Training and development costs unless offered to meet specific requirements relating to the delivery of the project/programme that would not ordinarily be offered by the employer
- Project specific establishment costs: Actual costs relating to accommodation specifically procured for the delivery of programmes and/or projects not forming part of the supply chain partners corporate accommodation portfolio. Accommodation costs in this instance include property costs, energy costs, facilities management costs and the costs of general consumables.

- Actual costs relating to the use of purchased vehicles, plant and equipment. For the avoidance of doubt, in no instance shall the charges levied for these items exceed the general market rates for the hire of the same.

SCHEDULES OF RATES

There are multiple published schedules of rates within the housing sector, the majority of which are usually the subject of an 'adjustment factor percentage' when calculating the actual amounts to be paid.

As a result of this, the use of schedules of rates can only be considered as demonstrating value for money in the event that this adjustment factor is secured by way of:

- A competitive tender process
- A robust benchmarking process

The only exception to this is the bespoke schedule of rates tendered as part of the competitive process used to establish the Partnership itself.

7. ENHANCING VALUE FOR MONEY

In addition to demonstrating value for money at the outset of any engagement, the Partnership is also committed to improving value for money through the delivery phases wherever possible.

The Partnership recognises that there is significant potential to drive continuous improvement through the design and delivery processes it undertakes. Wherever appropriate, commercial structures will be designed to capture this opportunity.

CONTINUOUS IMPROVEMENT

Continuous improvement provisions should be embedded in arrangements wherever possible.

Specific areas where continuous improvement should be considered are:

- Value engineering of design solutions, provided that these maintain the minimum standards of functionality
- Improving whole life value: opportunities include the standardisation of products to improve aggregate purchasing and maintenance efficiencies, substitution of products with better whole life characteristics, etc.

- Taking advantage of emerging technologies/products to enhance efficiencies as a result of remote monitoring, intelligent servicing cycles, etc.
- Process re-design – using lessons learned and performance reviews to increase efficiencies in delivery processes

Continuous improvement provisions should clearly identify the basis on which continuous improvement will be measured. Examples include:

- Embedding an efficiency factor into the base price arrangements. Care should be taken to ensure this does not increase the price at the initial offer stage.
- Embedding metrics and/or performance indicators that allow progress to be objectively captured. It should be clear how these link into commercial structures.

CONTRACT STRATEGIES AND CONTRACT PROVISIONS

Different contract forms have different commercial provisions, and the appropriate contract form and contract provisions should be used having regard to the specific circumstances of an individual project or programme. The Partnership Board should consider the most appropriate form of supply chain engagement, having particular regard to:

- The ability of the supply chain partner to understand their risk, and therefore fix a price without the inclusion of inappropriate levels of pricing for the unknown.
- The ability of any party to accurately forecast the outcomes of a project and programme, and reflect this in the initial pricing structures.

OVERAGE CLAUSES

Overage clauses should be incorporated into all arrangements that involve any form of house or land sales. These should be balanced to incentivise the supply chain partner to maximise the outcomes of an individual project but should also ensure that this does not result in 'super profits'. The exact levels of overage that may be fixed will vary from project to project, depending on the initial risk profile, market conditions, etc.

CONTRACT SELECTION

The full range of contract choices should be considered, with choices made based on the merits of each individual project. Choices that should actively be considered are:

- Design & Build
- Traditional
- Target Cost
- Open Book/Cost Reimbursable

It is expected that the Partnership will primarily draw upon standard forms of contract (JCT, NEC, etc.) In exceptional circumstances, the Partnership Board may consider alternative/bespoke contract forms provided that a clear justification can be provided for doing so.

CONTRACTING BEHAVIOURS

It is expected that all members of the supply chain (at whatever tier they operate) will work in a collaborative manner to ensure effective management of risk and opportunity. As a standard requirement, the Partnership will require supply chain partners to:

- Provide accurate and timely data in support of asset management systems to ensure that decisions are made on the most up to date data
- Participate in risk reduction/opportunity realisation initiatives including (as appropriate to the individual activity):
 - Maintaining comprehensive and up to date project risk and opportunity registers linked to dashboard reporting
 - Implementation of an 'early warning notice' system for risks and opportunities
 - Lessons learnt – mid-project and post completion reviews
 - Regular risk reduction/opportunity identification workshops
- Identify and report potential issues, defects or concerns that they may identify in the course of their day-to-day activities through to the helpdesk, in particular maximising the opportunity presented by each home visit

BRIMSCOME PORT – COMMERCIAL PRINCIPLES

Introduction

The Council feels that it is important to set out a number of commercial principles to assist bidders with developing bids and also clarify the Council's position with regard to the development. The Council understands that the financial viability of the site may be a concern to bidders and the commercial principles are set out to assist with addressing this.

