

Public Document Pack



EXECUTIVE

Date: Wednesday, 15 September 2021

Time: 1.00pm

Location: Council Chamber, Daneshill House, Danestrete, Stevenage

Contact: Ian Gourlay (01438) 242703

committees@stevenage.gov.uk

Members: Councillors: S Taylor OBE CC (Chair), Mrs J Lloyd (Vice-Chair),
L Briscoe, R Broom, J Gardner, R Henry, J Hollywell and J Thomas.

AGENDA

PART I

1. **APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

2. **MINUTES - 11 AUGUST 2021**

To approve as a correct record the Minutes of the meeting of the Executive held on 11 August 2021 for signature by the Chair.

Pages 3 – 10

3. **MINUTES OF THE OVERVIEW & SCRUTINY COMMITTEE AND SELECT COMMITTEES**

To note the following Minutes of meetings of the Overview & Scrutiny Committee and Select Committees –

Overview & Scrutiny Committee – 17 August 2021

Pages 11 – 14

4. **COVID-19 UPDATE**

To consider an update on the Covid-19 pandemic.

5. **TRANSFORMING OUR TOWN CENTRE PROGRAMME UPDATE AND TOWNS FUND DECISION MAKING**

To consider an update on the Transforming Our Town Centre Programme and proposals in respect of Towns Fund decision making.

Pages 15 – 48

6. **CORPORATE PERFORMANCE QUARTER ONE 2021/22**

To consider Corporate Performance for the First Quarter of 2021/22 (April to June 2021).

Pages 49 – 84

7. GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY UPDATE (2020/22 - 2025/26)

To consider the General Fund Medium Term Financial Strategy Update (2020/22 – 2025/26).
Pages 85 – 122

8. ANNUAL TREASURY MANAGEMENT STRATEGY REVIEW OF 2020/21 INCLUDING PRUDENTIAL CODE

To consider the Annual Treasury Management Strategy review of 2020/21.
Pages 123 – 144

9. URGENT PART I BUSINESS

To consider any Part I business accepted by the Chair as urgent.

10. EXCLUSION OF PRESS AND PUBLIC

To consider the following motions –

1. That under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as described in Paragraphs 1 – 7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to Information) (Variation) Order 2006.
2. That Members consider the reasons for the following reports being in Part II and determine whether or not maintaining the exemption from disclosure of the information contained therein outweighs the public interest in disclosure.

11. PART II MINUTES - EXECUTIVE - 11 AUGUST 2021

To approve as a correct record the Part II Minutes of the meeting of the Executive held on 11 August 2021 for signature by the Chair.
Pages 145 - 148

12. URGENT PART II BUSINESS

To consider any Part II business accepted by the Chair as urgent.

NOTE: Links to Part 1 Background Documents are shown on the last page of the individual report, where this is not the case they may be viewed by using the following link to agendas for Executive meetings and then opening the agenda for Wednesday, 15 September 2021 – <http://www.stevenage.gov.uk/have-your-say/council-meetings/161153/>

STEVENAGE BOROUGH COUNCIL

EXECUTIVE MINUTES

Date: Wednesday, 11 August 2021

Time: 1.00pm

Place: Council Chamber, Daneshill House, Danestrete, Stevenage

Present: Councillors: Sharon Taylor OBE CC (Chair), Mrs Joan Lloyd (Vice-Chair), Lloyd Briscoe, Rob Broom, John Gardner, Richard Henry, Jackie Hollywell and Jeannette Thomas.

Also Present: Councillor Phil Bibby CC (observer).

Start / End Start Time: 1.00pm
Time: End Time: 3.41pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillor Robin Parker CC (observer).

There were no declarations of interest.

2 MINUTES - 14 JULY 2021

It was **RESOLVED** that the Minutes of the meeting of the Executive held on 14 July 2021 be approved as a correct record for signature by the Chair.

3 MINUTES OF THE OVERVIEW & SCRUTINY COMMITTEE AND SELECT COMMITTEES

In respect of the Minutes of the meeting of the Community Select Committee held on 15 July 2021, it was noted that henceforth formal minutes/notes should be taken of Portfolio Holder Advisory Group meetings; and that consideration be given to the introduction of an Action Tracker for Executive decisions (similar to the one operated by the Select Committee).

In relation to the Minutes of the meeting of the Overview & Scrutiny Committee held on 22 July 2021, and with regard to Agency Staffing, the Portfolio Holder for Resources undertook to provide Members with a Briefing Note explaining why some of the services areas where agency staff were employed (such as office cleaning) were not considered appropriate for the direct employment of staff.

It was **RESOLVED** that the following Minutes of meetings of the Overview & Scrutiny Committee and Select Committees be noted:

Community Select Committee – 15 July 2021
Overview & Scrutiny Committee – 22 July 2021

4 COVID-19 UPDATE

The Executive considered a short presentation from the Corporate Policy & Research Officer providing an update on the latest epidemiology statistics relating to the Covid-19 pandemic.

The following matters were raised during the presentation:

- In view of the lower Covid vaccination rates in Bedwell Ward, Officers were asked to feed back to the Local Resilience Forum the request that consideration be given to the establishment of a pop-in Vaccination Centre in that Ward, possibly in the Bedwell Community Centre;
- Officers undertook to request the HCC Public Health Team for data regarding the numbers in Hertfordshire of those double-vaccinated who had subsequently contracted Covid-19;
- It was noted that evidence had shown that the small peak in Covid infections had been attributable to the European Football Championships;
- It was confirmed that the HCC Communications Team was working on a media campaign to re-assure pregnant women experiencing vaccine hesitancy, and that a Covid model was being developed by the HCC School Cell for the return to school in September; and
- Officers were asked to enquire with HCC Public Health colleagues if there was likely to be any correlation between the current high level of Covid infections in Cambridge and any potential rise in infections in Stevenage.

In relation to Covid recovery in the town and across the county, the Leader referred to the £400M investment in the GlaxoSmithKline/Bioscience Catalyst/Catapult campus for STEM Cell and Gene Therapy, which was expected to create 500 new jobs; the recent opening of the £35M Airbus facility in Stevenage; and the recent news of a site in Broxbourne being developed for the creation of Sunset Studios. The Portfolio Holder for Economy, Enterprise & Transport added that the Stevenage Economic Task Force was continuing to meet, and that the Council's Business Relationships Manager was providing regular advice and assistance to local businesses. He was pleased to report that the East Coast Mainline train service would soon be stopping more regularly at Stevenage Station, and announced that Stevenage had been identified in a recent survey as the second best place in the UK (outside of London) to launch a business.

