



22 January 2020

STRATEGY AND RESOURCES COMMITTEE

A meeting of the Strategy and Resources Committee will be held on **THURSDAY 30 JANUARY 2020** 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 17 December 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 27 JANUARY 2020
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 **THE FAIR PAY AND SENIOR PAY POLICY STATEMENT 2019/20**
To consider and recommend to Council that the statement is approved.
- 6 **STROUD DISTRICT COUNCIL CAPITAL STRATEGY**
To approve the Council's Capital Strategy.

- 7 **THE GENERAL FUND BUDGET 2020/21, CAPITAL PROGRAMME AND MEDIUM TERM FINANCIAL PLAN**
To consider the Council's financial position over the medium term and set a budget requirement and the level of council tax for 2020/21.
- 8 **HOUSING REVENUE ACCOUNT (HRA) – REVISED 2019/20 AND ORIGINAL 2020/21 AND MEDIUM TERM FINANCIAL PLAN 2019/20 – 2023/24**
To present to the Committee the revised estimates for 2019/20 and the original estimates for 2020/21.
- 9 **CORPORATE DELIVERY PLAN (CDP) PROGRESS**
To note the progress made on the CDP Key Actions for 2019/20, as set out in Appendix 1 and highlighted in this report.
- 10 **LGA CORPORATE PEER CHALLENGE ACTION PLAN UPDATE**
To note the progress made in Quarter 3 on delivering the Action Plan resulting from the LGA Corporate Peer Challenge.
- 11 **WORK PROGRAMME**
To consider the work programme.
- 12 **MEMBER\OFFICER REPORTS**
a) Performance Monitoring
b) Leadership Gloucestershire
- 13 **MEMBERS' QUESTIONS**
See Agenda Item 4 for deadline for submission.

Members of Strategy and Resources Committee 2019/20

Councillor Doina Cornell (Chair)

Councillor Martin Whiteside (Vice-Chair)

Councillor Nigel Cooper

Councillor Stephen Davies

Councillor Nick Hurst

Councillor Keith Pearson

Councillor Simon Pickering

Councillor Steve Robinson

Councillor Mattie Ross

Councillor Tom Skinner

Councillor Chas Townley

Councillor Ken Tucker

Councillor Debbie Young



STROUD DISTRICT COUNCIL

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STRATEGY AND RESOURCES COMMITTEE

17 December 2019

7.00 pm – 9.06 pm

Council Chamber, Ebley Mill, Stroud

3

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	A
Councillor Simon Pickering	P		

P = Present A = Absent

Officers in Attendance:

Chief Executive	Interim Head of Legal Services and Monitoring Officer
Strategic Director of Resources	Housing Strategy and Community Infrastructure Manager
Strategic Director of Transformation and Change	Head of Community Services
Principal Projects Officer	New Homes and Regeneration Manager
Revenue and Benefits Manager	Democratic Services and Elections Officer
Interim Accountancy Manager	
Head of Property Services	

SRC.046

APOLOGIES

Apologies for absence were received from Councillors Skinner and Young.

SRC.047

DECLARATIONS OF INTEREST

There were none.

SRC.048

MINUTES

RESOLVED

To approve as a correct record the Minutes of the meeting held on 3 October 2019.

The Chair, Councillor Cornell, welcomed the new Strategic Director of Transformation and Change to the Council and thanked her for attending the Committee Meeting.

SRC.049**PUBLIC QUESTION TIME**

There were none.

SRC.050**COUNCIL TAX – LONG TERM EMPTY PROPERTY PREMIUM**

The Revenue and Benefits Manager advised that in 2015 the Committee had agreed to introduce a 50% Council Tax premium for properties that had been empty and unfurnished for more than 2 years. He stated that new legislation had recently been introduced which had increased the possible premium to 100% and had included further incremental changes to properties which had been empty for longer than 5 or 10 years. He brought the Committee's attention to sections 3 and 4 of the report which outlined the impact this change would have and confirmed it would also have an impact on the Housing Revenue Account (HRA) the detail of which was outlined further in Appendix A. The Revenue and Benefits Manager stated that the changes would support the Council's strategy to bring empty homes back into use more quickly and would generate additional Council Tax income.

Councillor Hurst asked whether Officers had considered why properties were left empty. The Revenue and Benefits Manager advised that he believed most properties were deliberately left empty by the property owners and that numbers of empty properties had increased since 2015.

Councillor Pearson asked for confirmation as to whether other Councils had adopted this policy. The Revenue and Benefits Manager confirmed that other Councils within Gloucestershire were adopting the premiums from April 2020.

Councillor Townley stated that it was important to recognise that the HRA properties were empty to allow for works to be carried out for the Sheltered Modernisation Programme.

On being put to the vote, the Motion was unanimously carried.

RECOMMENDED TO COUNCIL **That the Long Term Empty Property Premium (currently set at 50%) is:-**

- 1. Increased to 100% from 1st April 2020 for those properties which have been empty for two years and over;**
- 2. Increased to 200% from 1st April 2020 for those properties which have been empty for five years and over;**
- 3. Increased to 300% from 1st April 2021 for those properties which are/have been empty for ten years and over.**

SRC.051**REDEVELOPMENT OF BRIMSCOMBE PORT**

The New Homes and Regeneration Manager advised that the purpose of the above report was to seek approval for further tender documentation, the questions for the supplier questionnaire and the tender evaluation matrix, and to seek approval to commence the procurement of the infrastructure and phase 1 works. She advised that a further report would be brought to the Strategy and Resources Committee in March 2020 for consideration.

Councillor Pearson asked whether the transfer of land from Stroud Valleys Canal Company (SVCC) to the Council had been completed. The Head of Property Services advised that

they were hoping to have it completed before Christmas, she confirmed that the contracts had been agreed and they were just waiting on a trustee signature.

Councillor Hurst asked for confirmation as to whether the Unite Construction Charter would be adhered to in this procurement process. The New Homes and Regeneration Manager advised that it had been agreed that this would be decided on a case by case basis and that they would need to look into it further to make a decision.

Councillor Pearson thanked the team for the work they had put into this and wished for his appreciation to be documented.

Councillor Pickering welcomed the progress on the site and stated that as a Council we should be taking a lead on redeveloping in a sustainable way some of the more difficult sites. He also stated that it is important that the Council has more of a strategic approach, as this development could be part of a corridor of redevelopment.

On being put to the vote, the Motion was unanimously carried.

RESOLVED 1. **To approve the following documents for the procurement of a developer partner for the redevelopment of the port:**

- a. **The Supplier Questionnaire (SQ) questions**
- b. **The Tender Evaluation Matrix**

and 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.

- 2. **To approve the procurement of a contractor for the infrastructure for phase 1 of the project on a design and build basis and to transfer the package over to the development partner who is delivering the residential/commercial development (once appointed) to co-ordinate, manage and deliver.**

SRC.052

BUDGET MONITORING REPORT 2019/20 QUARTER 2

The Interim Accountancy Manager advised that the report above was the second of the quarterly budget monitoring reports that had been taken to Strategy and Resources Committee and that it set out the position for the Strategy and Resources Committee and for the whole Council for both revenue and capital.

Councillor Davies asked for an update on the plan to purchase the Chapel Street building from the Salvation Army. The Housing Strategy and Community Infrastructure Manager advised that they had recently contacted the Salvation Army to advise that the Council would need to pull out of the plan to purchase the building due to the lack of progress made, and that the Salvation Army at this point seemed to want to take faster action to ensure the deal didn't fall through. They have therefore planned a meeting to discuss the purchase in the New Year and are hoping to report further progress to the March Housing Committee.

Councillor Davies advised that a lot of the underspend reported was due to vacancies which shows stress within the organisation and departments, he stated that we should make every effort to fill the vacancies.

On being put to the vote, the Motion was unanimously carried.

- RESOLVED**
- 1. To note the outturn forecast for the General Fund Revenue budget and Capital Programme.**
 - 2. To note the outturn forecast for the Housing Revenue Account.**
 - 3. To revise the salary budgets in line with the approved Senior Leadership Team structure (under the scheme of virement) as set out in paragraph 3.5.**

SRC.053

REVIEW OF THE COUNCIL'S CONSTITUTION

The Interim Head of Legal Services and Monitoring Officer advised that he was seeking authority to review the Constitution and re-establish the Constitution Working Group. He stated that as a matter of good practice we should be looking at the Constitution to ensure that it is fit for the Council's purposes. The Interim Head of Legal Services and Monitoring Officer confirmed that he would agree a programme of work with the Constitution Working Group and that any amendments would be taken to Council for approval.

Councillor Townley asked whether they would consider looking at the performance management arrangements and the appointment of tenant representatives. The Interim Head of Legal Services and Monitoring Officer advised that with regards performance management this would require a larger Council wide piece of work to be carried out. He also advised that they would look at the Committee System and at whether individual Committees could have more delegations.

Councillor Hurst asked whether there was a timescale in mind for completing the review. The Interim Head of Legal Services and Monitoring Officer advised that it would be an ongoing piece of work and it was about accuracy rather than speed.

On being put to the vote, the Motion was unanimously carried.

- RESOLVED**
- 1. To re-establish the cross party Constitution Working Group to oversee a review of the Constitution; and**
 - 2. To authorise the Monitoring Officer to carry out a review of the Constitution on an incremental basis in consultation with the Constitution Working Group and to bring reports proposing amendments to this Committee to consider from time to time.**

SRC.054

RECOMMENDATION FROM ENVIRONMENT COMMITTEE – 24 OCTOBER 2020

Community Infrastructure Levy (CIL) Spending Allocations

Councillor Pickering, the Chair of Environment Committee outlined the report which proposed the first allocation of the CIL to various strategic infrastructure projects. He confirmed that we had now collected funds of over £500,000 as this had increased since the report had been published. He drew the Committee's attention to Appendix A which contained the recommended projects to provide funding for.

Councillor Davies asked for confirmation that the Subscription Rooms put a bid in for CIL funding. Councillor Pickering confirmed that a bid had been received but it had not been recommended for approval.

Councillor Townley asked whether CIL funding would be approved to replace outdated equipment or facilities or whether it needed to be an additional facility. Councillor Pickering advised that it would have to meet with the requirements of the Local Plan Policies and the Regulation Section 123 List.

The Chair asked whether we supported the Parish and Town Councils to spend their allowance from the CIL funding. The Housing Strategy and Community Infrastructure Manager advised that the money is paid to them to use as they see fit and that they have more freedom than they did under the S106 requirements.

Councillor Cooper asked when decisions would be made about spending the remaining CIL balance. Councillor Pickering advised that funds would be allocated on an annual cycle. The Housing Strategy and Community Infrastructure Manager confirmed that should an urgent infrastructure project arise they would be able to bring a report to Committee for approval.

On being put to the vote, the Motion was unanimously carried.

RESOLVED **That funding commitments are agreed according to the report.**

SRC.055 **CORPORATE DELIVERY PLAN PROGRESS**

The Chief Executive asked the Committee to note the progress that had been made on the actions from the Corporate Delivery Plan. She advised that performance was generally very good and brought the Committee's attention to the summary in paragraph 2.2.

Councillor Davies asked for clarification of the target listed at CDP.13. The Head of Community Services advised that there wasn't a numerical target but advised that there was a representative of Transition Stroud, Stroud District Action on Plastic, who worked in the offices at Ebley Mill alongside the Waste Team and that they were looking at how we can reduce and eliminate the use of single use plastics. Councillor Pickering provided further clarification and advised that it was part of a national programme and target, he advised that the Project Officer from Transition Stroud had signed up many commercial businesses to agree to the target. The Chair advised that we need to ensure that we have clearer and more specific targets where possible.

In a response to a question regarding the progress Members are making in going paperless the Chief Executive advised that there had been an ICT Task and Finish Group where discussions had taken place with Members about this and that they were looking into the use of software such as Modern.gov.

On being put to the vote, the Motion was unanimously carried.

RESOLVED **To note the progress made in Quarter 2 on the Corporate Delivery Plan Key Actions for 2019-20, as set out in Appendix 1 and highlighted in this report.**

The Chief Executive advised that they had made progress with the initial 4 actions listed on the Corporate Peer Challenge Action Plan and that considerable progress could not be made with the remaining 4 actions until all of the Strategic Directors were in place. The Chief Executive advised that Rec 1 had nearly been completed, the Strategic Director of Change and Transformation, Caron Starkey, The Strategic Director of Resources, Andrew Cummings and the Strategic Director of Place, Brendan Cleere, had been appointed and an offer had been verbally accepted for the appointment of a Strategic Director of Communities. Credit was given to the IT team who had worked very hard to make progress on Rec 3. The Chief Executive also advised that they were expecting the Corporate Peer Challenge Team to revisit the Council in approximately 18 to 24 months.

The Chair advised that they had spoken at length at the ICT Task and Finish Group about Member experience and what IT support Members would need in the future.

On being put to the vote, the Motion was unanimously carried.

RESOLVED **To note the progress made in Quarter 2 on implementing the LGA Corporate Peer Challenge Action Plan.**

The Director of Resources advised that the Fair Pay and Senior Pay Policy scheduled for April would now be taken to the January Strategy and Resources Committee as it would need to be taken to Council in February.

The Chair advised that a report regarding Brimscombe Port would be added to the Work Programme for March.

Councillor Townley questioned whether a report could be added to the Work Programme about what the authority is doing to deal with sites like Tricorn House and how they can enforce the redevelopment of sites. The Chief Executive advised that they had ambition to deal with some of these issues and that this would be covered in the remit of the new Strategic Director of Place.

- a) Investment and Development Panel – Councillor Cornell advised that this meeting had focused on the Brimscombe Port papers which had already been discussed.
- b) Gloucestershire Economic Growth Joint Committee (GEGJC) and Scrutiny Committee (GEGSC) – Councillor Whiteside advised that the last Gloucestershire Economic Growth Scrutiny Committee had been held at Stroud District Council and that he was proud of the presentations and information that had been provided and that he had received great feedback from the Committee Members. Councillor Davies advised that the Committee would produce a report on its findings at its next meeting.

The Chair advised that at the last Gloucestershire Economic Growth Joint Committee they had discussed the progress of Fastershire and a report from the Director of Public Health which looked at the link between health and wealth. The Chair also advised that the Committee holds the collective funds for business rates and that various bids had been put forward, a bid for the rail strategy and a project led by Cheltenham

Borough Council on Cyber had been approved. The Chair advised that Members needed to consider whether there were any projects, that would benefit the whole County, that Stroud District Council could lead on and put a bid in for funding.

Councillor Townley asked whether consideration could be given to putting a bid in for funding to help increase the skills of tradespeople to help with the retrofitting of properties to increase their Energy Performance Certificate (EPC) levels. The Chair advised that the LEP and Stroud College were also interested in this and it would be good to come up with something together.

SRC.059

MEMBERS' QUESTIONS

There were none.

The meeting closed at 9.06 pm.

Chair

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

30 JANUARY 2020

5

Report Title	THE FAIR PAY AND SENIOR PAY POLICY STATEMENT 2019/20
Purpose of Report	The Council is required under the Localism Act 2011 to approve and publish a policy statement on senior pay.
Decision(s)	The Committee RECOMMENDS to Council that the statement is approved.
Consultation and Feedback	A copy of the draft statement has been provided to Unison.
Financial Implications and Risk Assessment	There are no financial implications arising directly from this report. All salary costs are budgeted for in the Medium Term Financial Plan. Andrew Cummings, Head of Finance & S151 Officer Email: andrew.cummings@stroud.gov.uk
Legal Implications	All legal implications are set out in the body of the report. Patrick Arran Interim Head of Legal Services & Monitoring Officer Tel: 01453 754369 Email: patrick.arran@stroud.gov.uk
Report Author	Lucy Powell, HR Manager Tel: 01453 754942 Email: lucy.powell@stroud.gov.uk
Options	The Council is required to publish a statement by the 31 st March 2020 for the ensuing financial year. The nature and content must adhere to guidelines issued by the then Secretary of State for Communities and Local Government.
Performance Management Follow Up	The operation of the policy and its subsequent annual review is a function of the Committee.
Background Papers	Information on the Council's workforce was extracted from the Council's human resources/payroll system. The remuneration of individual senior officers is also published in the Council's Statement of Accounts and on the Council's website. Appendix A – The Fair Pay and Senior Pay Policy Statement 2019-20

The Fair Pay and Senior Pay Policy Statement 2019-20

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

The Council has published information on senior pay for a number of years on its website and in its Statement of Accounts. It has also responded openly and in full to Freedom of Information Act requests for such details.

The Local Government Transparency Code 2015 places additional publication requirements on local authorities to publish data on their websites. This includes the requirement either to publish the data on their website or place a link on their website to such data. Additional requirements of the Code include the requirement for local authorities to publish:-

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

This information is available on the Council's website.

Pay Accountability - Senior Pay Policy Statement for Stroud District Council 2019-20

Both the Localism Act 2011 and the Transparency Code 2015 require the definition and publication of data on the lowest paid employees, their remuneration and the clarification of the relationship of pay between the lowest and highest paid groups of employees.

The lowest paid employees of the Council are on the Apprentice grade and have a salary at 01/01/2020 of £11,865. The highest paid employee on Stroud 12 has a salary at 01/01/2020 of £115,268. This is calculated as a ratio of 1:10 between the lowest and the highest paid employees of the Council. The Government's view is that the salaries ratio in the public sector should not exceed 1:20, so the Council is well within these guidelines.. A comparison of Stroud 1 to Stroud 12 produces a ratio of 1:7.

There is only a requirement by the Government to pay Apprentices £3.90 per hour. However, the Apprentice grade at the Council has been based on the National Minimum Wage for 18-20yr olds of £6.15.

The pay multiple, defined as the ratio between the highest paid taxable earnings for the given year and the median earnings figure of the whole of the authority's workforce was 4.44.

Since 2013, the Council has paid the Living Wage Foundation (LWF) living wage to staff on Stroud 1 by way of a supplement to basic pay. As a result of the Local Government pay award the STR1 salary is now above the LWF salary and therefore no supplement is required. The Council will continue to monitor the STR1 salary and LWF salary.

1. Level and Elements of Remuneration in 2019-20

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

Stroud Grade	Salary	FTE	Headcount	FTE Nov 2018	Headcount Nov 2018
STR APP	£11,865	7.00	7	4.00	4
STR1	£17,711	1.37	4	3.38	8
STR2	£19,171	35.68	50	40.51	55
STR3	£21,589	63.85	76	67.36	81
STR4	£26,317	65.14	75	66.40	77
STR5	£31,371	56.77	67	68.20	79
STR6	£36,876	40.34	43	30.54	32
STR7	£42,683	21.53	22	23.33	24
STR8	£49,387	11.80	12	8.50	9
STR9	£55,568	8.80	9	8.80	9
STR10	£73,161	0	0	3.00	3
STR11	£80,000	3.00	3	n/a	n/a
STR12	£115,268	1.00	1	1.00	1
TOTAL		316.28	369* Actual = 357	325.02	382* Actual = 367

* This figure shows employees with contracted hours at each Stroud grade. The 'actual' figure indicates exact headcount, as some employees have more than one post at different grades.

1.2 There are no bonuses, annual increments or performance related payments. A salary supplement or honorarium can be paid when an employee carries out a substantial increase in duties and responsibilities.

1.3 The actual headcount has reduced by 2.73% since last year.

1.4 The Chief Executive is employed under the JNC Chief Executives' Terms and Conditions. All other senior officers are employed under National Joint Council (NJC) for local government services. The Council publishes an Employee Handbook that sets out local terms and conditions of employment. This is available on the staff intranet.

1.5 The pay in relation to individual senior officers is shown below;

Chief Executive

- Salary of £115,268 subject to any national pay award. The Chief Executives' pay agreement of June 2018 increased Chief Executives' pay by two percent in April 2018 and by two percent in April 2019.
- Employed under the Chief Executives' Terms and Conditions
- Election Fees as Returning Officer as set out in the Gloucestershire Scheme Scale of Fees for District and Parish Elections; Parliamentary, European Parliament, Referendum, Police Area Returning Officer Fees as specified by the Ministry of Justice, the Home Office or the Electoral Commission. The fees vary from year to year depending on the nature and number of elections. This is classed as a separate employment for superannuation purposes.
- Payment of membership of the Society of Local Authority Chief Executives (invoiced direct to the Council)

Strategic Directors (Resources, Place, Communities and Change & Transformation)

- Salary of £80,000 - £85,000 (subject to any national pay award)
- Taxable mileage payable in line with HMRC reimbursement rates.
- Payment of membership of one professional body (invoiced direct to the Council)
- Election fees payable to officers as election staff, as determined by the Returning Officer using the appropriate scale of fees prescribed nationally or under the Gloucestershire Scheme Scale of Fees

Heads of Service

- Salary of £55,568 subject to any national pay award
- Taxable mileage payable in line with HMRC reimbursement rates.
- Payment of membership of one professional body (invoiced direct to the Council).
- Election fees payable to officers as Deputy Returning Officer or election staff, as determined by the Returning Officer using the appropriate scale of fees prescribed nationally or under the Gloucestershire Scheme Scale of Fees

Monitoring Officer

- The permanent post is currently vacant and there are interim arrangements in place to cover this role at present.
- Taxable mileage payable in line with HRMC reimbursement rates (for perm role)
- Payment of membership of one professional body (invoiced direct to the Council) (for perm role)
- Election fees payable to officers as Deputy Returning Officer or election staff, as determined by the Returning Officer using appropriate scale of fees prescribed nationally or under the Gloucestershire Scheme Scale of Fees.