The Scheme

The Council and its advisor team have assessed the financial viability of the project and believe it to be affordable. The assessed scheme comprises of –

- 178 dwellings (not to be constrained by the indicative figure in the Local Plan of 150 homes). The analysis has been completed in line with Council affordable housing policy at 30%, made up of 50% rented and 50% shared ownership.
- Circa 1,000m² of commercial space comprising a mixture of retail, office and workshop/gym uses
- Infrastructure works related to opening up the canal and flood alleviation which represents phase 1 of the infrastructure works.

The Council proposes to re-invest any land surplus generated from phase 1 into the infrastructure works for the future phase.

The Council has secured funding to assist with the infrastructure works for phase 1 -

Homes England -	£2.0m
SDC Capital -	£1.6m
Rental Fund -	£0.6m

Additional funding may be available to fund community assets proposed by bidders on the site and the Council is willing to discuss bidder's proposals.

Partnership Structure

The Council is not pursuing a traditional land sale for the development of the site. Given the level of public sector investment required and the Council's ambitions to maintain a role in place shaping, it is felt that a development partner is required. The Council is willing to -

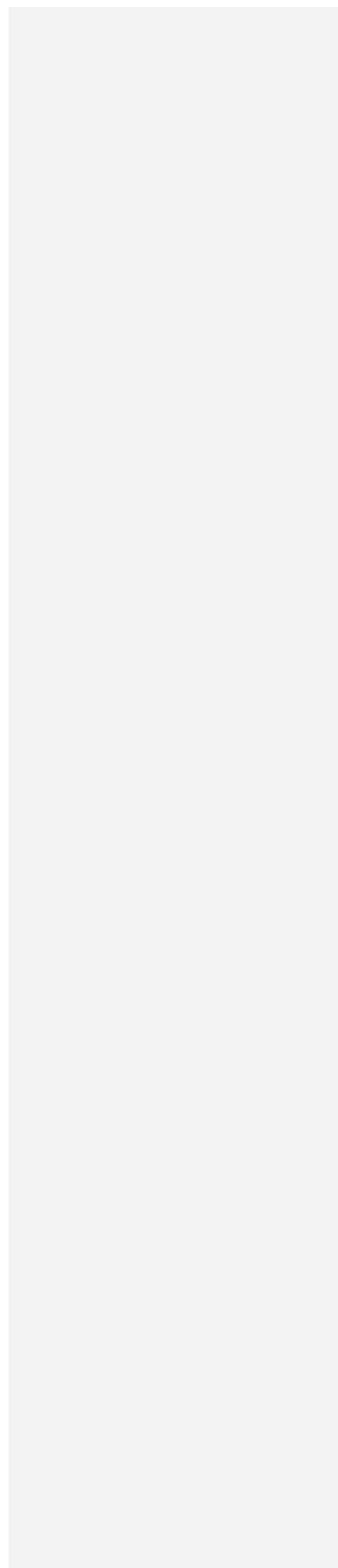
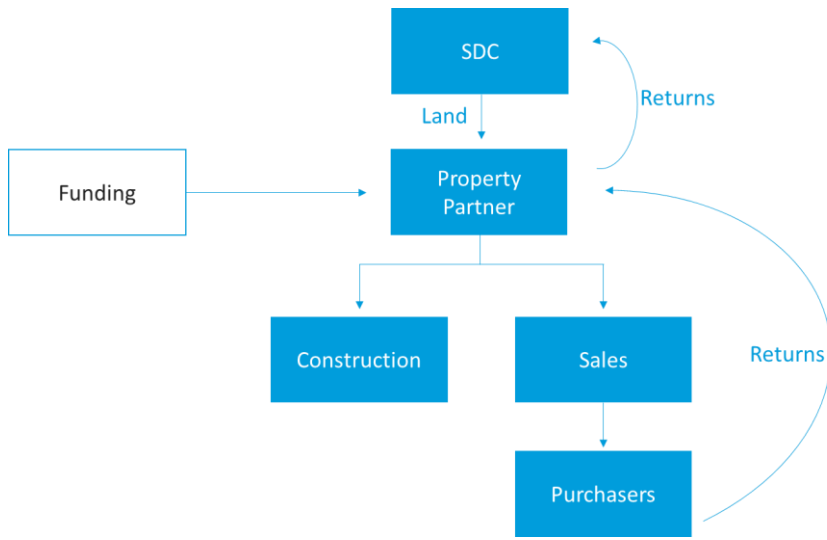
- Invest its landholding into a partnership and receive a return on its investment. This return can be re-cycled into future phases
- Invest the secured public sector funding above into the partnership
- Share development risk where appropriate with bidders in so far as this is limited to the value of the Council's land investment