It was **RESOLVED** that the Covid-19 update be noted.

5 TRANSFORMATION

The Executive considered a report in respect of the proposed development of a Transformation Programme aimed at improving customer satisfaction, increasing workforce productivity and organisational resilience, while achieving the savings required by the Medium Term Financial Strategy. This programme was a significant element of the new "Making Your Money Count" FTFC Programme.

The Portfolio Holder for Resources, supported by the Portfolio Holder for Neighbourhoods & Co-operative Council, advised that the report outlined a proposed

transformation approach as part of the Making Your Money Count element of the 2021/22 FTFC programme. The Executive was being requested to approve the approach, together with the key principles which would drive the design of the programme, the detail of which would be presented to the Executive later in the year.

Members noted that the programme would sit alongside commercial and insourcing initiatives and the Council's broader savings options. Officers were proposing this approach of transforming processes, technology and teams in order to make sure that the Council could deliver on its Future Town Future Council objectives and protect services from future cuts.

Members further noted that the report outlined how the Council must deliver a balanced budget and highlighted that, by addressing inefficiency in processes, getting customer service right first time and delivering online services which residents wish to use, the Council would also be able to improve the customer experience. An initial assessment had indicated potential savings of £2M from transformation, with an expectation that these would be delivered largely from 2023/24. Further work would be required to design the detailed programme and a transformation budget had been set aside to ensure that the Council had the resources to deliver, although additional investment may also be needed and a business case would come forward as required.

The Leader stated that the Transformation agenda had been considered at an informal Executive meeting, and she offered the opportunity for Opposition Groups to be similarly briefed by officers on the proposed approach outlined in the report if they wished to be.

The Leader was supportive of the move towards paperless Committee meetings, and advised that there would be some training for early adopters in late August, followed thereafter by a roll out to other Members.

In response to a Member's question, the Chief Executive confirmed that a balance had to be struck between efforts to increase staff productivity and improve customers' experience of the Council's services. He stated that there could not be a "one size fits all" approach to increased productivity/efficiency as the requirements would vary in each service area to reflect the activities undertaken. However, he expected that the principles of the transformation process, as set out in the report, would apply across all Council services.

It was **RESOLVED:**

1. That the Transformation Approach (set out in Sections 4.1 to 4.6 of the report) to improve customer experience, deliver increased productivity and ensure sustainability, be agreed.
2. That it be noted that the Transformation Approach and underlying delivery programme is to be based on the Foundation Principles set out in sections 4.11 to 4.14 of the report, and that these Foundation Principles be approved.

3. That a detailed business case and implementation plan be prepared for a first phase of transformation, and that it be noted that this will be brought forward for consideration and formal approval later in 2021/22.

Reason for Decision: As contained in report.

Other Options considered: As contained in report.

6 4TH QUARTER REVENUE MONITORING REPORT 2020/21 - GENERAL FUND AND HOUSING REVENUE ACCOUNT

The Executive considered a report in respect of the 4th Quarter Revenue Monitoring for 2020/21 with regard to the General Fund and Housing Revenue Account.

The Portfolio Holder for Resources advised that the Council's General Fund budget for 2020/21 assumed that a drawdown from balances of £2.252Million would be required to cover the budgeted expenditure. However, the actual spend meant that a lower drawdown of £529,000 was required, which represented a reduction in the draw on balances compared to the budget of £1.724Million. £1.162Million of this reduction related to spend budgeted for 2020/21 which had not been incurred, and carry forwards of this value were requested for 2021/22, as detailed in the report.

The Portfolio Holder for Resources stated that across 2021/22 - 2023/24, and due to the impact of carry forwards (£1.162Million), change in use of reserves & the requirement for a revenue contribution to capital (£429K) and business rates losses (£1.164Million loss in 2020/21, partially negated by £865,000 funding from the Tax Income Guarantee Scheme, spread evenly across three years), there was an increase in the use of General Fund balances of £1.890Million. This meant that across 2020/21 – 2023/24 there was a net increase in the use of General Fund balances of £166,000.

The Portfolio Holder for Resources commented that there were other potential financial risks for 2021/22, including projected Bed and Breakfast costs of approx. £350,000 and projected further Parking losses of approx. £450,000. The Council would seek to mitigate the additional Bed and Breakfast cost increases by ensuring that Housing Benefit was claimed for those who were eligible. Also included within the 2021/22 finance settlement was £500,000 to fund additional Covid losses (and unidentified costs were included in the budget). Members had approved £214,000 for Housing First costs, with the remainder then available to mitigate some of the additional pressures set out above. The income guarantee scheme was extended for the period April-June 2021, and the current projections for the expected claim value was approx. £150,000 higher than budgeted and would also mitigate some of the parking pressure identified above.

The Portfolio Holder for Resources explained that there had been an adverse impact of Covid on the Council's finances during 2020/21, however determining the actual financial impact was difficult, as not all changes in spend/income would be totally Covid related. The Council had incurred £6.854Million of additional spend or income foregone predominately as a result of Covid during 2020/21, as well as suffering Business Rates losses of £1.164Million, which were spread across 2021/22 - 2023/24 in line with regulations. The Council received Government grant funding of

£5.269M, including £2.453M from the income guarantee scheme, £1.422M across tranches 2-4 of the Government support package and £886,000 Tax Income Guarantee support (TIG) to cover Business Rates losses. This meant that the net cost of Covid in 2020/21 was £2.478Million, which was in line with the level of mitigation measures included in the June 2020 Medium Term Financial Strategy report.

With regard to the Housing Revenue Account (HRA), the Portfolio Holder for Resources advised that the account recorded a surplus of £5.580Million at year end, which was £1.548Million higher than the budgeted surplus. Within this budgeted surplus was £377,000 of carry forward requests for planned expenditure during 2021/22, including £169,000 for Building Safety works and £120,000 to meet the cost of transitional posts following the Housing Business Unit Review. The HRA had balances of £25.400Million at the end of 2020/21, which were set aside predominately for future debt repayments.