Section 151 Officer (This function is covered by the Strategic Director of Resources)

- Salary of £80,000, subject to national pay award
- Taxable mileage payable in line with HRMC reimbursement rates.

- Payment of membership of one professional body (invoiced direct to the Council).
- Election fees payable to officers as Deputy Returning Officer or election staff, as determined by the Returning Officer using appropriate scale of fees prescribed nationally or under the Gloucestershire Scheme Scale of Fees.

Service Managers

- Salaries in range from £36,876 to £49,387 subject to any national pay award
- Taxable mileage payable in line with HMRC reimbursement rates.
- Payment of membership of one professional body (invoiced direct to the Council).
- Election fees payable to officers as Deputy Returning Officer or election staff, as determined by the Returning Officer using the appropriate scale of fees prescribed nationally or under the Gloucestershire Scheme Scale of Fees

2. Remuneration on Recruitment

2.1 Chief Executive

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

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

2.2 Strategic Directors, Heads of Service, Service Managers, Monitoring Officer and S151 Officer

The remuneration and allowances are set out in the Employee Handbook and the published salary scales

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

3.1 Chief Executive

The Committee would make a recommendation to the full Council.

3.2 Strategic Directors, Heads of Service, Service Managers, Monitoring Officer and S151 Officer

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

4. Publication and Access to Information Relating to Remuneration

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

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

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

30 JANUARY 2020

6

Report Title	STROUD DISTRICT COUNCIL CAPITAL STRATEGY			
Purpose of Report	To approve the Council's Capital Strategy.			
Decision(s)	The Committee RECOMMENDS to Council to approve the Capital Strategy at Appendix A.			
Consultation and Feedback	None.			
Report Author	Graham Bailey, Principal Accountant Tel: 01453 754133 Email: graham.bailey@stroud.gov.uk			
Options	The Council's Capital Strategy was introduced in April 2019 and should be subject to annual approval.			
Background Papers	CIPFA Prudential Code 2018			
Appendices	Appendix A – Stroud District Council Capital Strategy			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	Yes	No	No	No

1. INTRODUCTION / BACKGROUND

- 1.1 Under the Local Government Act 2003 the Council should have regard to the CIPFA Prudential Code. In 2018 this code was revised to include a requirement for every local authority to produce a “Capital Strategy”
- 1.2 The Guidance notes to the Prudential Code state that “The purpose of the capital strategy is to tell a story that gives a clear and concise view of how a local authority determines its priorities for capital investment, decides how much it can afford to borrow and sets its risk appetite”.
- 1.3 The Capital Strategy was approved by Council 24 January 2019 document should be reviewed at least annually and must be considered a “live” document to be used throughout the financial year.

2. THE CAPITAL STRATEGY

- 2.1 The proposed Capital Strategy is attached at Appendix A. It sets out the Council's principles on how the Capital Programme is put together, how Capital expenditure can be financed and how the Council approaches and manages the risks related to the Capital Programme.
- 2.2 The Capital Strategy is split into four main sections to enable the reader of the strategy to clearly see the main issues as they are presented.

- 2.3** Section one sets out the basics of Capital Expenditure and the general principles which the Council will follow in its capital programme. The principles are as follows;
- Capital Investment is a vital tool in delivering strategic priorities
 - The capital programme will include only those schemes which assist in delivering a Council priority or commercial returns
 - The Council will consider schemes purely to generate a commercial return, as part of the budget strategy to close the gap between expenditure and resources
 - The evaluation of capital schemes for inclusion on the programme will follow an agreed process which allows scrutiny whilst not limiting innovation and adaptability
 - The funding of the capital programme must be considered alongside the revenue budget and balance sheet position as part of the Council's integrated financial planning
 - Capital projects will be monitored and evaluated, both during and after their completion, to ensure their efficient progress and that any lessons learnt can be transferred to other Council schemes
- 2.4** It is a requirement of the Capital Strategy that it must state whether the Council undertakes capital investment for a commercial return and how dependant the current revenue budget is on such investment. Within Section One it is set out that the Council will consider such investments should the opportunity arise. To not make that statement would limit the Council's ability to respond to such opportunities. The current MTFP has no reliance on income from previous capital expenditure where income generation was the only objective so the current risk exposure is nil.
- 2.5** Section two shows how the Council will select, approve and monitor capital schemes. There is currently no formalised agreed process for this in the Council so this section sets out the process by which future capital programmes will be established.
- 2.6** Section three covers the different source of funding for Capital Projects and the principles that will be followed in applying them. This includes the Council's policy on new borrowing setting out that the Council must consider the interest and MRP implications of any new borrowing.
- 2.7** Section four links to existing Council policies on risk and treasury management. It also includes an analysis of the skills and knowledge within the organisation.
- 3. CONCLUSION**
- 3.1** No amendments have been made to the Strategy approved by Council in January 2019, although any references have been updated to the current financial data and capital schemes.

4. IMPLICATIONS

4.1 Financial Implications

There are no significant financial implications from the report. The Capital Strategy sets out the Council's approach to setting and monitoring the capital programme.

Andrew Cummings, Strategic Director of Resources
Tel: 01453 754115 Email: andrew.cummings@stroud.gov.uk

4.2 Legal Implications

There are no specific legal implications arising from the recommendations made in this report.

Patrick Arran, Interim Head of Legal Services & Monitoring Officer
Tel: 01453 754369 Email: patrick.arran@stroud.gov.uk

4.3 Equality Implications

There are not any specific changes to service delivery proposed within this decision.

4.4 Environmental Implications

There are no significant implications within this category.

Stroud District Council Capital Strategy

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Section 1 – Principles of the SDC Capital Strategy

1. Introduction

Welcome to the Capital Strategy for Stroud District Council. The following document sets out how the Council sets out its priorities for Capital investment including links to existing delivery plans and strategy documents. It also considers the ways in which capital expenditure may be financed, including the impact that the Strategy has on the budgets of both the General Fund and the Housing Revenue Account (HRA). The strategy will also set out the links with Treasury Management objectives and determine the authority's approach to risk in those objectives.

This document is a fundamental part of the Council's business planning process from both a financial and service perspective. It sets out a framework whereby the authority's capital resources can be effectively allocated to those projects which may help the Council achieve wider corporate objectives, protect existing assets and support financial sustainability.

1. Capital Investment is a vital tool in delivering strategic priorities

Principles

2. The capital programme will include only these schemes which assist in delivering a Council priority or commercial returns

of

3. The Council will consider schemes purely to generate a commercial return, as part of the budget strategy to close the gap between expenditure and resources

the

4. The evaluation of capital schemes for inclusion on the programme will follow an agreed process which allows scrutiny whilst not limiting innovation and adaptability

Capital

5. The funding of the capital programme must be considered alongside the revenue budget and balance sheet position as part of the Council's integrated financial planning

Strategy

6. Capital projects will be monitored and evaluated, both during and after their completion, to ensure their efficient progress and that any lessons learnt can be transferred to other Council schemes

2. Background

As part of its wider treasury management objectives the Council must have regard to the “Prudential Code for Capital Finance in Local Authorities” (henceforth to be referred to as the Prudential Code), as produced by the Chartered Institute of Public Finance & Accountancy (CIPFA). The 2018 revision of the Prudential Code introduced the requirement for authorities to produce a Capital Strategy representing as it does best practice in financial planning. This document is that strategy for Stroud and sets out baseline practices. As the capital ambitions of the authority continue to grow the Strategy will serve as a basis for building that capital programme and can be updated as and when new priorities, schemes or methods of financing are introduced. It is a live document forming a fundamental part of the ongoing strategic planning of the Council.

3. Capital Expenditure

Capital Expenditure is that which is incurred on the acquisition, creation or enhancement of an asset. These assets can be tangible such as buildings or vehicles, as well as intangible such as software products or licenses. Revenue expenditure is that which is incurred on the day to day running costs of the Council.

4. The link between revenue and Capital

Capital and revenue expenditure are often treated as separate components of local authority budgets and funding for each is considered separately. However, it should be regarded as a vital component of successful financial planning that revenue and capital budgets are intrinsically linked. Therefore this capital strategy should be deemed to form a key part of the authority’s medium term financial planning process.

The impact of capital expenditure upon the revenue budgets of the authority must be an intrinsic part of assessing capital projects at the business case stage.

The following table sets out some of the key impacts of capital expenditure upon the revenue budget.

Revenue Savings

- Direct Income from assets
- Reduced maintenance costs
- Savings in labour costs

Revenue Costs

- Running costs of new assets
- Minimum Revenue Provision (loan principal)
- Interest costs from borrowing (or lost investment interest if internally borrowing)
- Revenue funding of capital programme

As an indication of the current cost of the existing capital programme, the proposed Council budget for 2020/21 includes the following sums for loan principal and interest costs.

	2020/21	2021/22	2022/23	2023/24
General Fund	£000	£000	£000	£000
MRP	1,035	1,180	1,180	1,180
Interest	150	200	250	300
GF Total	1,185	1,380	1,430	1,480
Housing Revenue Account				
Principal	918	1,138	1,361	1,538
Interest	3,379	3,828	4,078	4,248
HRA Total	4,297	4,966	5,439	5,786

5. The Purpose of Capital Investment

Investment through Capital Expenditure may serve a number of purposes, these can typically be classified as being related to service priorities and commercial investments.

Service priorities are those areas that the Council has identified through the Corporate Delivery Plan. Capital expenditure may be a specific component of the corporate priority itself, such as the delivery of new affordable housing within the District or investment in an asset which helps to achieve the priority, such as new leisure facilities to improve public health.

Commercial investments are those which are entered into with the explicit objectives of returning a surplus for Council and therefore improving the financial sustainability of the Council. These may include:

- Acquisition of Property to deliver a commercial return, usually through rental
- Investments in outside organisations with the view to making a return

Investments which neither deliver a financial return nor achieve a service objective for the Council should not be considered for inclusion on the Capital Programme.

6. What are our Council priorities?

Council objectives are set out in the Corporate Delivery Plan 2018-22 (CDP) and Corporate Delivery Plan 2019-20 which list the five main priorities of the Council as:

- Help create a sustainable and vibrant economy that works for all
- Provide affordable, energy efficient homes for our diverse and changing population
- Help the community minimise its carbon footprint, adapt to climate change and recycle more
- Promote the health and wellbeing of our communities and work with others to deliver the public health agenda
- Provide value for money to our taxpayers and high quality services to our customers

The full CDP can be found at www.stroud.gov.uk/media/682656/corporate-delivery-plan-2018-22.pdf and <https://www.stroud.gov.uk/media/1070492/stroud-district-council-corporate-delivery-plan-2019-20.pdf>

The CDP will be periodically reviewed and updated. As the CDP is reviewed new schemes will be evaluated against new Corporate Priorities.

The Council vision, currently “Leading a community that is making Stroud district a better place to live, work and visit for everyone”, should also be considered when planning capital projects.

7. Existing Capital Priorities

The Capital Programme includes a number of high profile Capital Schemes and Priorities. These priorities are;

- New Build Housing, existing stock maintenance and support for affordable homes – The provision of housing is a key element of the Corporate Delivery Plan and the capital programme reflects this. The HRA capital programme now includes a second phase of new house building. To support the provision of future new builds the capital programme now also includes a budget for the purchase of land. This is a strong example of the use of capital planning to identify assets required (land) to support the provision of a Council priority (housing).
- Regeneration of the Canal – Support for the redevelopment of the Canal is a key component of the Council’s capital programme. “Stroudwater Connected” represents the next critical phase of the canal redevelopment and the Council has already agreed capital funds of £3 million to support the project.
- Redevelopment of Brimscombe Port – Brimscombe Port is the Council’s primary mixed use regeneration scheme for the upcoming period. Successful completion of the project will produce an increase in housing supply and provision for business accommodation as well as the restoration of a historically significant inland port. Funding for the scheme is likely to be drawn from a variety of sources including Council contributions, a loan from Homes England and funding through a joint venture agreement with a delivery partner.

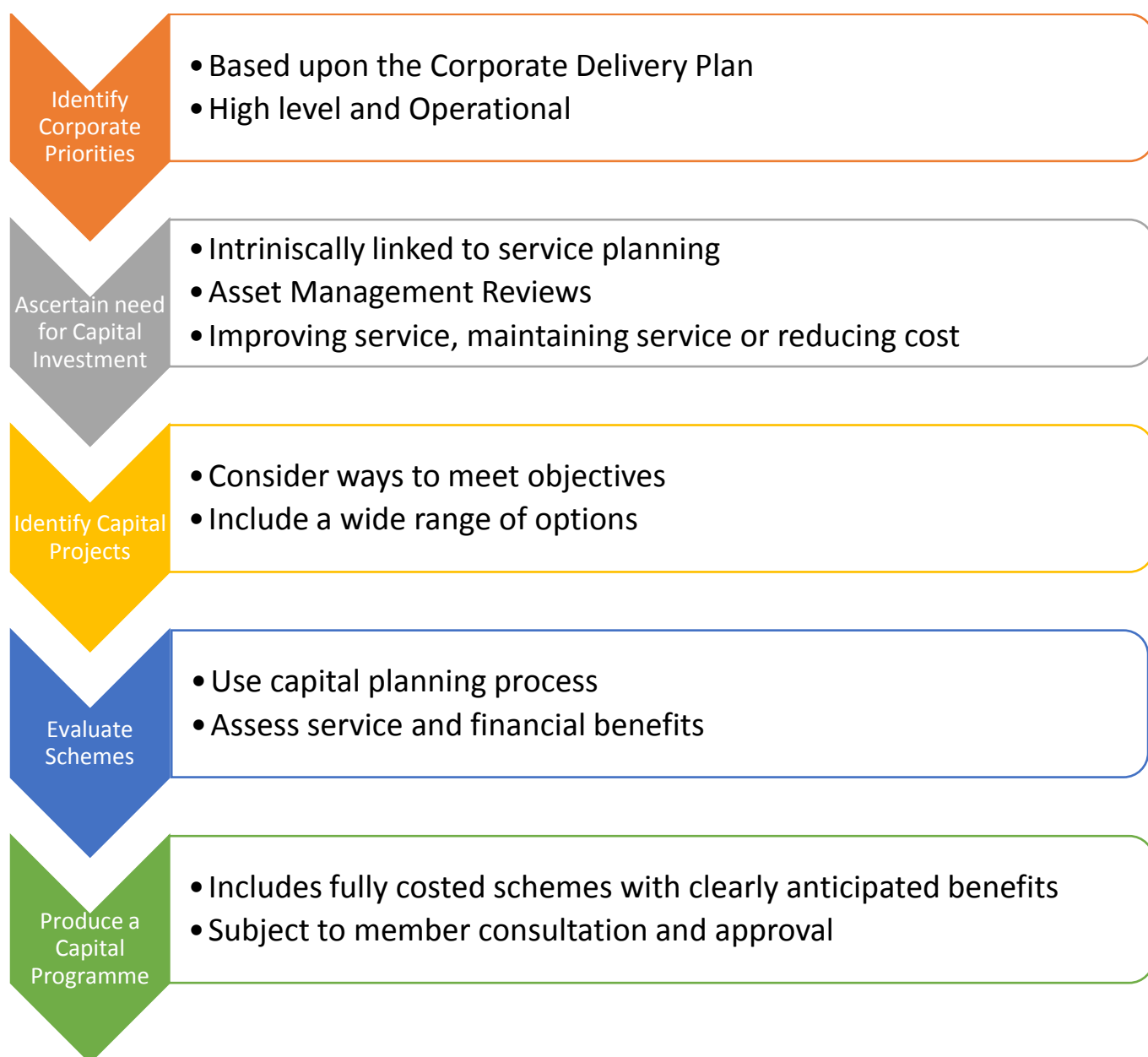
- Investment in ICT Infrastructure – The existing capital programme includes a sum of £1.8 million for investment in the Council’s ICT provision.
- Support waste and recycling through effective asset and fleet management – Under the terms of the Ubico contract the Council is responsible for procuring the vehicles and equipment required. It is vital that the Council plans long-term to secure the assets that are required. Failure to do so risks inefficiencies in providing the service and the financial costs of operating aging machinery.

As the Capital Strategy should be considered a live document these schemes and priorities are subject to change.

8. Achieving priorities through capital investment.

Capital expenditure and investment is a key tool in achieving Council priorities. Targeted investment can provide the Council with the assets it needs to deliver high quality, value for money services in accordance with the Corporate Delivery Plan. Capital investment opportunities may be targeted to deliver additional corporate priorities.

The diagram below is an illustration of the key principles and processes for initiating a capital project up to approval stage.



It should be recognised that the ideas for capital schemes could come from a wide variety of sources including officers, external stakeholders, individual members or Council committees.

9. Use of Commercial Investment

Stroud District Council has not historically made capital investments purely for financial return. This strategy sets out the scope by which the authority may make investments of this nature and also the governance process which covers such arrangements. Through a process of due diligence the authority must satisfy itself that it is acting within legal powers, identifying risks and mitigating them where possible and ensuring it has carried out a full sensitivity analysis of the potential financial impact of the investment.

As part of the Council's Budget Strategy and MTFP the Council will now look to reduce the impact of a decline in traditional funding sources by using commercial income from non-treasury investments to make up some of the difference. This protects front line services from the impact of funding reductions. This capital investment may take a variety of forms with investment in commercial property being something which the Council actively considers as part of this Strategy.

If the Council were to acquire property assets directly the following priorities are key.

Security – Assets will be considered only where there are existing strong tenants with a minimum of 10 years of lease remaining.

Return- Rental income should be maximised whilst at the same time management costs should be as low as possible.

Local impact – Where possible investing in Stroud and Gloucestershire to boost the local economy and provide regeneration opportunities.

The Council is aware and accepts that investments of this type are likely to be of higher risk than traditional investments and so must be subject to an enhanced level of scrutiny. The decision making body for such investments will be Strategy and Resources Committee which will receive recommendations presented jointly by the Head of Property Services and the S151 Officer.

Such recommendations will include

- Analysis of costs/revenue streams
- Details of lease arrangements
- Independent valuation and market advice
- All necessary legal due diligence
- The impact on revenue budgets
- Risk analysis including sensitivity analysis

If the authority begins to invest in commercial schemes additional revenue resources will be required to provide capacity to operate a portfolio. These costs will be funded by the income generated by the commercial investments.

The Council currently has no capital investments purely for income generating purposes.

The only element of the current General Fund MTFP dependent on lettings income is the business units at Littlecombe. The income targets from these units make up less than 0.5% of the Council's revenue budgets and therefore the risk can be considered to be minimal at this stage.

10. Asset Management

Asset Management is the process by which the authority consider whether its assets are appropriate to deliver the high quality services demanded by residents. This process may identify a number of different outcomes for assets including;

- Change in use to meet the demands of a service
- Investment is required to improve the condition of an asset
- A new asset is required to better meet the Council priorities
- The need to dispose of the asset to realise its value in monetary terms

The Council will use active asset management to consider both its current asset base and its future asset base. The capital programme will be used to bridge the gap to ensure that the authority has sufficient assets in the long term.

The current capital programme does not include any allowance for backlog maintenance. This should be considered in future revisions to the capital programme as part of the asset management process.

The Council has an existing Corporate Asset Management Strategy and the principles contained within that document are those which are to be used in the asset management process.

11. Capital Disposals

The asset management process may determine that the value of an asset is best realised through disposal. Sale of assets should be through an open market process to determine the best value.

Cash received from a sale of a property is a capital receipt. The use of these funds is restricted to purchasing new assets or repayment of existing debt. Decisions as to the use of Capital Receipts are to be made by Council after receiving advice from Strategy and Resources Committee and the Section 151 Officer. The Council will not make decisions about the ring-fencing of capital receipts before amounts are known and the use of such receipts has been considered in the light of the Council's overall financial position.

The existing General Fund capital programme is not dependent on a planned programme of capital receipts.

The HRA capital programme includes assumptions on levels of right to buy receipts as well as other capital receipts.

12. Multi-Year Capital Projects

Capital projects deliver assets which will provide services and/or income to the Council for a number of years. As a result of the significance and complexity of a number of these projects they may take a number of years to plan and deliver.