The Council has a desire to work in partnership with bidders, likely via a development agreement structure. The Council doesn't feel that a formal joint venture entity (such as a limited company or an LLP) needs to be established for the development of this site.

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

Comment [m1]: Final level of funding from rents on the Port will be confirmed at the point of proceeding with the procurement.

Comment [LS2]: Council to firm up requirements here when known. Legal agreement to be signed between SDC and Brimscombe and Thrupp Parish Council to clarify financial arrangement.



STROUD DISTRICT COUNCIL

**AGENDA
ITEM NO**

STRATEGY AND RESOURCES COMMITTEE

11 JULY 2019

8

Report Title	UNITE CONSTRUCTION CHARTER
Purpose of Report	To enable the Committee to consider the implications of adopting the Charter and to make a recommendation to Council.
Decision(s)	It is recommended that the Committee RECOMMENDS to Council that: (1) It adopts the Unite Construction Charter and (2) Requests the Leader to sign the Charter on behalf of the Council.
Consultation and Feedback	Not applicable
Financial Implications and Risk Assessment	It is possible that compliance with the charter may create additional costs for contractors, which in turn would be passed on the Council. This would not be possible to quantify as such costs would be included within quoted prices. This may, in turn, impact on the level of services the Council is able to provide. Andrew Cummings, Interim Director of Resources & Section 151 Officer Tel: 01453 754115 Email: andrew.cummings@stroud.gov.uk
Legal Implications	In order to comply with EU public procurement directives and domestic regulations the Council should ensure that the implementation of the principles in the Charter do not breach obligations to ensure non-discrimination, equal treatment and transparency when conducting procurements. Ability to comply with the Charter should not be used as a pass / fail criteria in the procurement process. The Charter should be considered as guidance of recommended practice only and should not be given the status of a rigid rule which could result in the Council being challenged for fettering its discretion. Patrick Arran, Interim Head of Legal Services & Monitoring Officer Tel: 01453 754369 Email: patrick.arran@stroud.gov.uk
Report Author	Patrick Arran, Interim Head of Legal Services & Monitoring Officer Tel: 01453 754369 Email: patrick.arran@stroud.gov.uk
Options	The Committee can recommend adoption of the Charter or not recommend adoption of the Charter

Performance Management Follow Up	If this Charter is adopted, it will form part of the Council's Procurement Strategy and would be monitored as part of that process and normal contract management.
Background Papers/ Appendices	Appendix 1 – Unite the Union Construction Charter

1. INTRODUCTION / BACKGROUND

The council maintains a strong commitment to social value and sustainability, and as such reviews its procurement processes on an ongoing basis. In doing so, it considers opportunities trialled elsewhere including work undertaken by other authorities. The Council procures construction projects and wishes to achieve the highest standards in direct employment status, health and safety, standards of work, apprenticeship training and nationally agreed terms and conditions.

1.1 Unite the Union has been conducting a campaign with all Councils and Group Leaders across the country regarding their Construction Charter, seeking support to have the terms of the Charter nationally agreed as minimum standard in any local authority procurement policy. The Charter is included as appendix 1 to this report. The Charter has been adopted by a number of Councils, for example, Dudley, Bristol, Corby, Leicester, Birmingham, Manchester, Nottingham and Brighton and Hove.

1.2 The Charter is the result of a campaign to challenge poor practice within the industry that is said to compromise the welfare of workers. It contains eleven requirements including essential points on health and safety, standards of work, apprenticeship training and the implementation of appropriate nationally agreed terms and conditions of employment. It is intended to be a benchmark for the Council's contractors, sub contractors and the supply chain engaged on construction projects awarded by the Council to commit to those standards

1.3 Subject to what is said below, there is no legal reason against adoption of the Charter. In terms of its requirements, several of these are already explicitly required as part of the Council's standard contracting procedures, e.g. compliance with Health and Safety, Competence and Apprenticeships.