In response to a question, the Strategic Director (CF) undertook to advise Members of a likely timescale for the Council's receipt of the Hertfordshire Business Rates Pooling Gain monies.

The Leader expressed disappointment that the external audit of the Council's Statement of Accounts for 2019/20 had not yet been completed by the statutory deadline. The Leader also highlighted the need for the Council to finalise its accounts for 2020/21 in order that the External Auditors could undertake their audit. The Strategic Director commented that the audit of the 2019/20 accounts should be completed in the next few weeks. In respect of the 2020/21 accounts, it was intended that these would be completed in late August/early September 2021. However, she confirmed that the external auditor had confirmed that they would not be carrying out the audit until November 2021. She added that this would be challenging resource-wise, as SBC Finance staff would be concentrating on 2022/23 Budget setting work at the same time.

It was **RESOLVED:**

General Fund

1. That, subject to the 2020/21 audit of the Statement of Accounts, the 2020/21 actual General Fund net expenditure of £10.152Million be noted.
2. That General Fund carry forward requests totalling £1.162Million (as set out in Paragraph 4.5.1 of the report) be approved.

Housing Revenue Account (HRA)

3. That, subject to the 2020/21 audit of the Statement of Accounts, the 2020/21 actual in-year HRA surplus of £5.580Million be noted.
4. That HRA carry forward requests totalling £378,000 (as set out in Paragraph 4.11.1 of the report) be approved.

Reason for Decision: As contained in report.
Other Options considered: As contained in report.

7 2020/21 CAPITAL EXPENDITURE OUTTURN

The Executive considered a report in respect of the 2020/21 Capital expenditure outturn.

The Portfolio Holder for Resources advised that the General Fund Capital programme recorded an underspend of £2.15Million on a working budget of £19.81Million. Despite Covid restrictions £17.66Million of works were still completed. The report showed the underspend by business area, with the majority of the slippage/underspend related to regeneration-related schemes, comprising 81% of the net underspend. This was largely due to the late release of GD3 monies including for the new bus station. The slippage relating to the underspend totalled £2.114Million, as detailed in Section 4.1 of the report.

The Portfolio Holder for Resources commented that Capital resources remaining at year end were £6.395Million, with £2.7Million relating to grants and contributions which were largely ring-fenced and over a £1Million relating to the Towns Fund.

The Executive was informed that the 2020/21 General Fund capital receipts received in year were £1.947Million, compared to budgeted receipts of £2.5Million, £553,000 lower than budgeted, with some sites now due to be realised in 2021/22. The remaining capital reserve/receipts at the end of 2021/22 was only £333,000, which was relatively modest compared to the size of the programme and potential for increased costs. There was also the deferred works reserve of £265,000 to absorb increases or unforeseen expenditure.

In relation to the Housing Revenue Account (HRA) 2020/21 Capital outturn, the Portfolio Holder for Resources reported that the HRA capital spend was £0.427Million lower than the working budget, which was only 1.57% underspend versus budget on a £27Million programme. There was a request to recommend slippage into 2021/22 of £342,000. There had been 25 Council houses sold in 2020/21 against an estimate of 35 and this gave a receipt to SBC of £3.317Million, of which the General Fund used £346,000. The Government share of the gross receipt was £864,000.

It was **RESOLVED:**

1. That, subject to the completion of the 2020/21 external audit of accounts, the 2020/21 General Fund capital expenditure outturn of £17.652Million (as summarised in Paragraph 4.1.1 of the report) be noted.
2. That, subject to the completion of the 2020/21 external audit of accounts, the 2020/21 Housing Revenue Account (HRA) capital expenditure outturn of £26.71Million (as summarised in Paragraph 4.4.1 of the report) be noted.
3. That the funding applied to the 2020/21 General Fund capital programme, as summarised in Paragraph 4.2.1 of the report, be approved.

4. That the funding applied to the 2020/21 HRA capital programme, as summarised in Paragraph 4.5.1 of the report, be approved.
5. That the 2021/22 General Fund capital programme increase of £2.114Million, as set out in Paragraph 4.3.1 of the report, be approved.
6. That the 2021/22 HRA capital programme increase of £1.288Million, as set out in Paragraph 4.6.1 of the report, be approved.

Reason for Decision: As contained in report.

Other Options considered: As contained in report.

8 URGENT PART I BUSINESS

Potential County Deal

The Leader referred to webinars she had attended recently with various Government Ministers at which they were inviting County Councils to consider the development of County Deals. This funding would provide counties and their respective Boroughs/Districts with the tools they needed to pilot new ideas, create jobs, drive growth and improve public services. The Government had given County Councils the option of either submitting an early Expression of Interest on Friday, 13 August 2021 or waiting until the Levelling Up White Paper was published later in 2021.

The Leader advised that the Hertfordshire County Council (HCC) Leader had contacted the 10 Hertfordshire Borough/District Council Leaders to seek their views concerning HCC's desire to submit an early Expression of Interest for a County Deal.

The Executive agreed with the Leader's suggestion that HCC's Expression of Interest be supported, but with the proviso that SBC would not be supportive of any proposal that promoted significant Local Government reform for Hertfordshire.

9 EXCLUSION OF PRESS AND PUBLIC

It was **RESOLVED:**

1. That under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as described in Paragraphs 1 – 7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to Information) (Variation) Order 2006.
2. That the reasons for the following report being in Part II were accepted, and that the exemption from disclosure of the information contained therein outweighs the public interest in disclosure.

10 DISPOSAL OF PART OF MARSHGATE CAR PARK FOR THE DELIVERY OF A LIFE SCIENCES CENTRE

The Executive considered a Part II report in respect of the proposed disposal of part of Marshgate Car Park for the delivery of a Life Sciences Centre.

It was **RESOLVED** that the recommendations set out in the report be approved.

Reason for Decision: As contained in report.

Other Options considered: As contained in report.

11 FAIRLANDS VALLEY FARMHOUSE

The Executive considered a Part II report with regard to the options available for the future development of Fairlands Valley Farmhouse.

It was **RESOLVED** that the recommendations set out in the report be approved.