When setting the Capital Programme Council will approve the schemes to be included, the budget for their delivery and the timescale in which they are to be achieved. Unless schemes have clearly defined development and delivery phases with separate objectives, budgets and timescales Council should be asked to approve a budget to cover the whole of

the project being delivered. Approval of the entire budget at the point of inception gives certainty for the project and assists officers in ensuring delivery.

The budget for approval will include an expected cash flow projection showing how much of the anticipated project budget will be incurred in each year of the Capital Programme. Any variations in timing of cash flows between years will be reported as part of the budget monitoring process. This should be regarded as part of the normal development of a capital project.

The Section 151 Officer will use delegated powers to re-profile capital expenditure between years after consideration of the Council's overall financial position.

Changes in the profile of a capital project which require additional money added to the overall budget will be reported to members.

13. Use of capitalisation flexibilities.

Regulations around the flexible use of capital receipts allow the authority to use new capital receipts to fund the revenue costs of Council re-structuring which will generate savings in future years. This is subject to the Council approval of a policy on the flexible use of capital receipts. The Council currently has sufficient revenue reserves to meet the costs of its Workforce Plan and therefore there is no proposal to make use of these flexibilities.

Section 2 – Selecting, Approving and Monitoring Capital Schemes

14. The Importance of Capital Business Cases

The processes described in the following section are to be regarded as the authority's formal procedures for setting and monitoring capital projects. This process has been developed to ensure that the Council's capital programme contains schemes which are in line with objectives, meet its asset management requirements and are both affordable and deliverable. This process will give elected members confidence that decisions they are being asked to make regarding the capital programme have been based on a sound system of decision making.

All capital schemes to be considered in the capital programme must have been the subject of an evaluation process including a business case to ensure the Council can target its capital resources effectively.

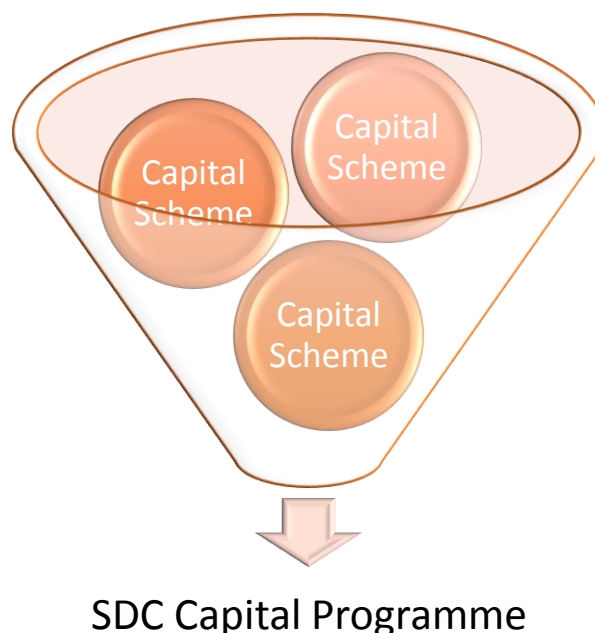
15. Information to be considered in Capital Decision Making

When making decisions as to which schemes are included on the capital programme the presented business case must include information on these main factors.

- Financials – All anticipated costs and potential revenue streams must be set out. This should include risk analysis to show factors which may impact upon those numbers and where appropriate sensitivity analysis to show potential future scenarios.
- Strategic Objectives – As discussed capital schemes must meet Council priorities and the ability of a scheme to impact upon objectives must be clearly demonstrated. This should include the wider social and environmental impact of the capital project. This must be accompanied by evidence supporting the conclusions made.
- Capacity - All capital schemes, even those funded by external sources, require officers within the Council to implement them and this must be considered as part of the appraisal process. Where a project requires the procuring of additional resource to deliver the scheme this detail must be included in the financial analysis.
- Deliverability - The success of capital projects depends not just on the financial and non-financial resources of the District Council. External factors which impact on the deliverability of the project should also be considered as part of the planning process.

The purpose of this evaluation process is effectively to act like the image below.

Ideas for a range of capital schemes should be considered and it is those which best fit the strategic vision of the Council within the financial parameters available which make it onto the Capital Programme.



16. Governance of the Capital Programme

This strategy sets out the governance relationship relating to the capital programme and the respective role of Members and Officers in relation to the decision making process. The roles of the various groups are as follows.

Decision making on the capital programme is likely to be an iterative and often circular process with information flowing both ways between these respective groups.

As an example the following timescale may be followed for producing the capital programme during the main budget setting process.

Apr – Jun – Officers produce list of new capital project ideas

July – Corporate team assess those to require business cases

September – November – Investment and Development Panel work with Officers to select schemes and produce a capital programme.

December – Capital Programme incorporated within overall Council budget

January – Budget approved by Strategy and Resources Committee and Council.

Strategy and Resources Committee

- Formally agrees the capital programme
- Receives budget monitoring reports covering financial and non-financial elements of capital schemes
- Approves commercial capital investments

Investment and Development Panel

- Informally reviews business cases
- Allows panel a chance to comment on capital schemes before formal approval process

Corporate Team

- Reviews Business Cases submitted
- Performs initial sift of viable schemes
- Approves proposed list of capital schemes
- Discussions will include Chief Exec, Strategic Directors, Section 151 and Head of Property Services

Service Managers / Heads of Service

- Identify priorities and opportunities for capital investment
- Act as, or appoint, project managers to lead on schemes and complete outline business cases

17. In-Year Capital Decisions

Selecting projects to go onto the Capital Programme must remain possible outside of the usual capital budget setting process. The authority needs the flexibility to take advantage of schemes which present themselves at any stage during the year.

Capital schemes presented in year should go through the same appraisal process as schemes considered at budget setting time. The business case must indicate whether they are self-financing (through an external grant or savings/income which meet borrowing costs) or require the commitment of Council resources.

In rare cases there may be insufficient time for a capital purchase to go through the full Committee cycle, such as in the case of an opportunity land purchase. In these instances where it is above delegated powers of officers the decision will be made by the Section 151 Officer and Head of Paid Service, in consultation with the Chair of Strategy and Resources Committee. This only applies where there is an existing budget approved by full Council which may be used.

Capital schemes fully funded by external grants should not automatically be included on the capital programme without a process of due consideration as even fully funded schemes have a cost in relation to officer time.

18. Monitoring Capital Projects

Effective monitoring of projects is a vital element of good capital governance.

Capital projects are often significant not only in terms of financial resources required but in terms of organisational capacity, impact upon Service delivery and reputational risk. It is therefore vital that there is sufficient monitoring carried out upon schemes to allow stakeholders to be informed of progress and for members and officers to make decisions as required.

In order to meet these requirements the Corporate Team will receive a monitoring report showing the current spend against capital projects at the end of each financial quarter, with an outturn report at year-end. Corporate Team may then invite project managers for schemes with variances deemed to be significant, either financially or in terms of project progress, to attend the meeting to present a progress report.

Service Committees will receive information on the progress of capital projects as part of the finance budget monitoring reports already received. Committees may also add specific projects to their work plan should they wish to scrutinise projects in depth.

Schemes requiring additional funding to be committed by the District Council as a result of either changes in cost estimate or extensions of scope will be the subject of a report to, and decision by, both Strategy and Resources Committee and Council. It should be regarded as a key element of a well-managed capital programme

19. Post Project Evaluation

All Capital Projects must be the subject of a post project evaluation. This must be completed by the Project Manager. This should not be regarded as an onerous process but simply the final stage of good project management. Key findings will be reported to the relevant service Committee. A Corporate Register of completed projects and listed key lessons is to be maintained and managers planning new projects must have due regard for any lessons previously learnt. As part of the year-end closedown process the finance team will request a copy of the completed post project evaluation for all projects which have completed in year.

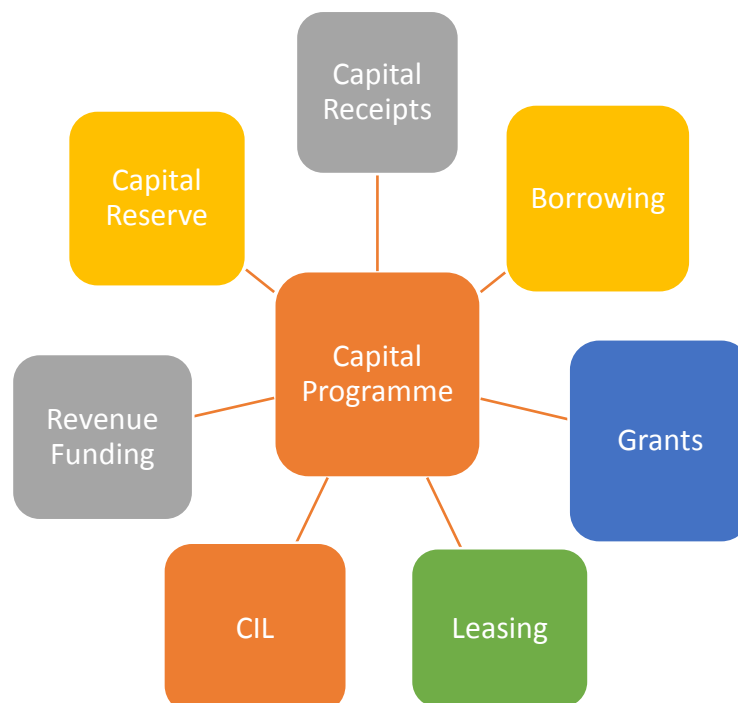
Section 3- Financing the Capital Programme

20. Capital Funding

There are a number of distinct sources of funding which can be utilised to finance capital expenditure. Some funding sources are ring fenced and can only be used for Housing Revenue Account capital expenditure, or a particular capital project. Consideration of funding must be made when projects are at the planning stage. No capital project will be put forward without funding having been identified to complete the project. Where capital schemes are in multiple phases, perhaps requiring an initial development phase to ensure funding for the final phases, this will be considered as part of the planning stage and clearly reported.

Capital funding cannot be used to fund revenue costs which may arise from a capital scheme such as consultant's costs on feasibility before a project is identified.

The possible options for Capital Financing are shown in the table diagram below followed by a clarification of the characteristic and potential usage of each one.



21. SDC Resources

Capital Receipts

The sale of assets with a value of more than £20,000 generates income known as capital receipts. Legislation requires these to be spent on either new capital investment or the repayment of existing debt. The government is allowing some flexibility in the use of capital receipts up until 31 March 2022 to fund revenue costs of transformation projects where these are expected to generate revenue savings in future years (See Section 13).

HRA Right to Buy compulsory sale of council houses generate receipts that may be retained to cover the cost of transacting the sales and to cover outstanding debt on the property sold, but a proportion of the remainder must be surrendered to Central Government.

All other HRA capital receipts may be retained provided they are spent on affordable housing, regeneration or paying off housing debt.

General Fund capital receipts can be retained in full. These can arise from the sale of land and buildings, vehicles, plant and equipment, and also through the repayment of loans or grants.

An active asset management planning process is needed to review the asset requirements of the Council and therefore to identify surplus assets which may be sold to generate capital receipts.

Capital Reserve

Reserves are set aside from revenue resources and earmarked for particular purposes. The capital reserve is earmarked to be used to finance properly authorised capital schemes. At any one time, some or all of the capital reserve will be earmarked to finance part of the current year and future years' capital programme.

Leasing

One way of acquiring new assets is to lease. This is commonly used to procure lower value assets that may be below the £20,000 de minimis level for treating as capital expenditure, for example small vehicles or photocopiers. The cost of leasing should always be compared with other means of financing, in recent years it has not been the most cost effective source of capital funding.

For accounting year 2020-21 a technical distinction between finance leases and operating leases will end with the introduction of IFRS16. This will mean an increase in the Council's CFR, an increase in property, plant and equipment long term assets totals on the balance sheet, together with a corresponding long term liability representing the principal element of future lease payments. For Stroud District Council the impact for current leased assets is assessed to be very immaterial with

the only assets affected photocopiers and some vehicles which have not been purchased outright, and the deminimis level will further limit the already low impact. However, planned leases of vehicles in particular by the new HRA Repairs and Maintenance service will see a more significant impact. Detailed calculations will be required during 2020-21 financial year for disclosures, and accounting entries required for that year. There will be no impact on costs or cash flows for the Council, the impact will be of a presentational and compliance nature.

Prudential Borrowing

The Council is able to borrow money on the money market or from the Public Works Loans Board (PWLB) to fund capital schemes. A preferential certainty rate of interest is allocated to Councils who apply for it, and it is the policy of this Council to take advantage of the certainty rate each year.

For all schemes initially funded from borrowing, the Council will have to fund the repayment and interest costs as there is no longer any central government “supported borrowing” allocations and related revenue support.

The Council is only able to borrow for “unsupported borrowing” (also known as Prudential Borrowing) under the guidance contained in the CIPFA Prudential Code whereby, in summary, the Council is required to ensure that all borrowing is both prudent and affordable. All schemes funded from prudential borrowing are approved by full Council. As part of the Treasury Management Strategy each year full Council approves a limit for affordable borrowing and capital schemes will be considered in the light of that limit.

22. External Funding

Capital Grant from Government or Government Agency

Central government and government agencies provide capital grant funding that can be either ring fenced or non-ring fenced. Examples of ring fenced grants that the Council has received are disabled facilities grants (DFG’s) and Heritage Lottery Fund (HLF) canal project funding.

Community Infrastructure Levy (CIL)

Any monies received from developers for infrastructure from the Community Infrastructure Levy will not be allocated to a specific service but will be allocated under the CIL arrangements (“the Regulation 123 List”) in line with Council’s capital scheme priorities.

The process for allocating CIL funds will be in accordance with the process agreed by Strategy and Resources Committee.

Section 106 Agreements

Developer consents may attract Section 106 funding to spend on a particular asset or site as an alternative to CIL.

Capital contributions from partner organisation

When capital projects are devised it is open for project managers to invite funding from a range of partner organisations. Partner organisations in recent years have included Gloucestershire County Council, Stroud Town Council, Cotswold Canals Trust and Friends of the Cowle Museum.

Revenue contributions Services who are leading a capital project may make savings within their revenue budgets during a particular year and in some circumstances use that saving to part-fund a capital project.

23. Policy on use of Capital Funding

The Council will look to use external funding sources where possible to meet the funding requirements of its capital programme.

Where the use of SDC resources are required the authority will look to utilise reserves, revenue funding or capital receipts as these create no long term revenue cost implications on the Council.

Borrowing will be used as the last possible source of funding and should be restricted only to those schemes which generate sufficient savings or income to meet the costs of interest and the Minimum Revenue Provision.

Any borrowing incurred to support the provision of new build housing within the Housing Revenue Account must be demonstrated to be affordable over a period of 30 years.

Major Sources of Funding for the Capital Programme – Risks and Restrictions

General fund Receipts	HRA Receipts	Capital Reserve	Revenue Funding	Borrowing	Grant funding / S106
<ul style="list-style-type: none"> Restrictions - Used for capital expenditure or debt repayment only Risks - Can only be used once 	<ul style="list-style-type: none"> May only be used on the HRA 	<ul style="list-style-type: none"> Restrictions - None. Also usable on revenue expenditure Risks - Can only be used once. Decision required as to best use 	<ul style="list-style-type: none"> Restrictions - None Risks - Decision required as to best use 	<ul style="list-style-type: none"> Restrictions - For capital expenditure only. Must be within affordable limit set by Council Risks - Creates an ongoing MRP and interest liability over the life of the asset 	<ul style="list-style-type: none"> Restriction - Dependent on grant conditions Risks - Objectives set out by third party. Not in line with SDC priorities.

24. Relationship between Capital Strategy and Treasury Management

Treasury management refers to the processes of managing and reporting on the Council's performance in matters of investment and borrowing.

The Council's policy on Treasury Management has numerous links to the Capital Strategy. It is not intended that this Strategy replace the reporting requirements of the Treasury Management Strategy and includes a summary of the major points of that strategy and associated governance processes.

Key Treasury decisions are the responsibility of full Council and are contained within the Treasury Management Strategy.

These include

- Approved limits on borrowing
- Limits for investment types and counterparty limits
- Planned capital expenditure
- Estimates for the future Capital Financing Requirement
- Policy on the Minimum Revenue Provision

Detailed discussion on these matters is delegated to the Audit and Standards Committee who then make recommendations on to full Council.

The key impact of a capital programme using borrowing is the creation of a "Capital Financing Requirement" (CFR). The CFR represents the need to borrow external funds as a result of expenditure funded through borrowing. Having a CFR creates the need for a Minimum Revenue Provision (MRP), a sum to be put to one side each year from the General Fund for repayment of debt.

The Council's MRP policy is to make provision for the repayment of debt equally over the life of the asset that the borrowing relates to.

The current projections of General Fund MRP are shown in the table below.

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Opening CFR	15,725	14,932	15,395	15,702	19,386
Borrowing	396	1,498	1,487	4,302	2,976
Budgeted MRP	(1,189)	(1,035)	(1,180)	(618)	(702)
Closing CFR	14,932	15,395	15,702	19,386	21,660

The Capital Budget approved in February 2019 sets out the following limits for borrowing. These will be revised by as part of the Treasury Management Strategy to be considered by Council in February 2020, in light of the HRA new build programme.

	2019/20 (£m)	2020/21 (£m)	2021/22 (£m)
Authorised Debt Limit	135	142	144

The Audit and Standards Committee receive at a minimum a mid-year monitoring report for Treasury management and an end of year outturn report. Where circumstances require, such as a material fall in the value of investments, a report would be prepared and presented to the next meeting of the Committee by the S151 Officer.

Section 4- Risk Management

25. Embedding Risk Management in the Capital Programme

The Capital Strategy must be considered alongside the principles of risk management. Risks are inevitable within a capital programme, as with all aspects of Council operations, and effective management of risk is a vital part of the capital strategy.

The Council has a pre-existing “Risk Management Policy Statement & Strategy” which sets out the authority’s approach to risk and risk management. All principles included within that document should be considered as embedded within the Capital Strategy.

For the purposes of clarity the Risk Management Policy Statement is repeated here

The Council is committed to securing **effective risk management** as part of its responsibility to deliver effective public services within its district.

It acknowledges that effective risk management **helps strengthen its capacity and ability to efficiently meet its corporate priorities and core business.**

In managing its risks, SDC commits to:

(a) Operate in a **culture of creativity and innovation, rather than risk avoidance;**
and

(b) Act consistently within recognised best practice to **identify, evaluate and secure the proportionate control of its risks.**

The types of risk the authority is exposed to in the Capital Programme are summarised below;

- Financial Risk – The risk of significant cost overruns or commercial investments not performing as expected. The authority has a low appetite for this risk as it would impact upon available resources. Mitigation will be in the form of close scrutiny of capital spending through the budget monitoring process.

- Strategic Risk – The risk of not delivering key Council priorities or projects. Mitigation will be in the form of careful selection and planning of capital projects before commencement and project managers reviewing project progress and taking corrective action where necessary. Major changes in the outcomes of schemes will be reported to the appropriate Committee.
- Governance risk – The risk of capital spending decisions not being appropriately considered and decisions not being made at the correct level. Mitigation is the governance principles contained within the capital strategy.
- Resourcing risk – The risk that insufficient funds are available to fund the capital programme or that the incorrect type of funds is applied to capital projects. This is mitigated by the financing of capital projects being reviewed by the S151 Officer as part of the budget setting and the outturn.

26. Knowledge and Skills within the organisation

The Capital Programme is developed and monitored within the finance team by professionally qualified accountants who are required to undertake Continuing Professional Development to ensure their knowledge remains relevant. They have many years of experience in managing local authority capital programmes, including commercial investments.

The Property Services team has officers of multiple disciplines who are experienced at leading capital projects, managing the Council's property portfolio and working within the local property market. They have experience of dealing with acquisitions, disposals, new commercial and residential development and redevelopment of brownfield sites. The team of Chartered Surveyors are required to undertake Continuing Professional Development to retain their membership of the RICS.

Legal Services will be provided by the Council's in-house legal team who will form a key part of the decision making around Capital projects. All solicitors are required to complete an annual Statement of Competence to the regulatory body to ensure any professional training needs are identified and addressed.

Where necessary external advice may be sought for all types of financial, property and legal advice. These costs, or at least appropriate estimates, will be included in the business cases of capital schemes.

Officers will work with members to ensure that training needs for elected members are appropriately identified. As a minimum annual training will be provided around the Treasury Management Strategy.