1.4 However, whilst it is in order for the Council to adopt the Charter it cannot be treated as a rigid rule and certain elements may need to be analysed and adapted on a case by case basis to suit the Council's circumstances. It should also be noted that officers have had some indications from contractors that, if this were an all or nothing approach, they may not be in a position to tender. This could result in a situation where officers would be unable to compile a tender list, for this reason, it would not be appropriate to use the ability to comply with the Charter as a pass / fail question in a procurement process.

1.5 There will also be a need to avoid unintended consequences such as potential exclusion of SME's due to the requirements of the Charter leading to additional costs / inability to comply. This could hinder the Council's ambitions in relation to ensuring social value in contracts within the District and local procurement from the local supply chain. The Charter is still relatively new and, as stated above, may discourage potential bidders from engaging with the Council.

1.6 Another potential issue is that it may not be possible for all operatives to be directly employed on a PAYE basis. Many small / sub-contractors will be self-employed. It is clear that Unite's intended purpose with this clause is to prevent the use of intermediate payroll companies (umbrella companies) which they believe could dilute employment rights. The Charter does anticipate that use of these companies is allowed, but that there should not be over reliance.

1.7 In terms of blacklisting, Article 9 of the Charter refer to the practice not being acceptable. However, the use of such a list is actually unlawful in any event under the Employment Relations Act 1999 (Blacklists) Regulations 2010.

1.8 In summary, it is recognised there are benefits to applying the Charter; furthermore some of its provisions are covered by existing practices, or can be easily implemented. There are however certain complexities that need to be analysed and worked through in order to avoid unintended consequences. Officers will do this on a case by case basis.

1.9 If approved, the charter will be included within the Council's Procurement Strategy. The charter will not be retrospectively applied to pre-existing contracts.

1.10 By approving and including the Charter in the Council's Procurement Strategy, contracts between the Council and contractors in the construction industry will be strengthened. This Charter also aligns itself to modern slavery and human trafficking which is already part of Council policy.

Unite the Union Construction Charter

As a Local Authority we are responsible for the procurement of a multitude of construction projects. It is therefore appropriate that we as a responsible client enter into this agreement and commit to working with the appropriate trade unions, in order to achieve the highest standards in respect of; direct employment status, health & Safety, standard of work, apprenticeship training and the implementation of appropriate nationally agreed terms and conditions of employment. The following shall be a requirement for all contractors and their supply chain engaged by this Authority: -

1. All parties recognise that the highest level of compliance with current HMRC regulations must be achieved where public funds are utilised. It is therefore a contractual requirement that all operatives are directly employed on a PAYE basis under a contract of employment. Furthermore the use of intermediary pay roll company will be prohibited on all contracts.

2. Health and Safety of workers on all of our construction projects is paramount. It is therefore a requirement that all contractors rigorously implement and adhere to our minimum standards for health and safety, as set out in our procurement documents. In addition we require all contractors to provide quality welfare facilities fit for purpose in accordance with the Construction Design and Management Regulation of 2015.

3. It is a recognised fact that the presence of trade union safety representatives significantly improves safety in the workplace. Contractors and their supply chain are required to work collaboratively with the appropriate trade unions to identify and implement reasonable real-world initiatives.

4. The Authority requires all projects to be completed to the highest standard, so as to meet the aspirations of the residents of this Authority. In order to achieve this it is recognised that it is necessary that all workers are competent and have the appropriate level of skill to carry out the work they are employed to do. To assist in the achievement of this goal the Authority's contractors and their supply chain will ensure they retain documented evidence that all workers are competent to carry out the work they have been employed to do. They will ensure that such evidence is retained in a way as to allow the Authority or its nominee's to audit the documentation. Possession of the recognised industry skills / grade card such as JIB or CSCS will be considered acceptable evidence

5. The Authority is mindful of the industry skills shortage and the need to address this through appropriate apprenticeships, including adult training in up skilling. The Authority's contractors and supply chain will in consultation with the Authority and other interested parties develop and implement a programme that addresses the skills shortage and provides training opportunities to local residents.