Reason for Decision: As contained in report.

Other Options considered: As contained in report.

12 URGENT PART II BUSINESS

None.

CHAIR

STEVENAGE BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE MINUTES

Date: Tuesday, 17 August 2021

Time: 6.00pm

Place: Council Chamber

Present: Councillors: Lin Martin-Haugh (Chair), Philip Bibby CC (Vice-Chair), Myla Arceno, Michael Downing, Alex Farquharson, Chris Howells, Wendy Kerby, Andy McGuinness, Sarah Mead, Robin Parker CC, Claire Parris, Loraine Rossati and Simon Speller.

Start / End Start Time: 6.00pm
Time: End Time: 9.04pm

1 **APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies for absence were received on behalf of Councillor Adrian Brown.

There were no declarations of interest.

2 **MINUTES - 22 JULY 2021**

It was **RESOLVED** that the Minutes of the Committee meeting held on Wednesday 22 July 2021 be approved as a correct record and signed by the Chair.

3 **PART I DECISIONS OF THE EXECUTIVE**

The Committee noted the minutes of the Executive meeting held on Wednesday 11 August 2021.

2. Minutes of the Executive – 14 July 2021

Noted.

3. Minutes of the Overview and Scrutiny Committee and Select Committees.

Members were pleased to note that Officers would be introducing an action tracker for Executive decisions

4. Covid-19 update

The Chief Executive advised that an update on the latest Covid-19 position had been given at the Executive meeting held on Wednesday 11 August 2021. He agreed to send the written update to all Overview and Scrutiny Members following the meeting.

In response to a question, Officers confirmed that work was underway to ensure that consideration was being given to those SBC staff members who had been assigned to Covid-19 related duties and were now returning to their substantive roles to support efforts to address high Customer demand within some SBC services.

5. Transformation

The Strategic Director (CF) advised that the programme was a core element of the new Making Your Money Count FTFC Programme. The Transformation programme would apply across all Council services. Members made the following comments:

- The programme was very high level and would be more useful for Members when further details were available. Officers confirmed that Members would receive further detail during the next stage of the process and that the report was focussed upon consideration of the transformation principles which would be used to inform future activity;
- A briefing for the Opposition Groups was welcomed which would be arranged by the Strategic Director (CF) and the Assistant Director Digital and Transformation;
- In relation to paperless working, half of the Committee Members were supportive of the move to paperless and would be willing to start as soon as possible other Members however, were more cautious. The Assistant Director (Digital and Transformation) confirmed that the current offer to Members in terms of IT equipment was a laptop plus any additional items (keyboard/screen etc). Members would also be receiving ongoing training from a specialist Mod.Gov trainer to ensure the transition was as smooth as possible;
- Concern was expressed by a Member regarding the possible loss of the Council's Print Room Service;
- In response to a question regarding the proposed amount of savings as a result of the programme, Officers advised that this was a high level assessment and the detail would be outlined at a future date;
- Officers confirmed that other Local Authorities who were recognised to be exemplars of good practice in this area had been visited to help inform the nature and scope of our activities;
- One Member suggested that significant savings could be achieved across the County through joining up the waste and recycling activities;
- All Members across the Council should be engaged in the transformation programme.

6. 4th Quarter Revenue Monitoring Report 2020/21 – General Fund and Housing Revenue Account

The Committee noted that audit of the 2019/20 accounts should shortly be completed. The Strategic Director (CF) also reported that the external auditor had confirmed that they would not be carrying out the audit until November 2021 which

was a concern as SBC Finance staff would have started work on the 2022/23 Budget by then.

In response to a question, the Strategic Director (CF) agreed to provide information to Councillor Parker regarding the Council's investment relationship with Goldman Sachs International.

Officers also gave Members an explanation of the Redman review which was referred to in the paper.

7. 2020/21 Capital Expenditure Outturn

Noted.

8. Urgent Part I Business – Potential County Deal

The Chief Executive advised the Committee that the Executive had backed HCC's proposal to submit an early County Deal Expression of Interest but with the proviso that SBC would not be supportive of any proposal that promoted or resulted in significant Local Government Reform for Hertfordshire.

In response to a question, the Chief Executive advised that he believed Hertfordshire was in a strong position to be recognised as an exemplar 2 tier County area. This along with the fact we have a successful Growth Board already in place which now meets as a formal committee will hopefully support our collective efforts to secure a positive County Deal. He did not feel it would be helpful at this stage to speculate as to whether the terms of any County Deal may result in the Government asking for a Combined Authority/Mayoral model to be implemented across Hertfordshire.

4 URGENT PART I DECISIONS AUTHORISED BY THE CHAIR OF THE OVERVIEW AND SCRUTINY COMMITTEE

None.

5 URGENT PART I BUSINESS

None.

6 EXCLUSION OF PRESS AND PUBLIC

It was **RESOLVED**:

1. That, under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as described in paragraphs 1 to 7 of Part 1 of Schedule 12A of the Act, as amended by SI 2006 No. 88.

2. That having considered the reasons for the following item being in Part II, it be determined that maintaining the exemption from disclosure of the information

contained therein outweighed the public interest in disclosure.

7 **PART II DECISIONS OF THE EXECUTIVE**

The Committee considered the Part II Decisions of the Executive held on 11 August 2021.

8 **URGENT PART II DECISIONS AUTHORISED BY THE CHAIR OF THE OVERVIEW AND SCRUTINY COMMITTEE**

None.

9 **URGENT PART II BUSINESS**

None.