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

30 JANUARY 2020

7

Report Title	THE GENERAL FUND BUDGET 2020/21, CAPITAL PROGRAMME AND MEDIUM TERM FINANCIAL PLAN
Purpose of Report	To consider the Council's financial position over the medium term and set a budget requirement and the level of council tax for 2020/21.
Decision(s)	<p>The Committee RECOMMENDS to Council (and subject to the Government's final settlement announcements):</p> <p>a) To approve the updated Medium Term Financial Plan as set out in Appendices A-E;</p> <p>b) To increase the council tax by £5 to £212.52 at Band D, an increase of less than 10p per week for the services provided by Stroud District Council;</p> <p>c) To note the uncertainty around the impact of changes to local government funding in 2021/22;</p> <p>d) To approve the Capital Programme, as set out in Appendix E;</p> <p>e) To approve the planned changes to the reserves as set out in Section 4 of the report and Appendix F;</p> <p>f) To approve the fees and charges policy and list of Council fees and charges as set out in Appendices G and H.</p>
Consultation and Feedback	<ul style="list-style-type: none"> • Budget holders on budgets and savings • Residents and businesses phone survey • Member workshops
Financial Implications and Risk Assessment	<p>The whole report is of a financial nature as it sets out the Council's Revenue and Capital Budgets for the period 2020/21 to 2023/24.</p> <p>Andrew Cummings, Strategic Director of Resources Email: andrew.cummings@stroud.gov.uk Tel: 01453 754115</p> <p>There are a number of risks to the Council's future financial position and the material risks are outlined in the body of this report. The budget monitoring process will report material changes in the Council's financial position to members.</p>

Legal Implications	<p>It is a legal requirement for the Council to set a balanced budget. There is no legal definition of a balanced budget and this is a matter for the professional judgement of the Chief Financial Officer (S151). Any other legal implications are set out in the body of the report.</p> <p>Patrick Arran, Interim Head of Legal Services & Monitoring Officer Email: patrick.arran@stroud.gov.uk Tel: 01453 754369</p>
Report Authors	<p>Andrew Cummings, Strategic Director of Resources Email: andrew.cummings@stroud.gov.uk Tel: 01453 754115</p>
Options	<p>The Council must set a balanced budget in time to start collecting council tax and rents by 1st April.</p>
Performance Management Follow Up	<p>Budget Monitoring reporting during 2019/20.</p>
Background Papers / Appendices	<p>MHCLG Provisional Finance Settlement; Service Committee Revenue Estimates Appendix A - Medium Term Financial Plan Appendix B - Identified savings and pressures over the life of the plan Appendix C - Summary of the total revenue expenditure budget for 2019/20 Appendix D - Revenue estimates for each committee Appendix E - Planned capital programme for the General Fund Appendix F - Impact of the Medium Term Financial Plan on the General Fund Reserves Appendix G - New fees and charges policy Appendix H – Stroud District Council Fees and Charges 2020-21 (81 pages)</p>

1. Introduction and Background

- 1.1 Council approved the Budget Strategy to 2024 at its meeting on 17 October 2019. This agreed the framework for the budget setting process in advance of the detailed budget work being undertaken by the authority.
- 1.2 The following report sets out the details of the Authority's Medium Term Financial Plan (MTFP) for the period 2020/21 – 2024/25. Each section of the report is laid out to focus on a specific area of the budget.
- 1.3 The Medium Term Financial Plan should be read as a companion document to the Council's most recent Corporate Delivery Plan (CDP). Throughout the budget setting process the priorities within the CDP have been considered in full and resources allocated to ensure the deliverability of CDP projects.
- 1.4 The MTFP for the General Fund and the Housing Revenue Account (HRA) have been prepared in tandem and should be regarded as the overall financial strategy for the Council. The information is delivered within two separate reports for the purposes of clarity of decision making only.

1.5 The report is structured as follows;

- Estimates of Major Funding Sources
- Estimates made on costs / revenue
- The Medium Term Financial Position and planned use of reserves
- Capital Programme
- Statement of Chief Financial Officer and Long Term Risks

1.4 Appendix A sets out the summary of the Council's Medium Term Financial Plan. It shows adjustments to the plan as well as the estimates of major funding sources and movement on reserves.

1.5 Appendix B shows all the identified savings and pressures over the life of the plan. Each figure represents a change to the base budget.

1.6 Appendix C sets a summary of the total revenue expenditure budget for 2019/20.

1.7 Appendix D shows the revenue estimates for each committee, with those for Strategy and Resources Committee being shown in detail. The detail behind the other Committee expenditure budgets are included within the service estimates report taken to each Service Committee.

1.8 S&R Estimates have not previously been considered by this committee and are therefore included in full in Appendix D. All changes to S&R budgets are included within the overall corporate budgets covered within this report.

1.7 Appendix E shows the planned capital programme for the General Fund and the sources of financing which are estimated in the medium term.

1.8 Appendix F shows the impact of the Medium Term Financial Plan on the General Fund Reserves.

1.9 Appendix G is the new fees and charges policy setting out how the Council considers fees and charges with the new list of charges being shown at Appendix H.

2. ESTIMATES OF MAJOR FUNDING SOURCES

2.1 The provisional settlement for 2020/21, was announced on December 20th 2019. This settlement was based upon the one year spending review announced by central Government in September 2019 and is the first settlement after the end of the previous four year settlement period. The significant features impacting Stroud within the Settlement were;

- Confirmation of the removal of negative RSG
- The New Homes bonus allocation for 2020/21 being set at £1.331 million
- The Council Tax referendum limit being confirmed at £5 for district Councils
- The reforms to business rates baselines being deferred until 2021/22 with an increase of 1.6% in our baseline for 2021/22.

COUNCIL TAX

2.2 Council Tax remains the most stable element of funding available to the Council. The tax base has grown by 1.72% in the past year against an assumption of 1.5% in the Budget Strategy. This is consistent with the growth of 1.71% achieved in the prior year. This budget

proposes, in line with the agreed Budget Strategy, that tax is increased by £5 for the Band D Council Tax which takes the charge from £207.52 to £212.52. The additional funding raised by an increase in Council Tax continues to benefit the authority in every year of the MTFP. With no additional information available for years after 2020/21 it is assumed that the limit will remain at £5 for all future years of the plan.

- 2.3 Each year the Council budget includes an adjustment for a Council Tax surplus or deficit based upon amounts collected against the estimates made when the previous years' budget was set. For 2019/20 tax collected is currently expected to be very close to levels estimated and only a small adjustment to recoup an estimated deficit, shown in Appendix A as "collection fund deficit" of £11k is included in the 2020/21 budget.

BUSINESS RATES

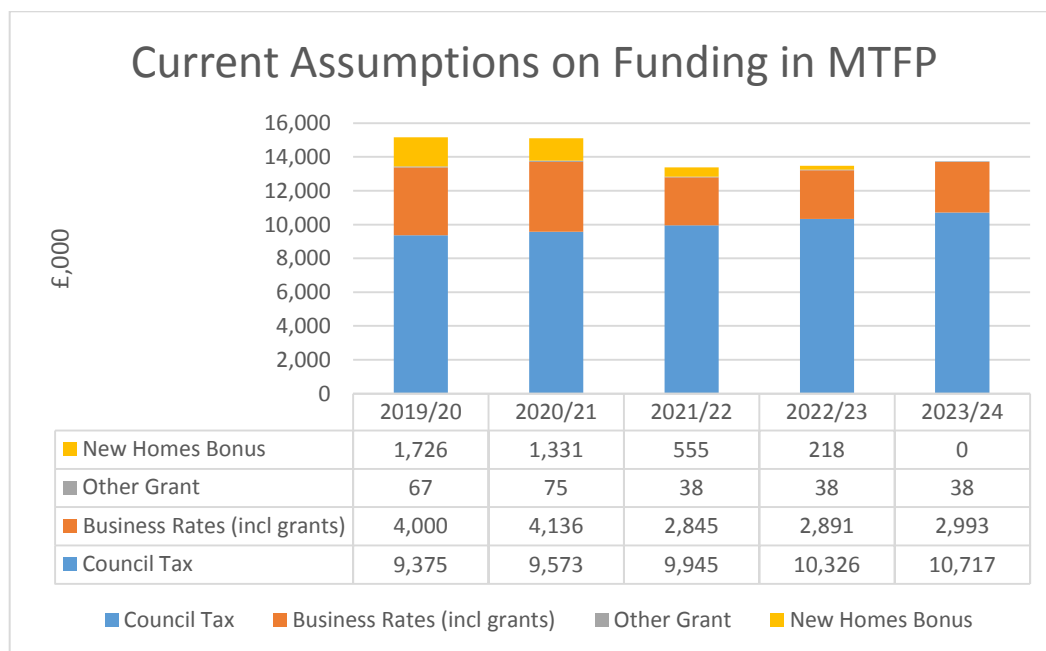
- 2.4 The amount of business rates included in the MTFP is made up of the baseline amount which central government determines we can retain which is £2.47 million in 2020/21 (£2.43m in 19/20) plus growth above that level which we are permitted to retain. For 2020/21 this can be accurately estimated and is included within the plan. The business rates retention system contains a number of individual elements and these are combined into one net figure within the MTFP.
- 2.5 It is anticipated that in 2021 central government will reset the business rates system and redistribute business rates growth across the country. It is therefore likely that this Council will lose the majority of the growth that is included within the current MTFP. The exact extent of this is very difficult to estimate but the figures within the MTFP have been calculated as the best figure at the current time. Although the exact amount is unknown a significant loss is almost certain.
- 2.6 This budget report has been written before the formal process of notifying Central Government of expected business rates income at the end of January 2020 which may cause some non-material variation to budgeted amounts. Any variation during 2020/21 against expected business rates income will be added or deducted from the Business Rates Reserve.
- 2.7 The Gloucestershire Business Rates Pool will continue to generate some additional funds until the baseline reset (see para 2.5). As in previous years an estimate of £100k is included within the baseline figures.

NEW HOMES BONUS

- 2.8 The provisional settlement gave certainty to the amount of New Homes Bonus that is to be received by the authority in 2019/20 at £1.33 million (£793k was assumed in the budget strategy). This is a result of the government awarding an additional year of growth in 2020/21 which was not known at the time of the Budget Strategy. The past year has seen strong housing growth in the district resulting in the payment for this year being an additional £538k (£218k in the previous year). However, unlike the previous New Homes Bonus awards this funding is for one year only and does not generate payments in future years.
- 2.9 The settlement also seems to confirm that New Homes Bonus is to be phased out with funding to have ceased completely by 2023/24. This was the approach set out by this Council in the Budget Strategy from October 2019 and so this announcement brings no changes to our financial plans. The Government has promised a future consultation around a new housing incentive scheme at some point later this year. No details of this are known

but it extremely unlikely it will deliver funding to District Councils in the same magnitude as the New Homes Bonus and therefore no funding is assumed within this MTFP.

Table 1 – Current Funding Assumptions included in the MTFP



The Local Government Finance Outlook

2.10 When agreeing the budget in January 2019 Council noted the uncertainty around the local government funding position as major reviews and changes were about to take place. Announcements during 2019 have confirmed that the following reviews have been deferred and are now expected to be implemented in 2020/21.

- The Fair Funding Review
- Business Rates Baseline Reset
- Multi-year spending review

2.11 A review of New Homes Bonus was also expected but as discussed in paragraph 2.09 it is now known that the grant is to be phased out.

2.12 The Fair Funding Review is the review being carried out to determine a more transparent system for the allocation of local government funds across the Country. It is considering how to apportion funds between local government services and appropriate methodologies for distribution based upon different sizes of authority and cost factors relating to local areas. The result for Stroud will be a new figure for how much business rates we are permitted to retain. Originally planned for implementation in 2020 the impact of the review will now not be known until later in the year for implementation in 2021. It is important to note that although the results are not known it is almost certain to result in a very significant redistribution of funds towards upper tier authorities with significant demand led pressures such as Adults Social Care and Childrens Services receiving increases in funding at the expenses of lower tier services carried out by District Councils.

2.13 The fair funding review will determine what proportion of overall local government funding will go to each authority. It does not consider the total quantum available to local government.

That will be determined by the multi-year spending review due to be completed across central government. Again, the results of this will not be known until later in 2020.

- 2.14 As discussed in paragraph 2.5 the Government also plans to remove business rates growth from authorities in 2021 and redistribute that nationally. The MTFP assumes that nearly all growth will be lost. Again the results of this process are very difficult to be sure of at this stage and more information will be reported to members when the results of the reviews are known.
- 2.15 As with 2019/20, the situation for 2020/21 is one of huge uncertainty with a number of different funding mechanisms being revised. Funding estimates within the MTFP for retained business rates have been prepared on a mid-case scenario which is believed to be prudent but not a worst case scenario. The final funding position is likely to differ, perhaps significantly, when the actual position is known. However, it is almost certain that the overall impact will be a net reduction in funding for this Council. It is therefore again recommended that the high level of uncertainty is noted when considering the MTFP.

3. ADJUSTMENTS TO REVENUE BUDGETS IN FUTURE YEARS

- 3.1 The following section sets out the most significant changes which have been made in the 2019/20 budget. For the purposes of this report additional allocations of budget, or reductions in income targets are referred to as “pressures”. An increase in income targets or reduction in expenditure budgets are referred to as “savings”.

Recurring Budget Changes

- 3.2 There are a number of inflationary factors which will cause pressures on the MTFP in every year of the plan. These are included as annual adjustments.
- 3.3 Although details of the local government pay award are not yet nationally agreed provision has been made for staff to receive a 2.5% pay award in each year of the plan. This has added £256k to service budgets in 2019/20. An allowance of £260k has been added in each future year of the plan.
- 3.4 Payments made under contractual arrangements will also be subject to inflation. The Council’s budget strategy sets out that an inflationary allowance will be made for these contracts at the level of CPI each September. This percentage for the 2020/21 year was set at 1.7% which has added £143k to budgets in 2020/21. This level of inflation is lower than has been the case in previous years and the MTFP includes an allowance of £200k p.a. in all future years of the plan.
- 3.5 In relation to the multi-services contract with Ubico the Council has followed the same partnership budgeting approach that was successful for the 2019/20 year. This has resulted in agreement as to the budget set at £6.096 million (£5.873 million in 2019/20) This increase includes £55k related to the additional recycling round begun in 2019/20 and £46k for the cost of the Garden Waste service increasing to five days a week (this latter cost will be covered by subscriber fees).
- 3.6 The upcoming financial year will see the level of contribution that the Council is required to make to the Local Government Pension scheme change. This is based upon a full scheme valuation carried out by the actuary at March 31st 2019.

- 3.7 In simple terms the authority makes two payments into the pension fund. An annual lump sum to cover the cost of past pension deficits and a percentage of the existing payroll to reflect future benefits. The actuary makes an assessment as to whether the level of funding is appropriate to meet liabilities. The previous assessment in 2016 ruled that the Council had 74% of the assets it needs to meet liabilities. The 2019 valuation has increased that figure to 99%. Effectively this means that the deficit lump sum payment is not required to the same level as the deficit has now been recouped. The actuary has therefore programmed in a phased reduction to take it to a long term sustainable level. This is included in the MTFP and the General Fund portion of the saving in 2020/21 is £194k.
- 3.8 At the same time the annual percentage of payroll the Council is required to pay has increased from 18% to 19.7%. The pension saving included within the MTFP at Appendix A is net of the two adjustments.
- 3.9 It is important to clarify that these changes reflect only the Council's contribution to the fund. There is no impact on the level of staff benefits.
- 3.10 This year the budget process has included a fundamental review of fees and charges across the organisation and the compiling of a comprehensive document including all of the Council's charges. This is included at Appendix H. This detailed process has resulted in a one off increase in income targets related to fees and charges of £126k (£50k was assumed in the budget strategy). An allowance of £75k growth has been included for each future year in the plan. The compiling of a list of fees and charges gives certainty and transparency around the Council's charges.
- 3.11 Included at Appendix G is a fees and charges policy document. This document is intended to set out in a clear and simple fashion the Council's options when it comes to levying fees and charges for services. It also details the governance processes around setting the levels of fees and charges.

Additional Budget allocations – Pressures on existing services

- 3.12 Budgets across the authority have been subject to wholesale review throughout the budget setting process. This has identified a number of service areas where additional budget is required to cover existing services. The significant changes are set out in the following paragraphs.
- 3.13 The Council has been aware for some time of the risk that income will be reduced from the County Council for incentivising of food waste collection. Stroud is the highest performer within Gloucestershire and therefore has the most to lose from the County Council's proposal to both standardise arrangements and make a saving for their authority on the scheme. The final details of the scheme have now been agreed by the County Council and the impact on Stroud, based on last year's collection figures is estimated at £181k p.a. This is now included within the MTFP. The Budget Strategy had already included an assumption of £200k p.a.
- 3.14 The budgets across the authority relating to maintenance, particularly in relation to property have remained static for a number of years. There has not been even a general inflationary allowance. This is against a background of building costs having risen faster than inflation in the general economy. In recognition of the fact that our assets are a key component of how we deliver our services a number of adjustments have been made. For general property it has been calculated that £106k needs to be added to maintenance budgets and this is included in full in the MTFP.

- 3.15 Further adjustments have been made to the maintenance budgets for play areas to ensure that these are sufficient to continue to keep equipment in an appropriate condition. An allowance of £15k p.a. has been included for this. A contribution towards maintenance of play areas within the HRA of £30k p.a. is also included. This is because although a play area may be on HRA land they are not exclusively a tenant service.
- 3.16 An increase in budget of £76k for Housing Advice and Temporary Accommodation is included. This is made up of a £21k increase for the cost of bed and breakfast provision and a £55k increase to further strengthen the staffing within the team, including an accommodation officer. Provision of temporary accommodation for families has been utilising HRA properties in 2019/20 which ensures accommodation is within district and more affordable for the Council.
- 3.17 The Council had previously been in receipt of £10k p.a. from the College as a payment for car parking spaces at Stratford Park. This arrangement has now ceased and the budget has been adjusted accordingly.
- 3.18 Income received by the Council relating to land searches has fallen in recent years meaning that income now falls short of budgeted expectations. The income within the budget has now been reduced by £40k p.a.
- 3.19 The Council previously had a central savings target of £50k related to “spend consolidation”. This was targeted at projects where co-ordination across the Council could reduce costs such as postage. A number of projects are underway and are likely to deliver savings of at least that amount. In the interim period the savings target is removed and will be replaced by actual savings when they are achieved.
- 3.20 The Minimum Revenue Provision (MRP) represents the cost to the General Fund of borrowing to support the Capital Programme. This is kept under regular review to ensure that there are sufficient revenue funds to allow for the repayment of the capital programme. This year’s review has determined that additional funds are required and this is included within the MTFP. The amounts involved are 54k in 2020/21 and £130k in 2021/22. These additions ensure that the Council’s capital programme as set out in appendix E are affordable within the General Fund budget. The Treasury Management Strategy also anticipates that there will be some additional borrowing during the Medium Term so an allowance is also included for additional external interest in the later years of the plan.

Additional Budget allocations – New Growth Items

- 3.21 As part of the budget development process there have been a number of growth items included within the budget for 2020/21 either to respond to new demands or to boost the Council’s capacity in certain areas. These are detailed below.
- 3.22 The Canal Project will make the bid for the next stage of HLF funding during the 2020/21 year. From the point at which the bid is submitted until a decision is made all of the salary costs for the canal team fall upon the Council. It is not possible to meet these costs from the sums originally set aside for the Canal without creating budget risks for the project itself. In light of that situation, and for transparency of project costs, it is necessary to include an additional revenue budget in 2020/21 only. This has been included at £161k.
- 3.23 The Council’s Corporate Delivery Plan has a continued focus on regeneration projects as it looks to build upon the conclusion of the LGA Peer Review that it could be an exemplar

leader of place. As part of this work it has been identified that there are a number of brownfield sites across the District which will need a long term approach and additional resource to tackle. In recognition of this the 2020/21 budget includes a one off sum of £100k to begin consideration of these sites and the approach to be taken. After this initial stage has been completed then further funds can be considered as required in future budget setting rounds.

- 3.24 It is also important that the Council considers the building of communities as well as physical infrastructure. Existing projects in the Health and Wellbeing team have begun considering how the Council can support others through community building activities. In order to support this activity a one off sum of £50k has been set aside. When the Strategic Director of Communities begins in post this will be an initial resource for them to consider options for work in this area and again further resource may be made available in future budget rounds if required.
- 3.25 During the 2019/20 year the Senior Leadership Team was restructured. It was estimated in the budget strategy that this strengthening of management capacity would amount to £30k p.a. in the General Fund. This estimate has now been confirmed and included within the budget.
- 3.26 The Peer Review report also recommended a strengthening of the work that the Council already does around policy and governance. Consultation is currently underway with staff about the best ways of achieving this. An allowance of £35k p.a. additional budget has been included as the current estimate of additional budget required, primarily to cover a new role for an Information governance officer to take a leading role on issues relating to effective management of information and ensuring appropriate transparency.
- 3.27 At its meeting on January 23rd 2020 the Community Services and Licensing Committee are to consider a report regarding the review of leisure provision across the District and the extension of the contract at Stratford Park leisure centre. As part of that report it is proposed that the living wage as determined by the living wage foundation is introduced at the leisure centre. This report is written before the date of this committee and whilst no assumptions are made about the decision the Committee might make, the MTFP includes an additional allowance of £80k p.a. for an increase in the contract cost. This is the maximum possible impact of introducing this increase in the wage structure. If the committee has chosen not to make that change then the cost will be removed from the MTFP.