6. The Authority recognises the right of all construction workers to be employed under and to be protected by the appropriate national industry collective agreement. The Authority requires full compliance with all appropriate national agreements applicable to the construction industry.

7. All contractors and their supply chain will accept the right of any trade union that is a signatory to an appropriate national agreement, to appoint shop stewards, workplace health & safety representatives and Union Learning Reps. All trade union accredited representatives will be granted appropriate time and facilities to carry out their responsibilities.

8. The Authority, its contractors and their supply chain are committed to a fair and transparent recruitment policy. All contractors and their supply chain will actively ensure that the engagement of labour is based on the individual's ability to meet the needs of the project and the specific tasks for which they are recruited to undertake.

9. The Authority its contractors and their supply chain agree it's not acceptable for anyone to use or make reference to any form of blacklist.

10. The Authority recognises the benefit trade unions bring to the workplace and the rights of workers to hear from trade union representative. The Authority's contractors and their supply chain are required to allow access to nominated trade union officer from trade unions that are signatories to the appropriate national agreements. Access shall mean access to welfare facilities during working times so as to allow them to consult with their members and potential members.

11. The Authority supports the Get Britain Building campaign, which is aimed at supporting and sustaining the British construction industry. Consequently, all relevant construction contracts will be required to comply with our Authority's Sustainable Buying Standard for Highways and Construction Materials, which requires structural steel and other relevant materials to be covered by BES 6001 Responsible Sourcing of Construction Product certification, or equivalent.

STRATEGY AND RESOURCES COMMITTEE

11 JULY 2019

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WORK PROGRAMME

Date of meeting	Matter to be considered	Reporting Member/Officer
11.7.19	Redevelopment of Brimscombe Port	Head of Property Services
	Member\Officer reports: a) Performance Monitoring b) Investment and Development Panel c) Leadership Gloucestershire Update d) Others	Councillors Cooper & Pearson Leader Chief Executive
	Work Programme	Committee
	Senior Management Structure	Chief Executive
	Unite Construction Charter	Interim Head of Legal Services
	LGA Corporate Peer Challenge Action Plan	Chief Executive
	<i>Members Information Sheet - Cotswold Canals Connected – Regenerating Cultural and Natural Heritage for Everyone</i>	Canal Manager
3.10.19	Council Tax Support Scheme 2020-21	Revenue and Benefits Manager
	Member\Officer reports: a) Performance Monitoring b) Investment and Development Panel c) Leadership Gloucestershire Update d) LGA Corporate Peer Challenge Update e) Others	Councillors Cooper & Pearson Leader Chief Executive
	Work Programme	Committee
	Budget Strategy	Interim Director of Resources & S151 Officer
	Brimscombe Port	Head of Property Services
	Legal Services Options	Interim Head of Legal Services
	Domestic Violence and Mental Abuse	Head of Housing Services
	Corporate Delivery Plan Quarterly Update	Chief Executive
	Cotswold Canals Connected – Regenerating Cultural and Natural Heritage for Everyone (tbc)	Canal Manager
	Merits of establishing a local good causes Lottery	Interim Director of Resources & S151 Officer
12.12.19	Member\Officer report: a) Investment and Development Panel b) Leadership Gloucestershire Update c) LGA Corporate Peer Challenge Update d) Others	Leader Chief Executive
	Corporate Delivery Plan Quarterly Update	Chief Executive

	Work Programme	Committee
30.1.20 (Budget)	Member\Officer reports: a) Performance Monitoring b) Investment and Development Panel c) Leadership Gloucestershire d) LGA Corporate Peer Challenge Update e) Others	Councillors Cooper & Pearson Leader Chief Executive
	Financial Reports	Interim Director of Resources & S151 Officer
	Work Programme	Committee
5.3.20	Member\Officer reports: a) Investment and Development Panel b) Leadership Gloucestershire c) LGA Corporate Peer Challenge Update d) Others	Leader Chief Executive
	Corporate Delivery Plan Quarterly Update	Chief Executive
	Work Programme	Committee
16.4.20	Member\Officer reports: a) Performance Monitoring b) Investment and Development Panel c) Leadership Gloucestershire Update d) LGA Corporate Peer Challenge Update e) Others	Councillors Cooper & Pearson Leader Chief Executive
	Work Programme	Committee

Information Sheets

Ref/Date	Topic	Author(s)
SR-2019/20-001 05/06/2019	Redevelopment of Brimscombe Port	New Homes and Regeneration Manager