CHAIR

Part I



Meeting Executive
Portfolio Area Regeneration
Date 15 September 2021



TRANSFORMING OUR TOWN CENTRE PROGRAMME UPDATE & TOWNS FUND DECISION MAKING

KEY DECISION

Author – Annie Piper Ext. 2058
Contributors – Chris Barnes Ext. 2292 Tom Pike Ext 2933
Lead Officer – Chris Barnes Ext.2292

1 PURPOSE

- 1.1 Transformation of the Town Centre is a top priority for the Council and forms a key pillar of the Council's "Future Town Future Council" Corporate Plan. There is now an extensive programme of activity in place, utilising funding from multiple sources, delivering new homes, jobs, shops, restaurants and cafes, public spaces, and cultural facilities. The wide-ranging programme has benefits for all of the residents of the town, and this paper sets out key updates. Members are asked to note the key projects and milestones relating to the programme.
- 1.2 A significant part of the regeneration programme is the delivery of projects that are part-funded by Towns Fund. In 2020, the Stevenage Development Board was established, and developed a Town Investment Plan for submission to government. In March 2021, the submission was awarded up to £37.5m of funding. The Council, which is the Accountable Body for the fund, is required to oversee and sign-off business cases for each of the nine projects that have been allocated funding. This paper asks Members to note the key requirements and obligations for the Council as Accountable Body and the steps to be taken review and approve business cases ahead of the

Ministry of Housing, Communities and Local Government releasing project funding to the Accountable Body (the Council). The report also notes that a number of the business cases are for projects to be developed and implemented by the Council, and sets out the anticipated future decision points for larger-scale Council projects within the Town Investment Plan. Following consideration by the Executive and Overview and Scrutiny Committee, this report is intended to be presented at the next Full Council meeting.

2 RECOMMENDATIONS

That Executive:

- 2.1 Note the progress of the regeneration programme, including the Queensway North regeneration scheme, Town Square co-working & heritage project, and the construction of the new bus interchange.
- 2.2 Note the progress of Town's Fund programme to date, including the obligations of the Council as the Accountable Body for the Town's Fund.
- 2.3 Note and approve the creation of an Officer Panel (as set out in paragraph 4.12) to support the discharge the Council's obligations as Accountable Body and to review and approve business cases for full approval.
- 2.4 Note that this paper will be updated and presented to Full Council seeking delegated authority to Executive for the approval of the Business Cases to enable access to Town's Funding, which are to be submitted to the Ministry of Housing, Communities and Local Government (MHCLG).
- 2.5 Note that there will be future decision points for a number of Council-sponsored projects, in accordance with the Council's Constitution, following approval of the Towns Fund Business Cases and release of funding by MHCLG.
- 2.6 Notes the inclusion of the £37.5 million within the Council's Capital Strategy, noting that this is aligned with the Head' of Terms agreement with MHCLG for Town's Fund, and the funding profile attached to the Towns Fund grant confirmation letter. Authorisation for Council match funding will be reserved until the relevant Business Case is approved.

3 BACKGROUND

- 3.1 The transformation of the town centre is the top priority for Stevenage residents, businesses, and for Stevenage Borough Council as highlighted within the Future Town Future Council (FTFC) Programme. An extensive regeneration programme to deliver the transformation has been underway since circa. 2015, and key milestones are summarised below.

The journey so far

- 3.2 After setting a renewed focussed to deliver regeneration in Stevenage Town Centre, the Council worked closely with its partners including Hertfordshire County Council, Hertfordshire Chamber of Commerce and Industry, Hertfordshire LEP and Homes England to develop the Stevenage Central Framework (“the Framework”) which was approved by Executive on 24 July 2015.
- 3.3 The Framework sets out a clear vision and the scale of opportunity within a regenerated town centre that *‘Stevenage was, and should be again, a destination town centre with a combined retail, leisure and residential offer that will meet the needs of our population, and attract visitors well into the future. We need to recognise the huge changes that are underway in terms of retailing and what people are seeking in their leisure time. We also need to build on the traditional role our town centre has played in being a meeting place and central hub for our community’*. This vision has informed the development of planning policy, including the Local Plan, as well as the foundation for developing subsequent regeneration schemes.
- 3.4 In order to begin the delivery of the aspirations set out in the Framework, the Council prepared a project to act as a catalyst for regeneration – the SG1 project. Following extensive engagement with commercial advisers and developers, the SG1 regeneration scheme was planned with the aim to deliver two of the six Major Opportunity Areas identified within the Framework. The Council conducted an OJEU competitive dialogue procurement, which involved publishing the development opportunity openly, before shortlisting four bidders, who held a series of meetings with the Council over six months to develop their masterplan and vision, before making a final submission. At the conclusion of the process, Mace were appointed as the development partner for SG1.
- 3.5 The delivery of the SG1 regeneration project is well underway. The project is underpinned by a development agreement between Mace and Stevenage Borough Council. Extensive work has taken place to develop the SG1 scheme. This will cover two Major Opportunity Areas within the town centre, creating a new ‘Garden Square’ in the heart of the town centre, a new linear park at Southgate, a new ‘Arrival Square’ close to Swingate, new and improved community services and facilities through a new civic hub to include a library and health facility and over 1,800 new homes. The Council’s Planning and Development Committee considered a hybrid planning application in October 2020, resolving to grant permission. Preparation works are now underway, with agreements being finalised to complete enabling works and demolition of the Swingate House building and the former Social Services building both of which are anticipated to be demolished during 2020/2021. The Council’s Executive has also approved proposals from Officers to work with Mace to look for opportunities to accelerate the second phase of the SG1 programme, due to report later in the financial year.
- 3.6 Outside of the framework area, there have a number of further changes that have resulted in significant change and investment in to the town. Whilst the Major Opportunity Areas highlight parts of the town suited to significant

transformation (demolition and rebuild), areas outside of the MOA's are capable of delivering significant improvements whilst retaining parts of the historic core of the town. One example of this is in Queensway North, between Forum Square and Littlewoods Square, where developer Reef have delivered a significant mixed use scheme in partnership with the Council. This involved rebasing existing rents to encourage existing tenants to commit to the town centre, as well as delivering a gym, office space, 110 residential homes and refreshed retail spaces. The scheme delivers a proportion of affordable housing including units prioritised for key workers.