Budget Savings

- 3.28 The comprehensive review of budgets within the Council has revealed a number of areas where savings can be made by adjusting either expenditure or income budgets to reflect savings achieved. These savings can be realised as a result of past actions and decisions and are not aspirational saving targets to be realised in the future.
- 3.29 The review of budgets relating to MRP and the capital programme has demonstrated that the Council has an overprovision for repayment of the borrowing undertaken in order to build the facility at the Pulse. This budget of £35k can be removed as it is also included within the Corporate MRP total.
- 3.30 As part of their budget meeting in December 2019 the Housing Committee considered an adjustment to the level of support charges provided by the General Fund. This resulted in a total saving to the General Fund of £354k p.a. The biggest single contribution was identified as under charging of services (£120k) with also additional charges from Property Services for

work on the new build programme. The Service 2020 repairs in-sourcing project has also resulted in additional charges from the General Fund to the HRA which are included within the budget for that project.

- 3.31 Progress in marketing the business units at Littlecombe means that the full income budget can now be added to the MTFP. This represents an additional saving of £73k p.a. Where a unit has been sold rather than let the capital receipts are used to repay the borrowing incurred on construction, delivering the saving to the General Fund through saved MRP and interest rather than rental income.
- 3.32 The Council has previously approved a more ambitious treasury management strategy with regards to property funds and multi-asset funds. The first investments in funds of this nature have now been made giving a clearer picture of prudent returns expected. At this stage an additional £162k p.a. has been added to the MTFP.
- 3.33 As discussed in the Budget Strategy there is no longer a savings target for a work force plan based solely on headcount. A saving is realisable in 2019/20 from the pension elements of previous re-organisational savings. These had not previously been counted against the MTFP as a mitigation against possible pension cost increases at the next actuarial valuation. As discussed earlier in this report this is no longer a risk and therefore the saving of £117k can now be counted against the MTFP.
- 3.34 Small savings have been realised through additional income generation by securing a new tenant for part of Ebley Mill (£19k p.a.) and income raised through street naming (£15k p.a.)
- 3.35 The final savings relating to the transfer of the Subscription Rooms (£226k) and the Tourist Information Centre (£14k) become fully realised in 2020/21 and these are therefore adjusted within the budget.

4. The Medium Term Financial Position and Use of Reserves

- 4.1 The proposed budget is in line with the Council’s legal requirement to set a balanced budget. The forecast position is a surplus of £382k in 2020/21 before any movement in reserves.
- 4.2 As discussed earlier in the report the position in the Medium Term is much less certain. The current forecast within the MTFP suggest a reduction in New Homes Bonus (£776k) and Business Rates (£1.29m) between 2020/21 and 2021/22. The exact reductions will not be known until much later in 2020. The Council has deliberately built up reserves in order to provide time for transition once the new funding environment is known and this strategy is continued within this MTFP.
- 4.3 The table below shows the additional revenue savings or income streams required over the life of the MTFP.

Table 2 – Additional Savings Required

	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Additional Savings Required	628	336	417	1,381

- 4.4 The recently agreed Budget Strategy included a review of the Council’s earmarked reserves to ensure they are correctly allocated. The results of that decision are used as the starting point for reserve levels within this MTFP.

- 4.5 As set out in the Budget Strategy the Council has an equalisation reserve to ensure that sudden reductions of funding do not have an immediate impact on service levels. It remains appropriate to use this reserve to give time to make the strategic decisions about new funding levels.
- 4.6 It is clear that one of the biggest risks to the financial position of the Authority is the resetting of Business Rates baselines and the loss of business rates growth that will cause. There is currently a strategy of putting some of the growth in a reserve each year before the reset with the reserve then gradually released after the reset to mitigate the position. With the baseline reset being delayed by a year an additional £600k is to be placed in the reserve in 2020/21 with withdrawals beginning the following year.
- 4.7 The current General Fund working balance representing the Council's base reserve before any consideration of earmarked reserves remains at £2.169 million. This is approximately 15% of the revenue budget in each year of the financial plan. This budget does not propose a revision of that sum although it will be kept under review by the S151 Officer in future years.
- 4.8 The Council has a Waste and Recycling reserve to help mitigate any significant cost increases relating to waste and recycling. This currently has a balance of £600k. The planned uses in the medium term are a withdrawal of £181k in 2020/21 to reflect the first year of lost food waste income and £150k in 2022/23 for the first year of a planned new round resulting from property growth. The balance on the reserve will be held towards the cost of new rounds which may be introduced in the future.
- 4.9 Building Control income is ring fenced for investment in the service and where surpluses have been generated they are held in the building control reserve. The service will be using some of this money in 2020/21 and therefore a sum of £159k is released from the reserve to cover the expenditure.
- 4.10 Community Services and Licensing Committee, at their meeting in November 2019, recommended that the Culture, Arts and Leisure Reserve is ringfenced towards a strategic review of Stratford Park and leisure provision across the District. This MTFP assigns that reserve in full to that purpose.
- 4.11 The capital reserve is money held by the Council for use on capital projects. Although held for capital expenditure the money is revenue in nature and is therefore not restricted in its usage. The planned usage of the reserve is set out in the capital programme at Appendix E.
- 4.12 The full detail of the Council's earmarked reserves and budgeted usage is shown at Appendix F. It should be recognised that the nature of reserves is that they are often used for unbudgeted expenditure and therefore additional usage and top ups to reserves will happen throughout the MTFP period. The S151 Officer reports the balance on reserves as necessary to the Strategy and Resources Committee.

5. CAPITAL PROGRAMME 2020/21 to 2023/24

- 5.1 This section sets out the authority's Capital Programme for the Medium Term including descriptions of any major changes to capital schemes or financing requirements. The capital programme is developed and monitored in line with the organisation's agreed capital strategy.

5.2 The proposed Capital Programme is set out in the table below with a full list of capital schemes shown in Appendix E. The following paragraphs set out those capital schemes which have been significantly altered in this year's capital programme.

Table 3 - Summary General Fund Capital Programme 2020/21 to 2024/25

Capital Financing	2020/21 (£'000)	2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)	Total (£'000)
Community Services & Licensing	147	170	0	0	0	317
Environment	4,379	10,413	3,899	3,899	3,968	22,659
Housing General Fund	2,030	330	330	330	330	3,350
Strategy & Resources	666	500	3,651	0	0	4,817
Total Funding	7,222	11,413	7,880	4,298	330	31,143

5.3 The largest capital schemes in the General Fund are the next phase of canal restoration and the re-development of Brimscombe Port. The final value of these schemes are not known at this stage but the capital programme sets out the resources that the Council is committing to these projects along with estimates of the contributions from other sources.

5.4 The timing of capital programmes across financial years is often subject to variation and scheduling here is set at current best estimates. Variations to timing will be reported as required in future updates to the capital programme.

5.5 The capital budget relating to vehicles for the Ubico contract has again been set after detailed consultation with Ubico regarding the fleet requirements. The programme includes sufficient capacity to allow the maintenance of an up to date efficient fleet with large scale replacements when required.

5.6 There are no schemes within the current capital programme which are solely for the generation of an investment return.

Capital Financing

5.7 The planned resources to fund the Capital Programme over the Medium Term are also shown at Appendix E.

5.8 The capital programme includes expectation of borrowing over the medium term of £11.184 million for the General Fund and £16.93 million for the HRA. The revenue provision for these schemes is included within the current Medium Term Financial Plan as part of the budget for the Minimum Revenue Provision and Interest. Any future schemes where borrowing is identified as a potential financing source must demonstrate that they make service efficiencies or generate income at least equal to the annual revenue costs of the borrowing. This is in line with the principles of the Capital Strategy.

5.9 A significant proportion (£3.298 million) of the General Fund capital programme is to be financed from the Capital Reserve. The Capital Reserve balance is currently estimated to be £2.119 million at the end of the 2023/24.

5.10 The Council has maintained a policy in recent years of borrowing from its own cash reserves rather than borrowing externally. Historically low interest rates have made this economically advantageous. This position will now be under review as a result of the levels of borrowing in the capital programme and the increased returns we are earning from our investment. The MTFP now includes some provision for additional interest costs as set out in para 3.20.

6. STATEMENT OF THE CHIEF FINANCIAL OFFICER

6.1 Section 25 of the Local Government Finance Act 2003 places a statutory duty on the Chief Financial Officer to report to the authority, at the time the budget is considered and the council tax is set, on the robustness of the budget estimates and the adequacy of the financial reserves. The Act requires councillors to have regard to the report in making decision at the Council's budget and rent setting, and the council tax setting meetings. Although this report focuses on the General Fund, the practices of budget setting have been adopted across both the General Fund and the Housing Revenue Account and my comments here around the estimates and reserve levels should be taken as relating to both.

6.2 In preparing this budget, officers from finance have worked with colleagues across the organisation to produce agreed budget requirements. These requirements take into consideration past trends, known service changes and Corporate Delivery Plan priorities. The authority's strong track record of delivering services within budget is evidence of the success of such a process.

6.3 The authority has a strong record of delivering financial outturns within agreed budgets. The overall scrutiny of budget levels throughout this budget setting round should further strengthen the ability to deliver within budget.

6.4 Throughout 2019 an agreed process of member and officer consultation was followed with four main budget setting workshops which included consideration of the Corporate Delivery Plan. This process has also been reviewed by Internal Audit during 2019 who have made no recommendations for improvement.

6.5 Where estimates relate to individual services committees those committees have the opportunity to scrutinise them before this budget report is produced.

6.6 Taking all of these factors into account I am satisfied that the estimates included within the Medium Term Financial Plan are robust.

6.7 The Council's General Fund balance of £2.169 million is sufficient for an authority with a budget of our size and there is no planned fluctuation in the balance over this medium term plan which is a further demonstration of financial strength.

6.8 At this stage in the financial year the level of earmarked reserves for the General Fund is estimated to be £16.137 million at the end of 2019/20. This can be regarded as a very healthy level for an authority of this size. The Medium Term Financial Plan proposed in this report would see some of these reserves utilised, as set out in the reserves review, with an estimated position of £8.680 million at the end of 2023/24. The budgeted level of reserves for 2023/24 can still be considered to be adequate.

6.9 As part of this round of budget setting a number of risk factors relating to the agreed plans in prior years have been removed or realised. Most notably these are the risk of an adverse result in the triennial pensions valuation, the impending threat in a reduction in the food waste

income received and an aspirational saving relating to the work force plan which was previously being implemented. Although both the removal of the work force plan saving and the realisation of the food waste income risk are detrimental to the MTFP there is a benefit to be gained from the increased certainty that the realisation creates.

- 6.10 The uncertainty around the funding in the Medium Term is undoubtedly the single largest risk to the authority's financial position. The phasing out of New Homes Bonus is already known and the possibility for the loss of Business Rates Growth at the same time as the fair funding review creates the very real possibility of a highly damaging funding loss which may be only partly mitigated by Central Government transitional arrangements. The Authority has created an equalisation reserve and a business rates safety net reserve for exactly these scenarios. They will give the Authority time to make savings decisions in a measured fashion whilst hopefully minimised the impact on service delivery.
- 6.11 The existence of those reserves is only a solution in the medium term and if the results of those reviews are as expected it will be imperative that the Council takes steps to increase its income and, if necessary, decrease its costs to reduce the budget gap and the reliance on reserves.
- 6.12 As information becomes available for officers to calculate the impact of those reviews this will be reported back to members at the earliest opportunity.
- 6.13 The Council has strengthened its budget monitoring process in 2019/20 with the introduction of Quarter 2 monitoring. This gives an additional opportunity to report fluctuations in the estimated financial position of the Council.
- 6.14 I am therefore satisfied that the current and planned level of reserves in this MTFP is adequate.

Medium Term Financial Plan 2020/21 - 2023/24

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
<u>Budget</u>					
Opening Budget	14,492	14,592	14,722	14,811	15,187
<u>Recurring Changes</u>					
Pay Increases		256	260	260	260
Fees and Charges Growth		(126)	(75)	(75)	(75)
Pensions Changes		(194)	(206)	(206)	0
Contract Increases		143	200	200	200
Revised Budget	14,492	14,671	14,901	14,990	15,572
Proposed Budget Adjustments	100	51	(90)	197	57
Revised Budget	14,592	14,722	14,811	15,187	15,629
<u>Funding</u>					
Council Tax	9,375	9,573	9,945	10,326	10,717
Collection Fund Deficit		(11)			
Business Rates (incl grants)	4,000	4,136	2,845	2,891	2,993
Other Grant	67	75	38	38	38
New Homes Bonus	1,726	1,331	555	218	0
Total Funding	15,168	15,104	13,383	13,473	13,748
Surplus / (Deficit) before Reserves Movements	576	382	(1,428)	(1,714)	(1,881)
Reserves Movements					
Business Rates Reserve	400	600	(800)	(600)	(500)
Waste and Recycling Reserve		(181)		(150)	
Building Control Reserve		(159)			
Estimated Surplus / (Deficit)	176	122	(628)	(964)	(1,381)
<u>GF Equalisation Reserve</u>					
Opening	6,091	6,722	6,844	6,216	5,252
Change	176	122	(628)	(964)	(1,381)
Reserves Review	455				
Closing	6,722	6,844	6,216	5,252	3,871

MTFP Changes

	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000
Pressures				
Pressure on existing services				
Additional Recycling Round	55		150	
Food Waste Income (GCC)	181			
Drainage Board Levy increase	7	7	7	7
Play areas	45			
Stratford park - loss of car park income	10			
Housing Advice & Temporary Accommodation	76			
Homelessness Grant		125		
Land charges income	40			
Property Services	106			
MRP - new capital spend	54	130		
Spend consolidation	50			
Interest costs on new borrowing		50	50	50
Growth Item				
Canal - pending HLF decision	161	(161)		
Community Building	50	(50)		
Brownfield sites	100	(100)		
Senior Management Structure (GF share)	30			
Policy & Governance team - new posts	35			
Stratford Park - real living wage	80			
Total Pressure	1,080	1	207	57
Savings				
Debt Repayment (Pulse)	(35)			
Pension Prepayment		(81)		
Workforce Plan - Pension Savings	(117)			
Sub Rooms transfer	(226)			
TIC Closure	(14)			
Littlecombe Business Units Income	(73)			
Kingshill House - Asset Transfer		(10)	(10)	
Ebley Mill - new tenant	(19)			
Increased Investment Income	(162)			
Health and Wellbeing - restructure	(14)			
Street naming - additional income	(15)			
Recharges to HRA	(354)			
Total Saving	(1,029)	(91)	(10)	0
Net Changes	51	(90)	197	57

General Fund Budget 2020/21	
	£000s
Committee Budgets	
Community Services and Licensing	2,931
Environment	5,937
Housing	644
Strategy and Resources	7,494
HRA Income	(1,995)
Committee earmarked reserve transfers (net)	1
Net Committee Budgets	15,012
Corporate Budgets	
Minimum Revenue Provision	1,035
Interest Payable	150
Interest Receivable	(644)
Feed in Tariff	(27)
Drainage Board Levy	151
Total Corporate Budgets	(520)
Service budgets not yet allocated	
Community Building	50
Brownfield sites	100
Stratford Park - real living wage	80
Total Unallocated Budgets	230
Net Revenue Budget	14,722

Committee Revenue Budgets

Strategy and Resources Committee (Detailed)

	Para Refs	2019/20 Original Budget (£'000)	2019/20 Revised Budget (£'000)	2020/21 Original Budget (£'000)
Strategy & Resources Committee				
Car Parks (Other)		45	61	50
Car Parks (Stroud)		(698)	(679)	(719)
Car Parks		(653)	(618)	(668)
Chief Executive		112	197	220
Director of Resources		0	82	111
Director of Transformation		0	26	111
Director of Place		0	26	111
Director of Communities		0	26	111
Chief Executive		112	357	665
Brunel Mall		(44)	(37)	(66)
Gossington Depot		29	29	63
Industrial Units, Stonehouse		(9)	(9)	0
Littlecombe Development, Dursley		(47)	(47)	(68)
Commercial Properties		(71)	(64)	(72)
Communications		137	137	141
Communications		137	137	141
Business Services		126	126	138
Corporate Change Team		75	75	167
Workforce Plan savings		0	0	0
Corporate Business Services		201	201	305
Corporate Expenditure & Income		2,539	1,193	894
Corporate Expenditure & Income		2,539	1,193	894
Legal Services		411	411	418
Procurement		65	65	67
Corporate Services (Legal)		476	476	485
Youth Councils		3	3	3
Democratic Services		82	82	85
Democratic Representation & Management		(148)	42	42
Members Expenses		364	364	364
Electoral Registration		107	107	122
Elections		98	98	105
Democratic Representation & Management		506	696	721
Director (Tenant & Corporate Services)		48	48	0
Director (Corporate Services)		48	48	0

	Para Refs	2019/20 Original Budget (£'000)	2019/20 Revised Budget (£'000)	2020/21 Original Budget (£'000)
Strategy & Resources Committee				
Emergency Management		29	29	22
Facilities Management		10	10	0
Ebley Mill		402	401	453
Facilities Management		442	441	475
Financial Services		721	721	884
Financial Services		721	721	884
Head of Finance		83	27	0
Head of Finance		83	27	0
Human Resources		407	411	431
Human Resources		407	411	431
Information & Communication Technology		1,604	1,604	1,654
Information & Communication Technology		1,604	1,604	1,654
Brimscombe Port Business Park		60	60	(90)
Bus Stations/Shelters		(4)	2	(1)
Merrywalks Precinct		0	0	0
Miscellaneous Properties and Land		(605)	(598)	(642)
May Lane		9	3	15
Other Properties		(540)	(533)	(717)
Pension Lump Sum		0	1,883	1,567
Pension Lump Sum		0	1,883	1,567
Head of Property Services		60	60	61
Property Services		254	254	273
Building Maintenance		157	66	106
Property Services		470	379	439
Strategy and Resources TOTAL		6,480	7,358	7,204

(Tables may contain roundings)

Community Services & Licensing Committee (Summary)

	Para Refs	2019/20 Original Budget (£'000)	2019/20 Revised Budget (£'000)	2020/21 Original Budget (£'000)
Community Services Committee				
Community Safety		208	220	211
Cultural Services - Arts and Culture		700	640	415
Cultural Services - Community Health & Wellbeing		169	205	159
Cultural Services - Sports Centres		(170)	(153)	(197)
Customer Services		387	387	403
Director (Customer Services)		135	23	0
Grants to Voluntary Organisations		337	337	341
Licensing		(62)	(62)	(59)
Public Spaces		1,286	1,323	1,412
Revenues and Benefits		244	129	141
Youth Services		101	106	104
Community Services and Licensing TOTAL		3,334	3,154	2,931

Housing Committee (Summary)

	Para Refs	2019/20 Original Budget (£'000)	2019/20 Revised Budget (£'000)	2020/21 Original Budget (£'000)
Housing Committee				
Housing Advice		247	247	348
Housing Strategy		138	309	135
Private Sector Housing		154	154	161
Housing General Fund Total		538	710	644

Environment Committee (Summary)

	Para Refs	2019/20 Original Budget (£'000)	2019/20 Revised Budget (£'000)	2020/21 Original Budget (£'000)
Environment Committee				
Canal		6	32	164
Carbon Management		71	135	109
Development Control		41	130	184
Director (Development Services)		119	78	0
Economic Development		91	102	99
Health & Wellbeing		780	951	831
Land Charges & Street Naming		(51)	(42)	(19)
Planning Strategy/Local Plan		309	374	410
Statutory Building Control		92	(29)	(93)
Waste & Recycling: Other		20	20	12
Waste and Recycling: MSC		3,947	3,947	4,241
Environment TOTAL		5,425	5,696	5,937

Community Services Capital Schemes	2019/20 Revised Estimate (£'000)	2020/21 Revised Estimate (£'000)	2021/22 Original Estimate (£'000)	2022/23 Original Estimate (£'000)	2023/24 Original Estimate (£'000)	2024/25 Original Estimate (£'000)	Total (£'000)
Community Building Investment	-	117	-	-	-	-	117
Stratford Park Lido	-	30	170	-	-	-	200
Subtotal Community Services	-	147	170	-	-	-	317

Environment Capital Schemes	2019/20 Revised Estimate (£'000)	2020/21 Revised Estimate (£'000)	2021/22 Original Estimate (£'000)	2022/23 Original Estimate (£'000)	2023/24 Original Estimate (£'000)	2024/25 Original Estimate (£'000)	Total (£'000)
Canal 1B (development)	1,068	-	-	-	-	-	1,068
Canal 1B (delivery)	-	3,317	9,921	3,733	992	-	17,963
Market Town Centres	113	50	-	-	-	-	163
MSC - Vehicles	684	712	492	166	2,976	-	5,030
Stroud District Cycling & Walking	100	200	-	-	-	-	300
Wallbridge	-	100	-	-	-	-	100
Subtotal Environment	1,965	4,379	10,413	3,899	3,968	-	24,624

Housing GF Capital Schemes	2019/20 Revised Estimate (£'000)	2020/21 Revised Estimate (£'000)	2021/22 Original Estimate (£'000)	2022/23 Original Estimate (£'000)	2023/24 Original Estimate (£'000)	2024/25 Original Estimate (£'000)	Total (£'000)
Affordable Housing - Support to Registered Providers	39	-	-	-	-	-	39
CCG Health through Warmth Grants	200	200	-	-	-	-	400
Disabled Facilities Grants	330	330	330	330	330	330	1,980
Park Homes Project	76	-	-	-	-	-	76
Temporary Accommodation	-	500	-	-	-	-	500
Warm Homes Fund	853	1,000	-	-	-	-	1,853
Subtotal Housing GF	1,498	2,030	330	330	330	330	4,848

Strategy and Resources Capital Schemes	2019/20 Revised Estimate (£'000)	2020/21 Revised Estimate (£'000)	2021/22 Original Estimate (£'000)	2022/23 Original Estimate (£'000)	2023/24 Original Estimate (£'000)	2024/25 Original Estimate (£'000)	Total (£'000)
Avon Mutual	50	-	-	-	-	-	50
Brimscombe Port Redevelopment	242	166	100	3,651	-	-	4,159
Ebley Mill Works	98	-	-	-	-	-	98
Electric Vehicles	257	-	-	-	-	-	257
ICT Investment Plan	746	500	400	-	-	-	1,646
Littlecombe Business Units	54	-	-	-	-	-	54
MSCP Resurfacing	120	-	-	-	-	-	120
Subscription Rooms	6	-	-	-	-	-	6
Subtotal Strategy & Resources	1,573	666	500	3,651	-	-	6,390

TOTAL General Fund Capital Schemes	5,036	7,222	11,413	7,880	4,298	330	36,179
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Capital Financing

General Fund Capital Financing	2019/20 Revised Estimate (£'000)	2020/21 Revised Estimate (£'000)	2021/22 Original Estimate (£'000)	2022/23 Original Estimate (£'000)	2023/24 Original Estimate (£'000)	2024/25 Original Estimate (£'000)	Total (£'000)
Capital Reserve	1,406	1,322	570	-	-	-	3,298
Capital Receipts	39	-	-	-	-	-	39
Borrowing (Excl Canal)	921	1,271	592	3,424	2,976	-	9,184
Grant (Excl Canal)	1,459	1,530	330	330	330	330	4,309
External Funding	-	117	-	393	-	-	510
Other Reserves	307	-	-	-	-	-	307
Revenue income	-	-	-	-	-	-	-
Borrowing (Canal)	-	227	895	878	-	-	2,000
External Canal Funding	904	2,755	9,026	2,855	992	-	16,532
Total GF Capital Funding	5,036	7,222	11,413	7,880	4,298	330	36,179

Capital Financing by Scheme

Appendix E

General Fund Capital Funding	Capital Reserve	Other Reserves	Capital Receipts	Borrowing	Grant	External Funding	TOTAL
Community Building Investment	117	-	-	-	-	-	117
Stratford Park Lido	200	-	-	-	-	-	200
Canal 1B (development)	164	-	-	-	-	904	1,068
Canal 1B (delivery)	335	-	-	2,000	-	15,628	17,963
Market Town Centres	163	-	-	-	-	-	163
MSC - Vehicles	-	-	-	5,030	-	-	5,030
Stroud District Cycling & Walking	300	-	-	-	-	-	300
Wallbridge	90	-	-	-	-	10	100
Affordable Housing - Support to Registered Providers	-	-	39	-	-	-	39
CCG Health through Warmth Grants	-	-	-	-	400	-	400
Disabled Facilities Grants	-	-	-	-	1,980	-	1,980
Park Homes Project	-	-	-	-	76	-	76
Temporary Accommodation	-	-	-	500	-	-	500
Warm Homes Fund	-	-	-	-	1,853	-	1,853
Avon Mutual	-	50	-	-	-	-	50
Brimscombe Port Redevelopment	59	-	-	3,600	-	500	4,159
Ebley Mill Works	98	-	-	-	-	-	98
Electric Vehicles	-	257	-	-	-	-	257
ICT Investment Plan	1,646	-	-	-	-	-	1,646
Littlecombe Business Units	-	-	-	54	-	-	54
MSCP Resurfacing	120	-	-	-	-	-	120
Subscription Rooms	6	-	-	-	-	-	6
TOTAL General Fund Capital Schemes	3,298	307	39	11,184	4,309	17,042	36,179

Housing Revenue Account

Appendix E

HRA Capital Programme	2019/20 Revised Estimate (£'000)	2020/21 Revised Estimate (£'000)	2021/22 Original Estimate (£'000)	2022/23 Original Estimate (£'000)	2023/24 Original Estimate (£'000)	2024/25 Original Estimate (£'000)	Total (£'000)
Major Works	7,756	6,089	5,154	4,585	4,445	4,548	32,577
New Build Programme	1,640	11,686	8,416	4,995	-	-	26,737
Sheltered Modernisation	614	475	438	584	843	882	3,836
TOTAL HRA Capital Programme	10,010	18,250	14,008	10,164	5,288	5,430	63,150

HRA Capital Financing	2019/20 Revised Estimate (£'000)	2020/21 Revised Estimate (£'000)	2021/22 Original Estimate (£'000)	2022/23 Original Estimate (£'000)	2023/24 Original Estimate (£'000)	2024/25 Original Estimate (£'000)	Total (£'000)
Revenue Funding	9,075	6,564	6,323	5,169	5,288	5,430	37,849
Capital Receipts	875	5,566	1,380	144	-	-	7,965
Homes England Grant	60	75	173	98	-	-	406
Borrowing	-	6,045	6,132	4,753	-	-	16,930
TOTAL HRA Capital Funding	10,010	18,250	14,008	10,164	5,288	5,430	63,150

Medium Term Reserves Plan

Reserve Name	Balance post review £000s	19/20 Estimated Usage £000s	19/20 Estimated Balance £000s	Budgeted Usage				2023/24 Estimated Balance £000s
				2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s	
Brexit Costs	18	35	53	(53)				0
Building Control Shared Service	224	(65)	159	(159)				0
Business Rates Pilot	897	(307)	590	(200)	(200)	(190)		0
Business Rates Safety net	1,346	400	1,746	600	(800)	(600)	(500)	446
Capital	5,417	(1,406)	4,011	(1,322)	(570)			2,119
Carry Forward	423	(423)	0					0
CIL (Community Infrastructure Levy)	218		218					218
Climate Change	200		200					200
Culture, Arts and Leisure	130		130					130
Homelessness Prevention	98		98					98
Investment Risk	100		100					100
Legal Counsel	50		50					50
MTFP Equalisation	6,547	176	6,723	122	(628)	(964)	(1,381)	3,871
Neighbourhood Planning Grant	47	(47)	0					0
Opportunity Land Purchase	250		250					250
PDG	50	(50)	0					0
Planning Appeal Costs	100		100					100
Redundancy	250		250					250
Repairs and replacement	260	(60)	200					200
Street Cleaning Funding	20		20					20
Transformation	678	(37)	641	(94)	(94)	(94)		359
Waste Management	600		600	(181)		(150)		269
Welfare Reform	30	(30)	0					0
Total Earmarked Reserves	17,951	(1,813)	16,137	(1,287)	(2,292)	(1,998)	(1,881)	8,680



Fees and Charges Policy

January 2020

1. Background

- 1.1 The Council provides a wide range of services to the residents and businesses in Stroud District. Some of these services are statutory and must be provided by the Council, but others are discretionary.
- 1.2 Councils are able to provide additional, non statutory, services and charge for these services under the Local Government Act 2003. This includes any enhancements to statutory services.
- 1.3 Charging is an important function. The level of fees and charges can influence the way in which services are used, for example by promoting access to certain services or to help prevent wasteful use of a service.
- 1.4 It is also a significant source of income that supports the delivery of the services. If the Council were to reduce or stop charges for services it would not have the resources to continue providing all of the services it currently offers.
- 1.5 A policy gives a framework under which fees and charges are set. It ensures that all services adhere to the same procedures when setting charges to have a consistent approach to charges across all council services.
- 1.6 Fees and charges do not include the following areas. These charges will be set and approved outside the Fees and Charges policy.
 - Council Tax
 - Business Rates
 - Housing rents and service charges
 - Property rents and service charges

2. Fees and Charges Policy

- 2.1 Fees and charges will be put in place to provide the best overall value for residents, businesses and the community. This will mean that some services will be charged at a commercial rate, whereas others will be subsidised to encourage their use. Where statutory charges are in place, these will be included at the statutory rate.
- 2.2 Where possible income will be maximised to contribute towards service delivery. This does not, however, mean that the cost of all services will be fully charged as this may not be appropriate in all service areas.
- 2.3 It is the responsibility of the Service Manager to set the fees and charges for their services, ensuring that they are fixed at the correct level and approved appropriately. Where relevant benchmarking against other councils or providers will be undertaken.
- 2.4 Fees and charges will be put forward for approval by Council, or by the relevant Committee under delegated authority.

3. Charging Policy

3.1 Fees and charges will be set using the following charge types:

Charge Type	Detail
Statutory	Fees are set by Government and are to be charged at the statutory rate
Commercial	Fees set in line with other providers, influenced by market forces
Full Cost Recovery	Fees set based on recovering the full cost of providing the service
Subsidised	Fees set at below the cost of providing the service, meaning part of the service is funded by other council income such as Council Tax and Business Rates
Nominal	Fees set at a nominal fee, meaning most of the service is funded by other council income such as Council Tax and Business Rates.
Free	Fees not charged. All of the service is funded by other council income such as Council Tax and Business Rates

4. Discount and Concessions

- 4.1 Sometimes discounts or concessions are made available on services. This could be to ensure that everybody has access to a service, or to provide some services at a reduced cost to certain groups to encourage the use of the service.
- 4.2 The fees and charges papers will include where discounts or concessions are in place.

5. Review

- 5.1 Unless otherwise stated, fees and charges will be reviewed annually, with the default assumption that all fees and charges be increased by the rate of inflation as determined by the Section 151 Officer.
- 5.2 Service Managers are expected to review all fees and charges and have discretion to deviate from this base position of inflationary uplifts. The review should take into consideration the cost of providing the service, inflationary uplifts, as well as service information and knowledge on market conditions or the impact of fee charges on service users. This will also include a review of any discounts and concessions.
- 5.3 Fees and Charges are to be reported to Committees and Council in line with the Budget Setting process. Where necessary consultation periods should also be adhered to.
- 5.4 New fees will generally be implemented from 1 April each year.

- 5.5 This review does not mean that all fees and charges will change annually, as some may remain the same as the previous year.
- 5.6 Where appropriate benchmarking and an Equalities Impact Assessment will be also undertaken by the service manager.
- 5.7 There may be instances where fees and charges need to be amended outside the annual process, for example a significant change in the cost of providing the service, or changes beyond the control of the Council eg a change in the VAT rate. Where possible any additional changes will follow the same process as the annual review.

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

30 JANUARY 2020

8

Report Title	HOUSING REVENUE ACCOUNT (HRA) – REVISED 2019/20 AND ORIGINAL 2020/21 AND MEDIUM TERM FINANCIAL PLAN 2019/20 – 2023/24
Purpose of Report	To present to the Committee the revised estimates for 2019/20 and the original estimates for 2020/21.
Decision(s)	<p>The Committee RECOMMENDS to Council that:</p> <p>(1) The revised HRA revenue budget for 2019/20 and original budget 2020/21 are approved.</p> <p>(2) The movement to and from HRA balances and capital reserves as detailed in Appendix B and section 9 are approved.</p> <p>(3) That from 1 April 2020:</p> <ul style="list-style-type: none"> i) Social rents and affordable rents are increased by 2.7%, in line with national rent guidance. ii) Garage rents are increased by 2.7%. iii) Landlord service charges are increased by 2.7%, except district heating charges which are decreased by an average of 21%. <p style="text-align: center;">As detailed in Appendix A.</p> <p>(4) That the HRA Capital Programme for 2019/20 to 2023/24, as detailed in Appendix C, be included in the Council’s Capital Programme.</p>
Consultation and Feedback	Budget holders and senior managers
Financial Implications and Risk Assessment	<p>The whole report is of a financial nature as it sets out the Housing Revenue Account budgets for the period 2020/21 to 2023/24.</p> <p>Andrew Cummings, Strategic Director of Resources Email: andrew.cummings@stroud.gov.uk Tel: 01453 754115</p> <p>There are a number of risks to the Council’s future financial position and the material risks are outlined in the body of this report. The budget monitoring process will report material changes in the Council’s financial position to members.</p>

Legal Implications	There are no specific legal implications arising from the recommendations made in this report. Patrick Arran, Interim Head of Legal Services & Monitoring Officer Tel: 01453 754369 Email: patrick.arran@stroud.gov.uk
Report Author	Lucy Clothier, Interim Accountancy Manager Tel: 01453 754343 Email: lucy.clothier@stroud.gov.uk
Options	a) Reduce or increase capital and revenue expenditure b) Reduce or increase dwelling rents c) Reduce or increase landlord service charges
Performance Management Follow Up	Outturn report to Strategy and Resources and Housing Committee in June 2020
Background Papers/ Appendices	A – Rents and Service Charges B – MTFP and reserves position C – Capital Programme and funding

1. Background

- 1.1 The Budget Strategy report to Strategy and Resources Committee in October 2019 set out the way in which the Council would approach setting budgets for the forthcoming financial year.
- 1.2 It would be helpful where members have questions on matters of detail if they could be referred to the report author or the appropriate service manager before the meeting.**

2. Summary

- 2.1 A transfer to HRA general reserves of £181k is included in the draft budget for 2020/21. This is an increase from the £50k transfer to reserves in the revised budget for 2019/20.
- 2.2 This is a change of £42k from the position reported to Housing Committee. This relates to a change in pension contributions which was not known at that time. Further detail can be found in section 6.
- 2.3 It is proposed that weekly rents and most service charges increase by 2.7%.
- 2.4 The HRA capital programme has been updated, with the cost of new build expected to be higher than previously expected. There are also new budgets included for a new build scheme at the Cambridge House site, and also a proposed budget to replace any HRA housing used for temporary accommodation.
- 2.5 The cost of completing the sheltered modernisation works on the green and amber schemes has also now been included in the MTFP.

3. Housing Revenue Account (HRA)

- 3.1 The base budget in 2019/20 includes a transfer to general reserves of £103k, which has been revised to £50k following the approval of the in house repairs and maintenance service.
- 3.2 The proposed budget for 2020/21 includes expenditure of £22,331k, funded by £22,943k, with a net transfer to reserves of £612k, including a transfer to general reserves of £181k.
- 3.3 A summary of the changes from the 2019/20 budget can be found in Table 1 below.

Table 1: HRA Summary

Housing Committee	para	2019/20 Revised Estimate £k	2020/21 Original Estimate £k
Base Budget		(103)	(50)
Virements/adjustments		53	(53)
Pay and contract increases	5		210
Pension contribution changes	6		(42)
Rent and service charges	4		(545)
Proposed budget adjustments	7,8		299
Net Service Budget		(50)	(181)

- 3.4 The budget proposal includes a number of changes from the 2019/20 base budget. A summary of the significant changes can be found in Table 2 overleaf.

Table 2: Summary of proposed budget changes

Area	Para	Change £k
Pressures		
Tenancy management - staffing	7.1	112
HRA play areas	0	20
HRA rubbish clearance	0	34
Additional cost of support services from GF	7.3	354
Savings		
Contribution from GF for grounds maintenance and play areas	7.4	(30)
Sheltered housing savings	7.5	(261)
Central changes		
Bad debt provision (as per MTFP)	8.3	30
Increase contribution to Sheltered Modernisation programme (as per MTFP)	9.2	380
Contribution to capital programme	8.2	(330)
Provision to repay debt (as per MTFP)	8.3	18
Increased investment income	8.4	(50)
Other changes (net)		22
Total proposed changes		299

4. Rent and Service Charges 2020/21 – (£545k) additional income

4.1 Appendix A sets out the proposed increases in fees and charges.

4.2 Dwelling Rents

2020/21 is the first year following the four year rent reduction, with rents now regulated by the Regulator of Social Housing. The Regulator is permitting registered providers to increase rents by Consumer Price Index (CPI) +1%.

4.3 It is therefore proposed that all social and affordable rents are increased by 2.7% - CPI of 1.7% plus 1%. This increases the average rent from £81.20 per week to £83.40 per week, an increase of £2.20p per week.

4.4 Members could choose to increase rents by more or less than 2.7%. Each 0.5% change would increase/reduce the average weekly rent for tenants by £0.41 per week, or £21.32 per year, and decrease dwelling rent income to the HRA by approximately £104k per year. If Members chose to implement a lower rent increase, the corresponding amount would need to be funded from reductions in existing services.

4.5 On becoming vacant, dwellings at social rent are being relet at the Target Rent, a national rent calculation for social housing which is designed to give fair and consistent rents across all local authority and housing association stock. Currently 78% of tenants have rents below the Target Rent (a decrease from 83% last year). This figure will reduce

as dwellings become void and are relet, but as existing tenancies will be unaffected it will be a very gradual change. Members could choose to implement Social Rents at above Target Rent on relet (up to 5% on General Needs and 10% on Sheltered properties), but this is not being proposed at this time.

4.6 Shared ownership rents are to increase by the inflationary uplifts set out in each lease.

4.7 Garage rents and service charges

Garage rents and service charges are recommended to increase by 2.7% (CPI+1%, in line with rents), with the exception of district heating charges. This is for the five sheltered schemes with a communal boiler that serves all of the dwellings in the scheme. In line with last year it is proposed to change the service charges in line with the cost of gas supply. After an increase of 14% last year, a procurement exercise has led to a decrease in cost. It is proposed that this is passed on in full, with an average reduction of 21%.

4.8 Void assumptions

Void levels are assumed to remain at 1% for General Needs properties and 5% for Sheltered for a second year.

4.9 Provision for bad debt

Assumptions around non payment of rents and charges have been set at 0.5% of income. A higher level has been assumed for three years over the course of the MTFP to make an allowance for the anticipated impact of Universal Credit.

5. Pay and Price Inflation - £210k pressure

5.1 In line with the Budget Strategy, future years pay inflation has been provided for in the MTFP at a rate of 2.5%.

5.2 Provision has been made for non pay inflation for major contracts at a rate of 3%.

5.3 Utility budgets have been increased or decreased in line with contractual increases.

6. Pension Contribution Changes – (£42k) saving

6.1 The triennial review of pension contributions has led to a decrease in the lump sum payment and an increase in the salary linked pension contributions.

6.2 Although the overall impact is a saving of £42k in 2020/21, it is not expected to significantly change the 30 year position because of the increase in salary linked pension contributions which are expected to rise with inflation each year.

7. Service Changes

7.1 Tenancy management (staffing) – £112k pressure

It is proposed that the Tenancy Management team is increased by three officers. This includes two Neighbourhood Management Officers (one of which is extending an existing fixed term post to carry out tenancy

audits), and an additional Business Support Assistant. The diverse nature of the role requires officers with a specialist skill set who are effective communicators and deliverers of services and are able to manage conflicting priorities. The structure will be reviewed after 12 months to ensure its ongoing effectiveness.

7.2 HRA grounds maintenance - £54k pressure

An ongoing pressure has been identified on the cost of refuse clearance, and it is proposed to increase the budget by £34k in 2020/21. It is also proposed to increase the budget for play area maintenance by £20k.

7.3 Support charges - £354k pressure

The cost of support services provided by the general fund have increased by £354k in 2020/21. This is in part due to inflation (£39k), but also reflects services undercharging in 2019/20 (£120k). There are increased charges relating to the new Senior Leadership Team structure (£65k), an increased charge from Property Service (£65k) to reflect work undertaken for the HRA, particularly the new build and small sites programme, and an additional £65k due to the new in house repairs service (as was built into the business case).

7.4 Contribution from General Fund - £30k saving

It is proposed that the contribution from the General Fund towards the maintenance of HRA areas, including HRA play areas, is increased from £170k to £200k. This reflects that the areas being maintained are used by many residents, and not just council tenants.

7.5 Sheltered housing – £261k saving

Savings of £261k have been identified across the sheltered housing service, in part due the continued progress of the Sheltered Modernisation programme, and the closing of 'red' schemes, along with changes in line with the Older Persons Strategy. Savings include staffing savings and changes to the call monitoring service as approved by Housing Committee in September 2019. This has greatly reduced the level of subsidy required from the wider HRA, helping with the overall position.