- 3.7 A number of other projects are now well established or complete. The Council has invested in public realm projects to improve the Forum, Littlewood Square, and Market Place. In addition to this, the Council has developed a visitor centre in the Town Square, to provide residents and interested stakeholders with a space to find out more about the regeneration plans and to share their views. In addition, a new "meanwhile use" (utilising spaces temporarily vacant or underutilised) project has enabled Junction 7 Creatives to utilise a space on the edge of the Town Square, to help bring through new cultural contributions to the town.
- 3.8 The Council, working with Hertfordshire Local Enterprise Partnership, has brought investment into the Town Square and the buildings to the north of the Town Square. This includes a high quality renovation of the public realm, reintegration of high quality heritage features, frontages, canopies and lease arrangements to have a stronger customer offer available in the Town Square. In addition to this, a new 'Co Space' facility opened on 3 September, providing high quality co-working space, meeting and exhibition space in the heart of the town and strengthening job opportunities and the local economy.
- 3.9 Progress is well underway to create a new, state of the art bus interchange for the town. A topping out ceremony took place in July 2021, hosted by Willmott Dixon, the construction partner developing the new facility. This new bus interchange benefits from new, high quality facilities for residents, including toilets, a café space, new waiting areas, as well as a high quality local environment. Creating this new facility also helps release land in the heart of the town, to enable the future 'Garden Square' to be brought forward.
- 3.10 The plans to revitalise the town centre are based upon creating a place that local people would choose to enjoy, to live, and to work. Stevenage benefits from being home to world-leading industries, from space and defence, to healthcare and life sciences. In recent times, there has been growing interest in businesses seeking to invest in Stevenage, to create jobs, opportunity and a thriving local economy. The strength of the offer in Stevenage has been pivotal in attracting a developer, investor, and cutting edge life science company to invest in a £65m life sciences facility, intended to be delivered in Marshgate within the town centre, helping to create a more diverse offer within the town.
- 3.11 Furthermore, the former Matalan site was purchased by Guinness Trust, a housing association, which has planning permission for 526 homes and the demolition works are now underway. This scheme creates a mix of private

and affordable homes within the town centre, and is designed to provide a landmark structure close to Stevenage rail station.

- 3.12 In total the capital investment from public sector funding has resulted in delivery, attracting and securing over £500 million of private investment for the town centre. It has become the journey or reimagining the perceptions of Stevenage is: A place of opportunity, innovation and evolving from its pioneering New Town roots.
- 3.13 This is a key time to capitalise on the growing momentum and interest for the town. With the country facing extraordinary pressures emerging from the Covid-19 pandemic, the transformation of Stevenage town centre is vital to the longer-term recovery of the town and local economy. This level of interest in the potential of Stevenage can also be seen with businesses. Airbus have opened a brand new main office facility in July 2021, to serve their well established space and defence production.
- 3.14 In respect of life sciences, the recent government Life Sciences Strategy highlighted the significant potential available, and importance to Stevenage. Funding from Government and the Hertfordshire Local Enterprise Partnership has contributed to the expansion of the life science sector in Stevenage and the wider region, with over £1.6bn investment raised by life sciences organisations based in Stevenage and making a significant contribution to the Stevenage being part of the third largest cell and gene cluster in the world.
- 3.15 In July 2021, GlaxoSmithKline indicated their intention to seek a development partner to expand the life sciences campus in Stevenage, creating a leading facility within Europe and opportunities for employment and supply chains.
- 3.16 Moving to the next stage of the future for Stevenage, there is an opportunity to continue to achieve, catalyse and deliver the aspirations of the policy and strategies that the Council and local partners have worked collaboratively together for the since 2015 and beyond.
- 3.17 The Council has worked closely with local partners in the public and provide sectors to show ambition and determination to help Stevenage achieve its full potential. Securing substantial funding from the Towns Fund provides funding and capacity to help achieve new jobs, a revitalised town centre, a broad and vibrant offer, and opportunities for local people.
- 3.18 The impact of Covid-19 has resulted in significant disruption and all sectors have felt the strain in 2020. Nationally this picture is reflected in the updated Grimsey Review 3 - Build Back Better (2020). It suggests that more than two thirds of people say their high street has declined within the last five years and 21% of people saying it no longer meets their needs. In particular Covid-19 has exacerbated problems for struggling high streets and town centres. The review reiterates the points from previous reports that towns must find a way to 'unlock the potential of their own unique places' to build strong town centres to act as community and cultural arenas, not purely a traditional retail focus. There remains a need to diversify uses of cities and town centres to ensure they have sustainable futures. A recent KMPG report describing the future of towns and cities post Covid-19 describes a need to focus on multi-

purpose locations combining amenities with healthcare, cultural and community offers.

- 3.19 The implementation of the Stevenage Town Investment Plan provides an opportunity to deliver interventions that will reinvigorate the town and support the Covid-19 recovery process.

Background to Town's Fund

- 3.20 In September 2019 the Government invited 101 towns to develop proposals and bid for funding for a Town Deal, as part of the £3.6 billion Towns Fund. Stevenage was identified as one of the 101 eligible towns.
- 3.21 As part of the Towns Fund, each eligible town was required to put in place cross-organisational leadership via a Towns Fund Board, to ensure broad representation from businesses, skills and education providers, investors, community representation and cross-public sector support.
- 3.22 In Stevenage, this saw the formation of a new, independent Stevenage Development Board. Following a recruitment process managed by Hertfordshire County Council and approved by the Ministry for Housing, Communities and Local Government, an independent Chair was appointed (Adrian Hawkins OBE), and the new Development Board (the Board) was formed in March 2020, working to shape a Town Investment Plan to help develop proposals to provide local opportunity and reinvigorate the town.
- 3.23 After extensive work and wide engagement by the Board, including working groups on Skills and Enterprise, Connectivity, Heritage and Culture, and Regeneration, the Town Investment Plan (TIP) was submitted in October 2020. This built on extensive engagement with local stakeholders, residents and businesses to help shape a plan to reinvigorate Stevenage to meet the aspirations of its people.
- 3.24 This plan set out proposals to create an exemplar 21st century New Town, maximising the opportunities within local economy (including capitalising on the Life Sciences opportunity) to meet the needs of local people, attracting visitors and investment and revitalising the town. The Towns Fund programme had set out an expectation that bids would be for up to £25m, largely capital funding, but with the potential for towns to bid for up to £50m if they could demonstrate exceptional circumstances and subject to a deeper review process to be conducted by Government officials. Stevenage Development Board set out a bid with 'exceptional circumstances, articulating a proposal for £50m funding to help address challenges and opportunities facing the town.