7.6 Repairs and maintenance – £nil

Budgets have been realigned in line with the in house repairs service, however at this time the overall budget remains the same.

8. Central Changes

8.1 A number of changes are proposed to central budgets:

8.2 Contribution to capital programme – depreciation is expected to decrease by £330k. Although this is an in year saving, it will not affect the long term position of the HRA as it will mean additional contributions will need to be made in future years.

8.3 Provision to repay debt – in line with the MTFP the provision for repaying debt has been increased by 2%, £18k

8.4 Investment income – investment income is expected to increase against the base budget, based on an estimated level of balances held by the HRA.

9. Earmarked Reserves

9.1 The below table shows a summary of the earmarked reserves held in the HRA.

Table 3: HRA Earmarked Reserves

Earmarked Reserve	2019/20				2020/21			
	Opening balance £k	Transfers out £k	Transfers in £k	Closing balance £k	Opening balance £k	Transfers out £k	Transfers in £k	Closing balance £k
Sheltered Modernisation	2,514	(1,226)	1,000	2,288	2,288	(949)	1,380	2,719
Estate Redevelopment	1,170	0	0	1,170	1,170	0	0	1,170
Staffing	250	0	0	250	250	0	0	250
HRA General Contingency	100	0	0	100	100	0	0	100
Carry Forwards	60	(60)	0	0	0	0	0	0
	4,070	(1,286)	1,000	3,808	3,808	(949)	1,380	4,239

9.2 Transfers to the Sheltered Housing EMR is in line with previous assumptions.

9.3 The transfers from the Sheltered Modernisation are in line with current forecasts of spend.

10. HRA Medium Term Financial Plan (MTFP) and 30 Year Position

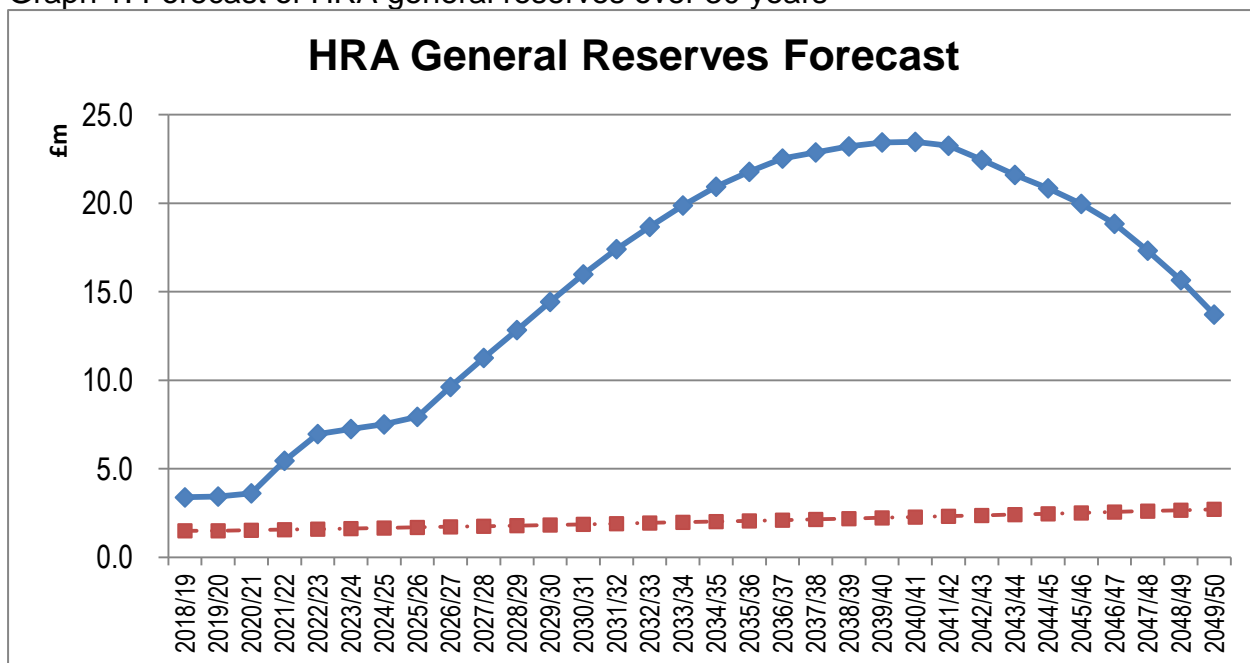
10.1 The MTFP based on the proposed budget position is shown in Table 4, along with forecasted HRA General Reserves balances.

Table 4: HRA MTFP

	2019/20 Base	2019/20 Revised	2020/21 Base	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast
Income	(22,325)	(22,325)	(22,943)	(23,271)	(23,983)	(24,566)
Expenditure	9,948	10,061	9,890	10,101	10,460	10,756
Other income and expenditure	12,501	12,501	12,440	12,965	12,947	13,676
Total Housing Revenue Account	123	236	(612)	(205)	(576)	(134)
Transfers to/(from) earmarked reserves	(226)	(286)	431	(1,635)	(934)	(150)
Transfers (to)/from general reserves	(103)	(50)	(181)	(1,840)	(1,510)	(285)
HRA General Reserves Balance						
Opening balance	3,386	3,386	3,435	3,616	5,456	6,965
Transfers	103	50	181	1,840	1,510	285
Closing balance	3,488	3,435	3,616	5,456	6,965	7,250

10.2 With the changes proposed in this report the HRA is forecast to have a balanced position across the full 30 year period.

Graph 1: Forecast of HRA general reserves over 30 years



11. Material Assumptions Made in the HRA MTFP

11.1 The MTFP forecast is made under a number of assumption. The main ones of note are summarised below:

- Rents will rise by CPI+1% for five years, then CPI only.
- Void levels of 2% in general needs (after a two year period of 1% as detailed in paragraph 4.8), and 5% in sheltered housing properties are assumed (in schemes not affected by the Sheltered Housing Modernisation Programme).
- Inflation of 2% has been assumed across rents and contract inflation.
- 30 Right to Buy sales a year have been assumed in terms of rent loss.
- HRA balances will be maintained at a minimum of £1.5m (rising with inflation) over the MTFP period in order to provide resilience against the negative financial impact of future legislative changes.
- Major works are included on a standard replacement basis. Additional works identified in the Energy Strategy are not yet included.
- The new build programme is included at the estimate cost of building to a minimum SAP rating of 86. Any additional cost over this level would need to be funded by additional borrowing which would increase interest costs and the repayment of the borrowing.

12. Sheltered Modernisation

- 12.1 The full cost of sheltered modernisation has not, to date, been included in full within the MTFP or 30 year position. Following the approval of the Older Persons Strategy, it is recommended that this cost is now recognised.
- 12.2 The estimated cost of works on 17 Green and Amber schemes is £7.3m over 7 years. This is an increase of £4.8m over the existing provision.
- 12.3 The below table shows an indicative profile of the spend. It should be noted that it is likely that this will change as schemes are reviewed to determine works required.

Table 5: Proposed Spend on Green/Amber schemes in £k

2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
877	655	659	929	1,400	1,533	1,237	7,290

- 12.4 The MTFP position reported in Section 10 includes this additional cost.

13. Risks and Uncertainties

The HRA still faces a number of risks and uncertainties over the medium to long term. These include:

- 13.1 Right to Buy Receipts – the ability to borrow has greatly changed the forecasted position on the use of Right to Buy (RTB) receipts. However, although the new programme as indicatively shown in Appendix C is in part funded from RTB receipts, there is still a risk that the programme could slip, or some schemes may not be possible to deliver. Therefore, because of changes to timing, receipts would need to be repaid.
- There is also a potential risk that the receipts may not be sufficient to fund the capital programme. If this were to happen, alternative funding would need to be found.
- 13.2 Interest Rates - the HRA is largely sheltered from interest rate changes in the medium term as all of the current borrowing is at fixed interest rates. As loans become repayable, advice will be sought from our treasury advisors on the most advantageous approach to refinancing.
- 13.3 Stock Condition – the information held on the condition of the stock continues to grow, with data being collected regularly. As more data is collected, the longer term forecasts are revised and could mean that more, or less, spend is required compared to the current forecast.
- 13.4 Staffing – the ability to attract and retain staff, especially in specialist areas such as development, repairs and maintenance and tenancy management, is extremely important. Any significant gaps could result in a reduced service to tenants, and/or a financial pressure in recruiting agency staff.
- 13.5 Internal Council Changes – any major changes to the Council could impact on the HRA medium/long term position.

14. Capital Programme

- 14.1 A revised programme of £10,447k in 2019/20 is proposed, followed by an increased budget of £18,250k
- 14.2 in 2020/21. The total indicative spend over the five year capital programme is £58,157k, however this is subject to change as schemes are worked up.
- 14.3 A full breakdown of the capital programme and funding can be found in Appendix C.

15. Major Works

- 15.1 It is proposed that the budget for 2019/20 is revised to £7,581k, with the base budget for 2020/21 at £6,068k.
- 15.2 The programming of works for 2020/21 is already well underway which allows greater certainty over the deliverability of the work streams. However, even with a fully planned programme there will always be some element of variation due to unknown void costs, tenant refusals, adverse weather and further stock condition data being known.
- 15.3 As the works are not yet programmed after 2020/21, the Capital Programme is condensed to show all capital major works on one line. This will be expanded on each year to show the full programme when it is in place, with future years also being reprofiled.

16. New Homes and Regeneration Programme

- 16.1 The development programme has been reprofiled with updated assumptions on timing.
- 16.2 Following an external review of the cost of building new houses, the budget has been increased to reflect build cost inflation and the cost of building to a minimum SAP rating of 86, as reported to Housing Review Panel and as detailed in the new homes section of the Energy Strategy update report to this Committee to address the Council's commitment to Carbon Neutral 2030.
- 16.3 The total additional cost is currently expected to be £4.1m, with the additional funding coming from capital receipts and borrowing. The additional cost of borrowing has been included in the MTFP.
- 16.4 These costs are still estimates at this point, and are subject to change when the schemes are tendered.
- 16.5 The first phase of three schemes will be tendered at the SAP 86 level, and will include options to replace the gas boilers with air source heat pumps, and a cost benefit analysis will be performed.
- 16.6 Following the freeing up of HRA borrowing, it is now possible to include the Cambridge House site into the capital programme, which, as a 'red' sheltered housing site, was due to be sold.. It is proposed that it is funded from RTB receipts and borrowing and a recommendation to include this scheme within the new homes programme is included in the Sheltered Modernisation Programme update report to this Committee.

17. Purchase of replacement housing

17.1 With the intention of using some HRA properties to temporarily house homeless families, as this would allow the households to stay in district, as well as provide savings to the General Fund, it is proposed to have a pot to purchase replacement properties in the HRA. This will help prevent the number of long term houses available in the stock decreasing.

17.2 A budget of £1,320k has been included in the proposed budget. This is an indicative budget only, and its use will be dependent on the number of properties used as temporary accommodation and the availability of suitable replacement properties. Any purchases would be subject to a survey and business case to ensure that they are suitable to manage and maintain, as well as financially viable.

18. Sheltered Housing Modernisation

18.1 The Sheltered Modernisation Programme continues on the green/amber schemes, with works to the common areas of Concord completed and George Pearce House due to be complete in Spring 2020. Tanners Piece, the Council's first Independent Living scheme, which replaced properties that formed part of the 'red' scheme at Ringfield Close, was completed in summer 2019.

18.2 The planned programme will continue in 2020/21 with works proposed at Willow Road, Stonehouse and Springfield Court, Cam. The nature of the works will be determined after consultation with tenants and officers. The recommendation for the inclusion of these two schemes into the programme is included within the Sheltered Modernisation Programme update report to this Committee.

19. As reported in section 12 it is proposed that the full programme of green and amber schemes is now included in the MTFP and 30 year position.

Proposed Level of HRA Rents and Service Charges 2020/21

DRAFT Proposed level of rents and service charges (on a weekly basis over 52 weeks)	Current 2019/20 £	Proposed 2020/21 £	Increase/ Decrease £	Increase/ Decrease %
Rents				
Dwelling rents (average)	81.20	83.40	2.20	2.7%
Garage rents (excl VAT which is chargeable to non tenants only)	12.75	13.09	0.34	2.7%
Landlord Service Charges (charged where applicable)				
TV relay (communal aerials – basic IRS)	0.36	0.37	0.01	2.7%
TV relay (communal aerials – comprehensive IRS)	0.91	0.93	0.02	2.7%
Cleaning charges (average)	2.51	2.58	0.07	2.7%
District heating (average)	8.82	6.98	-1.84	-21% (-22% less any increases not passed on last year)
Water charges (average)	2.65	2.72	0.07	2.7%
Sheltered Housing	25.29	25.97	0.68	2.7%
Sheltered Housing - Tanners Piece (average)	16.04	16.48	0.44	2.7%

HRA Medium Term Financial Plan 2019/20 to 2023/24

	2019/20 Base	2019/20 Revised	2020/21 Base	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast
Income						
Dwelling rents and service charges	(21,875)	(21,875)	(22,444)	(22,924)	(23,638)	(24,223)
Other charges and income	(531)	(531)	(609)	(551)	(553)	(555)
Provision for bad debt	80	80	110	204	208	212
Total Income	(22,325)	(22,325)	(22,943)	(23,271)	(23,983)	(24,566)
Expenditure						
Supervision and management	4,039	4,092	3,579	3,659	3,840	3,738
Repairs and maintenance	3,806	3,866	4,543	4,654	4,768	4,885
Sheltered housing service	1,174	1,174	953	972	992	1,013
Other expenditure	460	460	542	553	564	575
Sheltered housing modernisation programme	470	470	329	318	350	597
Total Expenditure	9,948	10,061	9,946	10,155	10,513	10,808
Other income and expenditure						
Support service charges from GF Revenue Funding of Capital Programme (Depreciation and RCCO)	1,560	1,560	1,982	2,030	2,083	2,134
Provision for repayment of debt	900	900	918	1,138	1,361	1,538
Interest payable/receivable	3,354	3,354	3,309	3,782	4,063	4,242
Total other income and expenditure	12,501	12,501	12,427	12,954	12,936	13,664
Total Housing Revenue Account	123	236	(570)	(162)	(533)	(94)
Transfers to/(from) earmarked reserves	(226)	(286)	431	(1,635)	(934)	(150)
Transfers (to)/from general reserves	(103)	(50)	(139)	(1,797)	(1,467)	(245)

APPENDIX C

HRA Capital Programme 2019/20 to 2023/24

HRA Capital Programme	2019/20 Base £k	2019/20 Revised £k	2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k
Major Works						
Central Heating	1,021	849	745			
Disabled Adaptations	200	200	150			
Kitchens and Bathrooms	1,389	1,400	589			
Major Voids	464	464	450			
Asbestos/Radon	422	422	271			
Doors and Windows	1,022	702	884			
Electrical Works	218	218	200			
Environmental Works		150	150			
Door Entry	218	313	242			
Suited Locks	76	150	0			
External Works	3,519	2,713	2,387			
Septic Tanks			21			
IT Systems		175				
Major Works				5,004	4,332	4,068
Total Major Works	8,549	7,756	6089	5,004	4,332	4,068
New Homes						
Southbank, Woodchester	902	707	495			
Purchase of Properties/Miscellaneous	0	0	1,320			
New Homes Contingency	50	50	50	50	50	
Former Ship Inn Site, Stonehouse	1,000		50	950	485	
Tanners Piece, Nailsworth	449	705				
Glebelands, Cam	0		50	2,765	2,766	
Broadfield Road, Eastington	31	31	1,126	282		
Orchard Road, Ebley	20	20	686	142		
Queens Drive, Cashes Green	27	16	876	354		
Ringfield Close, Nailsworth	55	55	2,897	1,168		
Summersfield Road, Minchinhampton	28	28	1,086			
Gloucester St and Bradley St, WuE	28	28	20	805	985	
Cambridge House, Dursley			30	1,900	709	
Opportunity Land Acquisition Pot	3,000	0	3,000			
Total New Homes	5,590	1,640	11,686	8,416	4,995	
Sheltered Modernisation	614	614	475	438	584	843
Total HRA Capital Programme	14,753	10,010	18,250	14,008	10,164	5,288

APPENDIX C

HRA Capital Financing	2019/20 Base £k	2019/20 Revised £k	2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k
Revenue Funding (including depreciation and Sheltered Modernisation reserve)	9,179	9,075	6,564	6,323	5,169	5,288
Capital Receipts (including RTB receipts)	1,491	875	5,566	1,380	144	
Homes England Grant Funding	158	60	75	173	98	
Borrowing	3,925	0	6,045	6,132	4,753	
Total Funding	14,753	10,010	18,250	14,008	10,164	5,288

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

30 JANUARY 2020

9

Report Title	CORPORATE DELIVERY PLAN PROGRESS
Purpose of Report	To consider the progress made on the Corporate Delivery Plan Key Actions for 2019/20.
Decision(s)	The Committee RESOLVES to note the progress made on the Corporate Delivery Plan Key Actions for 2019/20 as set out in Appendix 1 and highlighted in this report.
Consultation and Feedback	The Corporate Delivery Plan Key Actions for 2019/20 were agreed at full Council on 16 May following a series of workshops involving senior management and alliance group members of the Strategy & Resources Committee.
Financial Implications and Risk Assessment	There are no financial implications arising from this report. Andrew Cummings, Strategic Director of Resources Tel: 01453 754115 Email: andrew.cummings@stroud.gov.uk There are no risks arising from this report. Risks relating to individual projects will be recorded on Excelsis.
Legal Implications	There are no legal implications arising from this report. Patrick Arran, Interim Head of Legal Services & 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 Council is not required to have a Corporate Delivery Plan, however, it is a useful way of drawing together the political and managerial key actions for 2019/20 and setting them in the context of the Council's priorities and 4-year focus. It enables the Council to set out what it is seeking to achieve this year and gives the public and partners a means by which they can be informed of progress and hold the Council to account.
Performance Management Follow Up	The actions arising from the CDP will continue to be recorded and monitored on Excelsis with further quarterly updates to Committee.

Background Papers/ Appendices	Report to Council on Corporate Delivery Plan and Key Actions for 2019/20, 16 May 2019. Report to S&R Committee 3 October 2019 on Quarter 1 and 17 December 2019 on Quarter 2. Appendix 1 – Completed Key Actions.
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1. BACKGROUND

- 1.1 The Corporate Delivery Plan incorporating Key Actions for 2019/20 was agreed at full Council on 16 May 2019 following a number of officer and member workshops.
- 1.2 The workshops explored the Key Actions for 2018/19 that were achieved, not achieved and those that needed to be rolled forward and updated for 2019/20. Consideration was also given to emerging priorities and challenges, and key deliverables for longer-term projects in 2019/20.
- 1.3 The resulting Key Actions for 2019/20 are set out under the unchanged CDP vision and key priorities.

2. PROGRESS ON THE KEY ACTIONS FOR 2019/20

- 2.1 The Corporate Delivery Plan update report at Appendix 1 shows the summary progress recorded on Excelsis for each CDP Key Action 2019/20 (CDP1-24). This includes updates since the position was last reported to Committee. The full Q3 update will be provided to committee at its next meeting in March. There are many more detailed sub-actions identified, monitored and recorded. Below, under each of the 5 Corporate Delivery Plan priorities, are the headlines of the progress made:

ECONOMY: Help create a sustainable and vibrant economy that works for all (CDP1:1-4)

- The allocation of funding from the business rates fund has now secured the purchase of replacement electric vehicles for the neighbourhood wardens, together with the installation of charging points at Ebley Mill.
- In respect of the Brimscombe Port redevelopment, the financial appraisal and soft market testing have been completed. Approval for the procurement of a contractor to undertake the infrastructure for Phase 1 was approved by S&R committee in December.

AFFORDABLE HOUSING: Provide affordable, energy efficient homes for our diverse and changing population (CDP2:5-10)

- Planning permission has been secured for 8 new homes in Wotton under edge and a further 36 applications have been submitted for units in Nailsworth, Minchinhampton and Eastington. The new build budget has been reviewed to reflect our commitment to Carbon Neutral 2030. This was presented to Housing committee in December and is on the agenda for this committee.
- Housing Committee has agreed to adopt a new Housing Revenue Account 5-year delivery plan.
- Site work has now started to improve George Pearce House, our sheltered housing scheme in Minchinhampton.

- Discussion is ongoing with the Salvation Army, who are now offering to the lease rather than sell their Chapel Street building for temporary accommodation.

ENVIRONMENT: Help the community minimise its carbon footprint, adapt to the changing climate and continue to improve recycling rates (CDP3:11-15)

- The CN2030 Officer has secured funding to recruit an additional officer to coordinate the development of the action plan with partners.
- Working in partnership, the resurfacing of the southern stretch of the Nailsworth to Dudbridge cycle / walkway with more than 8000 recycled tyres is almost complete. Funding has been secured for the northern stretch from the health and wellbeing budgets. A definitive route has been identified from Dursley to Uley and a preferred route between Wotton and Charfield. The Council has committed £10K towards the design phase.

HEALTH AND WELL BEING: Promote the health and well-being of our communities and work with others to deliver the public health agenda (CDP4:16-20)

- Two of the four priorities for this year have already been achieved – the adoption of a new Health and Wellbeing Plan and the establishment of a weekly parkrun in Stratford Park.
- A report on the need for a review of leisure provision not only in Stratford Park but across the district is to be discussed at Community Services and Licensing Committee on January 23rd. The outcome of that report is not known at the time of writing.
- Progress on remaining actions will be reported to S&R committee in March.

DELIVERY: Provide value for money to our taxpayers and high quality services to our customers (CDP5:21-24)

- Officers have met with a Parish and Town Council working group to review the existing 'Working Together Protocol'. This will be the basis for future strategic workshops taking place in January and March around future priorities and effective partnership working.
- The new director of Change and Transformation is now in post and will be working with colleagues to develop the Council's digital strategy. Foresight continue to provide guidance around upgrading the Council's IT infrastructure.
- Each of the Council's committees have now approved fees and charges for their respective service areas before consideration by Strategy and Resources Committee.





2.2 In summary, 6 of the 24 Key Actions have been completed, as set out in Appendix 1. The updates provided above are currently on target, with the exception of CDP2.8 where discussions are back on track to secure high quality temporary accommodation in the district.

3. CONCLUSION

- 3.1** Members are asked to note the good progress made to date to deliver the agreed Corporate Delivery Plan Key Actions for 2019/20. A further Q3 update will be provided at the next Strategy and Resources committee meeting in March.





Corporate Delivery Plan – January 2020 update report

CDP1: ECONOMY: Help create a sustainable and vibrant economy that works for all



Code	Action Required	Deadline	Lead Officer	Status	Comments
CDP1.1	Continue to allocate funds from the business rates pilot fund in line with the agreed principles: Supporting Local Businesses; Improving the Council's long-term financial position; Local Wealth Building; Supporting a Zero Carbon District; Reducing inequality	30/04/2020	Andrew Cummings	On Target 	10/01/2020: Quarter 3: Electric Vehicles have now been received and charging points installed at Ebley Mill. No further allocations of funding were made in Quarter 3.
CDP1.2	Support local wealth creation and local business growth through an updated procurement strategy incorporating social value principles.	31/03/2020	Sarah Turner	Completed 	30/07/2019: Quarter 2: Updated procurement strategy approved by Council on 18 July 2019. It incorporates local wealth creation under Procurement Aim 3 - Achieving Community Benefits. Also includes a Social Value Policy.
CDP1.3	Progress and deliver the redevelopment of Brimscombe Port by securing planning permission and being ready to seek a development partner.	31/07/2020	Leonie Lockwood	On Target 	07/01/2020: Quarter 3: Awaiting third party consultees feedback for the planning application for the infrastructure before it can be presented to DC Committee. Financial appraisal and soft market testing completed. Approval given at S&R on the 17 December to the procurement of a contractor for the infrastructure for phase 1 of the project on a design and build basis and to transfer the package over to the development partner who is delivering the residential/commercial development (once appointed) to co-ordinate, manage and deliver.
CDP1.4	Submit a bid to the National Lottery Heritage Fund by April 2020 to restore the canal link between Stonehouse and Saul.	24/04/2020	Dave Marshall	On Target 	18/09/2019: Quarter 2: Draft bid document 60% complete

Corporate Delivery Plan – January 2020 update report



CDP2: AFFORDABLE HOUSING: Provide affordable, energy efficient homes for our diverse and changing population

Code	Action Required	Deadline	Lead Officer	Status	Comments
CDP2.5	Contribute to our identified local housing need, by building new council homes through: a) submitting planning applications for 56 units on 6 sites b) agreeing an approach to purchase more land	30/04/2020	Kimberley Read	On Target 	08/01/2020: Quarter 3: Planning permission has been secured for 8 new homes at Gloucester Street/Bradley Street, Wotton-Under-Edge. Planning applications have been submitted for 20 units at Ringfield Close, Nailsworth, 7 units at Summersfield Road, Minchinhampton and 9 units at Broadfield Road, Eastington. The planning applications are due for determination shortly. These have been in the planning system for some time due to comments from Highways. Planning applications for the remaining 12 units are being drafted for Orchard Road, Ebley and Queens Drive, Cashes Green, with a view to these being submitted in early 2020. This milestone has slipped due to limited resources in the team and additional ecology surveys required. The revised specification has been agreed which will enable the team to deliver new homes to a SAP rating of 86. This is a positive step in the right direction towards achieving a Carbon Zero District by 2030. The budgets have been reviewed to reflect the revised specification and are being presented to Housing Committee (Dec 19), S&R Committee (Jan 20) and Full Council (Feb 20). The Expressions of Interest document is ready to distribute following approval of the revised budgets.
CDP2.6	Adopt the Housing Revenue Account 5-year delivery plan	24/12/2019	Kevin Topping	Completed 	11/12/2019: Quarter 3: HC agreed to adopt the delivery plan on 10 Dec 2019
CDP2.7	Commence improvements to the sheltered housing schemes in Nailsworth (Concord) and Minchinhampton (George Pearce House)	31/03/2020	Chris Horwood	On Target 	07/01/2020: Quarter 3: All works are completed at Concord in Nailsworth. Architects and contractors are in place for the next scheme at George Pearce House in Minchinhampton and works have been agreed and authorised. Start on-site was 9/12/19 with works due to be completed in this financial year.
CDP2.8	Provide high quality, safe temporary accommodation for homeless single people and families within the district	30/04/2020	Pippa Stroud	Overdue 	07/01/2020: Quarter 3: The Salvation Army has revised their approach and no longer wish to sell the property but are offering the property on a long leasehold basis, at a low rent to reflect the capital works which would need to be undertaken. At the same time, Gloucester City Homes has stated that it may again be interested in managing this property on our behalf.




Corporate Delivery Plan – January 2020 update report

CDP2.9	Work to bring the reactive maintenance service in-house by 1 April 2020, providing better customer service and efficiencies.	01/04/2020	Joe Gordon	On Target 	14/11/2019: Quarter 2: All of the 16 mini projects are on target. TUPE remains high risk due to the uncertainty of trades available for transfer to the new service. Risk is being addressed operationally and strategically at monthly meetings (PCM and MGM). Void works are out to tender. Works will commence on fitting out of the depot 18 November. Updates and progress are available to aces via the HUB
CDP2.10	Adopt the housing strategy incorporating the delivery of community-led housing	31/03/2020	Pippa Stroud	Completed 	13/11/2019: Quarter 2: The new Housing Strategy 2019 - 24 was adopted at Housing Committee on 10th September and has been published: https://www.stroud.gov.uk/housing/housing-strategy





CDP3: ENVIRONMENT: Help the community minimise its carbon footprint, adapt to the changing climate and continue to improve recycling rates

Code	Action Required	Deadline	Lead Officer	Status	Comments
CDP3.11	Implement the revised Environment Strategy and develop an action plan with partners to incorporate our commitment to being a Carbon Neutral district by 2030 (CN2030).	30/04/2020	Brendan Cleere	On Target 	13/11/2019: Quarter 2: The CN2030 post commenced 2nd September 2019 and is making progress in all areas covered by the commitments made by the council. The RE resource assessment is complete and the draft report is being finalised ahead of the Local Plan Consultation. Highlights include: the Council Tax and Business rate project is secured and initiating, the EOI to ERDF was submitted in partnership with Glos County Council, viability work on PV and Storage projects in our sheltered housing is secured through funding and cross county collaborations on the CN2030 agenda are in discussion.
CDP3.12	Work with partners to implement the next phase of the cycling and walking strategy, focussing on routes between Dudbridge-Nailsworth; Dursley-Cam-Uley; Wotton-Kingswood-Charfield.	30/04/2020	Mark Russell	On Target 	07/01/2020: Quarter 3: Progress: Progress on the routes to date is as follows: Dudbridge to Nailsworth – Resurfacing for southern half (Nailsworth to Woodchester) is almost complete. Funding to complete the northern half (Woodchester to Dudbridge) has now been secured from health and wellbeing budgets. Preliminary works have been completed and resurfacing is underway. Dursley-Cam-Uley – Definitive route now identified. Follow up work including resurfacing, footpath to bridleway re-designation, highway redesign options, is being explored. Ongoing negotiations between the local Greenway group and developers to implement those sections within Littlecombe and North East Cam developments. Wotton-Kingswood-Charfield – A preferred route has now been identified in a Sustrans feasibility report stage 2. The Council has committed £10k from budgets towards the design phase, being carried out through the local Greenway group.


Corporate Delivery Plan – January 2020 update report

CDP3.13	In our role as statutory waste collection authority, support community groups to phase out single use plastics; whilst also reducing its use across council services	30/04/2020	Mike Hammond	On Target 	14/11/2019: Quarter 2: This project has continued to progress across the District
CDP3.14	In Partnership with Stroud Town Council and Friends of the Lido submit a bid to National Lottery Heritage Fund for additional funding to refurbish Stratford Park Lido.	30/04/2020	Rob Griffiths	On Target 	14/11/2019: Quarter 2: Tricolor Associates progressing well with the support of Rupert Blackstone at Wattcraft on heat options study for the Lido - investigating the heating of the Lido using the CHP capacity and the positive gas boiler spare capacity from the Leisure Centre's indoor plant room. Initial Appraisal of Design Interventions from Purcell and we are still working to define the Small, Medium and Large options for redevelopment of the Lido. Our aim is to finish the business case and bid by 31/01/2020
CDP3.15	Publish an assessment of opportunities to expand the green infrastructure network through the Local Plan Review.	30/04/2020	Mark Russell	Completed 	01/11/2019: Quarter 2: The GI, Recreation and Open Space Study has been completed and published. A members seminar was held to receive a presentation by the consultants.





CDP4: HEALTH & WELLBEING: Promote the health and wellbeing of our communities and work with others to deliver the public health agenda

Code	Action Required	Deadline	Lead Officer	Status	Comments
CDP4.16	Adopt a new Health and Well Being Plan to guide council service delivery.	31/03/2020	Jon Beckett	Completed 	25/09/2019: Quarter 2: Health and Wellbeing plan Adopted by Community Services and Licensing committee in September 2019
CDP4.17	Make a decision extending the contract for the provision of leisure centre services at Stratford Park and consider options for future provision	31/01/2020	Mike Hammond	On Target 	25/09/2019: Quarter 2: A number of draft reports has been created with Officers recommendation. Further discussion will be held prior to taking to committee.
CDP4.18	Agree a long term investment and management plan for Stratford Park with partners and contractors	31/03/2020	Mike Hammond	Not Started 	14/11/2019: Quarter 2: This CDP point will form joint review with the extension of the SPLC contract.
CDP4.19	Support the setting up and delivery of a weekly Parkrun in Stratford Park	31/08/2019	Mike Hammond	Completed 	25/09/2019: Quarter 2: The Park run is now up and running. There has been three events held to date and continues to grow in strength

Corporate Delivery Plan – January 2020 update report

CDP4.20	Implement the first year's action plan of the Council's Older People's Housing Strategy	24/12/2019	Lynne Mansell	On Target 	13/11/2019: Quarter 2: as quarter one, actions identified will be shared with members by way of a briefing note on progress in December 2019 including the removal of the hardwire alarm system, customer choice lifeline pendant which can be opted in or out depending on circumstances, checking allocations advice, reviewing promotional advice to new and future tenants, review of allocations process and funding opportunities from the newly appointed project officer
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CDP5: DELIVERY: Provide value for money to our taxpayers and high quality services to our customers

Code	Action Required	Deadline	Lead Officer	Status	Comments
CDP5.21	Create a strategic approach to building more effective partnerships with parish and town councils.	30/04/2020	Andrew Cummings	On Target 	10/01/2020: Quarter 3: Officers have met to agree a plan to build on relationships during 2020. An initial review is to be carried out to capture the current position on all points of interaction and consultation with town and parish Councils. In addition to the regular operational meeting to be held in January there is to be a strategic workshop, probably in March, to discuss two fundamental points. 1) What does an effective relationship between the district and town and parish Councils look like? 2) What priorities would T&PC like to be included in the new CDP.
CDP5.22	Adopt a clear vision and digital strategy which is fit for purpose to deliver good quality, convenient and efficient services for staff, residents and local businesses.	31/01/2020	Andrew Cummings	On Target 	10/01/2020: Quarter 3: Progress continues on many of the essential infrastructure works being carried out under the guidance of Foresight. This includes a prioritisation of areas relating to the network outage experienced in November 2019. A members' IT task and finish group was held in December 2019 to update members on progress. The new director of Change and Transformation will be working with colleagues to deliver digital transformation as part of the modernisation agenda.
CDP5.23	Explore the opportunities for income generation to help achieve financial self-sufficiency.	31/03/2020	Andrew Cummings	On Target 	10/01/2020: Quarter 3: Fees and charges have been approved by each service committee. F&C policy is to be considered by Council as part of the budget setting process.
CDP5.24	Work collaboratively through partnerships and external stakeholders to achieve greater influence to deliver the Council's objectives.	31/03/2020	Andrew Cummings	On Target 	15/01/2020: Quarter 3: With regards to Vision 2050 the County Council have been giving further consideration as to how to better align the vision and ambitions for the County. This will impact on the work of the Severn Vale board.

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

30 JANUARY 2020

10

Report Title	LGA CORPORATE PEER CHALLENGE ACTION PLAN UPDATE
Purpose of Report	To note the progress made in Quarter 3 on delivering the Action Plan resulting from the LGA Corporate Peer Challenge.
Decision(s)	The Committee RESOLVES to note the progress made in Quarter 3 on implementing the LGA Corporate Peer Challenge Action Plan.
Consultation and Feedback	The Peer Challenge Action Plan was developed following the Peer Challenge in March 2019, which involved Members, staff, stakeholders and partners and resulted in a feedback report.
Financial Implications and Risk Assessment	There are no direct financial implications arising from this report. Lucy Clothier, Interim Accountancy Manager Tel: 01453 754343 Email: lucy.clothier@stroud.gov.uk
Legal Implications	There are no legal implications arising from this report. Patrick Arran, Interim Head of Legal Services & 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	Options in respect of actions are being set out in reports to Committee as appropriate.
Performance Management Follow Up	Progress against the Action Plan will continue to 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 Action Plan progress reports 3 October and 17 December 2019.

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 team reviewed the Council's self-assessment, key documents. 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.
- 1.4 The Council received the Peer Challenge team's feedback report in May 2019 and reported it to Council on 16 May 2019. The report set out eight recommendations in respect of areas for development and improvement.
- 1.5 An Action Plan was developed in respect of the 8 recommendations, including timescales and organisational leads. These are recorded on our performance management system – Excelsis.

2. PROGRESS ON THE ACTION PLAN

- 2.1 The Action Plan progress made in Quarter 2 was reported to this Committee on 17 December 2019 and detailed the improvements made in respect of the eight areas.
- 2.2 All of the key items of progress are contained within this report and therefore there is no separate appendix.
- 2.3 Summary of progress made in Quarter 3:

REC 1 (CRD1) Commence senior officer restructure to ensure sufficient strategic capacity is in place at the top of the organisation

- Three of the four Strategic Directors are now in post:
 - Andrew Cummings – Strategic Director of Resources
 - Caron Starkey – Strategic Director of Change and Transformation
 - Brendan Cleere – Strategic Director of Place.
 - Keith Gerrard has been appointed as Strategic Director of Communities and will be in post in March.

REC 2 (CRD2) Agree short-term priorities and actions for the period to May 2020.

- This action was completed with the adoption of the Corporate Delivery Plan Key Actions for 2019/20 at Council on 16 May 2019. Updates are reported quarterly to this Committee and recorded and monitored on Excelsis.

REC 3 (CRD3) 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 the emerging plans in respect of ICT development and digital delivery fit with longer term transformational plans.

- As detailed above Caron Starkey has been appointed the Strategic Director of Change and Transformation and is now in post.

Officers have been working with Foresight consulting to implement a detailed action plan for urgently needed infrastructure improvements. This has included a detailed project plan to make use of the £1.8m IT investment budget.

REC 4 (CRD4) Work with all key stakeholders over the next year to develop a clear vision and priorities for the council aligned to our 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.

- Production of the next Corporate Delivery Plan (CDP) remains in the data and information gathering phases.
- Results of the satisfaction survey on residents and businesses have now been received and processed.
- A revised timeline for production of the CDP is in production.
- Workshops for Town and Parish Councils as well as elected members are planned.

REC 5 (CRD5) Create time, once the senior officer team is appointed, for the political and managerial leadership teams, both informally and formally, to have ‘strategic conversations’. 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 wider county and sub region.

- Initial discussions have been held around the possibility of away days for senior members and officers to give the space for strategic conversations.
- An initial workshop is to be planned in March to begin discussing priorities for the new Corporate Delivery Plan.

REC 6 (CRD6) 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:

- Review is 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 with, and outcomes arising from, core HR policies are delivered eg appraisals
- Ensure consistent oversight, management and compliance with key performance management practices.
 - Consultation with the Policy Team begins on January 20th.
 - The new director of Change and Transformation is now in post and will be working on the modernisation agenda.

REC 7 (CRD7) 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.

- The Council has made its first investments into property and multi asset funds.
- A fees and charges review has brought additional income into the MTFP. The funding gap within the MTFP remains and work will need to continue on income generation.

REC 8 (CRD8) 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:

- **Look to develop better collaboration at an early stage in producing policy or service options, taking account of expertise available from members where appropriate, together with ensuring that operational, financial and legal implications of options are effectively understood**
- **Seek to build greater political consensus before decision making reports come to members, with greater opportunity for testing and rigour.**
 - We are building on good progress made to date, but this work needs to be coordinated by the proposed Corporate Policy team and discussions around this have been delayed due to the General Election.
 - The Elections and Democratic Services team are making strides in developing a Forward Plan.
 - Two training sessions on the Code of Conduct were delivered to members as well as members from Town and Parish Councils.
 - A further training session on good governance has been delivered to Town and Parish Councillors.
 - On the 17th December, Strategy and Resources Committee gave authority to the Monitoring Officer to commence a review of the Constitution in consultation with the Constitution Working Group
 - Discussions are being held with Group Leaders in terms of mandatory training for members which will need to be in place in readiness for the induction of new members after the elections in May 2020.

2.4 The Action Plan will be kept under review and progress will be regularly reported to this Committee. The intention is to make continual improvement and substantial progress on the Action Plan within the next 18 months.

3. CONCLUSION

3.1 Members are asked to note the good progress made in Quarter 3 in the implementation of the Action Plan.

STRATEGY AND RESOURCES COMMITTEE

30 JANUARY 2020

11

WORK PROGRAMME

Date of meeting	Matter to be considered	Reporting Member/Officer
5.3.20	Member\Officer reports: a) Investment and Development Panel b) Leadership Gloucestershire c) Gloucestershire Economic Growth Joint Committee (GEGJC) d) Gloucestershire Economic Growth Scrutiny Committee (GEGSC)	Leader Chief Executive
	Corporate Delivery Plan Quarterly Update	Chief Executive
	LGA Corporate Peer Challenge Action Plan Progress Report	Chief Executive
	Confirmation of the use of Compulsory Purchase Powers for Cotswold Canals Connected (Phase 1B)	Head of Property Services
	The Changing Future of Play Areas	Head of Housing Services and Head of Community Services
	IT Update	Director of Change and Transformation
	Stroud Cemetery Chapel - Proposed Community Asset Transfer	Property Manager
	Brimscombe Port	Head of Property Services
	Work Programme	Committee
16.4.20	Member\Officer reports: a) Performance Monitoring b) Investment and Development Panel c) Leadership Gloucestershire Update d) Gloucestershire Economic Growth Joint Committee (GEGJC) e) Gloucestershire Economic Growth Scrutiny Committee (GEGSC)	Councillors Cooper & Pearson Leader Chief Executive
	Cotswold Canal Project – Bid to National Heritage Lottery Fund	Canal Manager
	Work Programme	Committee
	Corporate Delivery Plan Quarterly Update	Chief Executive
	LGA Corporate Peer Challenge Action Plan Progress Report	Chief Executive

Information Sheets

Ref/Date	Topic	Author(s)
SR-2019/20-001 05/06/2019	Redevelopment of Brimscombe Port	New Homes and Regeneration Manager
SR-2019/20-002 05/06/2019	Cotswold canals connected update – regenerating cultural and natural heritage for everyone	Canal Manager

Items for Future Meetings

Date of meeting	Matter to be considered	Reporting Member/Officer
18.6.20	Procurement Annual Update	
9.9.20		
8.10.20		
10.12.20		
28.1.21		
4.3.21		
22.4.21		