3.25 The Stevenage Investment Plan covers the aspiration for the town (long term) focussed on nine key projects. These projects were appraised and approved by the Board for their submission and none of the projects were removed at the approval stage. Ten projects were submitted as part of the Town Investment Plan:

- Delivering the Stevenage Science, Innovation and Technology Centre
- Developing the Stevenage Station Gateway
- Implementing a National New Towns Heritage Centre
- Improving the Gunnels Wood infrastructure
- Developing the Sports and Leisure Hub
- Implementing Digital infrastructure
- Creating the Stevenage Enterprise Centre
- Delivering improved Pedestrian and Cycling connectivity
- Developing Marshgate Biotech Office and Key Worker Housing
- Delivering the Garden Square

3.26 A copy of the Executive Summary of Town Investment Plan is attached as Appendix A, providing a short summary of the description of each project.

3.27 Full implementation of this Town Investment Plan is intended to achieve a range of positive outcomes for Stevenage, including; greater job opportunities, training for local people to access new STEM employment, improve leisure and health access, a stronger cultural and heritage offer, further regeneration of the town centre, improved public spaces, and investment into sustainable transport in the key employment area of the town. The Town Investment Plan is viewed by MHCLG as a single package, with overall outcomes and targets in place to demonstrate the deliverable results of the Investment Plan.

New jobs	765
New Homes	872
Commercial floorspace (m2)	35216
Upgraded road infrastructure (km)	3
Upgraded pedestrian/cycle links (km)	12
Shared workspace/facilities (m2)	111700
Brownfield land redeveloped (ha)	6
Visitors per annum to the facilities	250000
Leisure/cultural facilities (m2)	7000

Figure 1. Table of outputs from Towns Fund programme

Stevenage Development Board 2020-21: A year of accelerated change

- 3.28 Stevenage Borough Council, Stevenage Development Board and local partners have worked closely and swiftly to maximise the opportunities presented through the Towns Fund. From the creation of the new Board in March 2020, to the submission of the Town Investment Plan in October 2020, and the award of funding confirmed in March 2021, local partners have worked collectively to secure substantial funding allocations which can drive the transformation of the town.
- 3.29 As highlighted in the Stevenage Town Investment Plan, engagement with the community was an integral part of shaping the Stevenage Investment Plan for submission to central government for approval; this will continue to inform the development of projects to have the greatest impact for the local community. So far, over 2,000 people have contributed comments at a range of consultation events, in addition to over 4,000 people attending the visitor centre to find out more about Stevenage regeneration. The Council also developed a virtual version of the visitor centre on the Stevenage Even Better website during the pandemic; the website itself has attracted over 25,000 unique visits, reaching a wide audience.
- 3.30 Government officials undertook a comprehensive review of the Town Investment Plan and associated projects, including a challenge session with senior Officials in January 2021.
- 3.31 As part of the national Budget announcements in March 2021, funding was allocated to 45 Towns. Stevenage achieved the joint highest allocation in this funding round, with an award of £37.5m. In making this award, the Minister for Regional Growth and Local Government, indicated that this higher funding offer 'is in recognition of the case that Stevenage made for the national significance of the proposals to develop its life sciences sector' and that this presents 'an exciting opportunity to come together to drive long-term economic and productivity growth in Stevenage, particularly as we meet the challenges presented by Covid-19'.
- 3.32 The Ministry of Housing, Communities and Local Government (MHCLG) set out proposed Heads of Terms for the £37.5m award for the Town Investment Plan (see signed copy at Appendix B). As set out by the Towns Fund programme, the Council and Chair of Stevenage Development Board proposed a funding profile. On 15 July 2021, MHCLG provided Grant

Confirmation (see Appendix C), allocating funding over a five year period – subject to approval of business cases by the Accountable Body and MHCLG conditions. This was allocated as follows:

Project	Total (£)
Stevenage Enterprise Centre	4,000,000
Gunnels Wood Road Infrastructure Improvements	1,000,000
Station Gateway Enabling Works	6,500,000
Marshgate Biotech	1,750,000
Stevenage Innovation & Technology Centre	5,000,000
National New Towns Heritage Centre	2,000,000
Stevenage Sports & Leisure Hub	10,000,000
Cycling Connectivity and Arts & Heritage Trail	3,500,000
Town Centre Diversification & Garden Square	3,750,000
Total	37,500,000

- 3.33 In working on the next stage of detailed preparation, the Stevenage Development Board will work proactively to support high quality business cases that align with the Town Investment Plan.
- 3.34 This process also sets out a clear role for Stevenage Borough Council as the Accountable Body for the allocation of funding for Towns Fund projects, and requires the Council to undertake assurance assessments, review and approval of business cases to draw down funding for projects within the Town Investment Plan.
- 3.35 To secure the allocated Towns Fund package, all business cases must be complete and signed-off by the Accountable Body, with the accompanying project summary sheets submitted to MHCLG by 24 March 2022.
- 3.36 As the Council will also be the lead delivery organisation for a number of projects, additional development of the business cases, detailed plans, planning applications (where relevant), will require further decision making in future years in accordance with the Council’s Constitution.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1 This section of the report describes the requirements of next stages of the Towns Fund programme, including:
- the Council’s duties as the Accountable Body
 - how this relates to our decision-making structures and arrangements, and how business cases will be reviewed

- a description of how this will work in the months ahead, and the further development work anticipated for larger Council projects that will have further review and decision points – such as development of leisure facilities.
- 4.2 It is recognised that the funding and range of projects included within Stevenage’s Town’s Fund programme means that it is one of the largest programmes within the nationwide Towns Fund programme, the Council needs a clear and achievable plan for producing and signing-off the business cases. The Council does have significant experience in developing complex business cases for approval and government review, such as through the Local Enterprise Partnership Growth Deal Funding, in addition to the strategic outline case submitted to government in the form of the Stevenage Town Investment Plan. Preparation work has been undertaken for many of the projects, to enable development of the business cases in a timely way.
- 4.3 This report recommends an approach to ensure a full and robust assurance method and the ability to both securing and drawing down substantial funding.

Implementing Stage 2 of the Town’s Fund Process – Business Case requirements

- 4.4 Having secured an allocation of £37.5m funding, Stevenage Borough Council, Stevenage Development Board and local partners are required to work through comprehensive business case development and assurance processes to enable drawdown of funding.
- 4.5 These requirements are set out by MHCLG as part of their Stage 2 guidance of the Towns Fund. Stage 2 of the Town’s Fund process focusses on the development of business cases for each of the projects, and is required to be complete before 24th March 2022.
- 4.6 This stage of activity is to ensure local partners work with government to demonstrate the feasibility, viability and value for money of their projects. This includes:
- developing and submitting the Town Deal Summary Document
 - Business Case development for all approved projects
 - A full list of projects
 - Detail of the processes used for business case assurance and approval followed for each project
 - Confirmation of actions taken in response to any conditions applied in the agreed Heads of Terms between MHCLG and local partners
 - A Delivery Plan (including details of the team, working arrangements and agreements with stakeholders)
 - A Monitoring and Evaluation Plan

- Confirmation of funding arrangements and financial profiles for each project
 - Undertaking Public Sector Equalities Duty analysis
 - Approval from the Town Deal Board and Lead Council
- 4.7 Stevenage Borough Council and Stevenage Development Board are required to conduct project assurance for each individual project.
- 4.8 Each business case is expected to meet agreed criteria. MHCLG expect business cases to include:
- The evidence for the intervention using rigorous analysis of quality data and the application of best practice.
 - An assessment of value for money, including showing how different types of projects will be compared and assessed.
 - A clear economic rationale, justifying the use of public funds in addition to how a proposed project is expected to contribute to strategic objectives.
 - Clearly defined inputs, activities, outputs and anticipated outcomes.
 - Appropriate consideration of deliverability and risk along with appropriate mitigating action.
 - Whilst there is no minimum value for money threshold set for Towns Fund projects, in order to follow best practice, all business cases must contain robust value for money assessments.
 - Business cases should address, in a proportionate manner, the five cases set out in the HM Treasury Green Book.
- 4.9 Each business case should be assured by the Accountable Body (in this case, Stevenage Borough Council), prior to submitting summary documents to MHCLG.

Developing and reviewing business cases

- 4.10 At this stage, the Town Investment Plan has been endorsed by MHCLG, the listed of projects and the high-level scope and outcomes of each project have been agreed, and the government-funding allocation for each project has been confirmed in writing. There is no guarantee at this stage that allocations could change across different projects, and business case development work will focus on maximising the impact of this funding.
- 4.11 Stevenage Development Board will continue to have a vital role through the development of business cases, with partners engaged in working groups to support the development and finalisation of business cases. The Board includes a wide range of key stakeholders, who will need to endorse the businesses cases and play a key role in engaging with the projects across a range of themes, including Culture, Skills, Sustainable Transport, and Town Centre Regeneration. This will ensure the experience and expertise across a range of sectors will be harnessed to support the development of robust and

deliverable business cases, for projects that will have a significant positive impact for the town.

4.12 To support the assurance process, and ensure appropriate separation of interests when the Council is acting as Accountable Body, an Officer Panel ('Chair's Panel') consisting of senior Stevenage Borough Council and partner Officers (a Director, Section151 Officer, Monitoring Officer and potentially Hertfordshire LEP, Hertfordshire Growth Board, Hertfordshire County Council Officers) will be established to ensure business cases meet requirements before being recommended to the Development Board for approval. It is proposed that the following approval route is followed for the submission of business cases to MHCLG:

- Business case developed by Officers and Stevenage Development Board partners
- Review of business cases by a 'Chair's Panel' including key Council Officers to ensure strategic alignment, deliverability, value for money and the ability to implement the Town Investment Plan, as part of the assurance process
- Approval of the business case by Stevenage Development Board
- Business case to be approved by Stevenage Borough Council Executive Committee as the 'Accountable Body'
- Summary of the business case to be submitted to MHCLG to access funding.

4.13 The months ahead present an intensive period of work to ensure that these business cases are developed and concluded, to secure and draw down funding.

4.14 As part of the development of business cases, further engagement will take place with key stakeholders to help inform detailed plan and maximise the impact for the local community. This will include utilising the physical and virtual Stevenage Visitor Centre to proactively engage with people and provide a genuine opportunity to shape the range of projects across the programme.

4.15 Towns within the Towns Fund programme were previously provided with a revenue allocation of £173,000 to prepare the Town Investment Plan and begin preparations for business cases. An additional £40,000 has been received to fast-track business case activities. Beyond this funding, programme costs will be capitalised and claimed against the projects to ensure that the programme can be appropriately resourced, including development of the business cases. In the short-term this was planned to be provided at risk by the Council, with the funding repaid when business cases are approved and further funding is received. However, MHCLG has written to towns to notify them that 5% of allocations will now be provided up-front to ensure towns can make sufficient progress. For Stevenage this would mean an allocation of £1.875m received, which Officers anticipate receiving in

September 2021. This money can only be utilised for the Towns Fund programme.

Future decision making

- 4.16 With a complex programme of delivery ahead, the approval of business cases is only the start of the long life cycle for the projects. There will be a number of decisions that the Council will have to take in the months and years ahead, with further decision points expected – such as consideration of planning applications by the Planning and Development Committee, procurement processes for key contractors, review and update of business cases at different stages of key projects.
- 4.17 The process set out in section 4.1. – 4.13 describes how Stevenage Development Board and the Accountable Body (Stevenage Borough Council) will develop, review and assure the business cases required to access government funding.
- 4.18 In addition to this, larger projects to be led and delivered by Stevenage Borough Council will also have later decision points through the Executive Committee, and in some cases, Full of Council, in accordance with the Council's Constitution.
- 4.19 The Stevenage Town Investment Plan includes a range of projects, some of which may require decisions such as use of land, some in relation to match funding (such as the new sport and leisure facility). It is anticipated that larger projects, such as the sport and leisure facility, will report to the relevant Committee at future decision points such as for approval of match funding, approval of contract specifications, areas such as land acquisition, or contract commencement.

Decision making arrangements for Council-led projects

- 4.20 It is anticipated that the review of business cases is scheduled for three meetings of the Executive later in the financial year, potentially requiring special meetings to be convened to ensure sufficient time for consideration and review. As Accountable Body, the Council is required to approve all business cases, including those that will be delivered/part-funded by the Council.
- 4.21 This report provides Executive and Council with a summary of all projects in the Town Investment Plan to ensure all Members are aware of this crucial programme, and to highlight which projects will return to the Executive or Council in the future.
- 4.22 Under the Council's Constitution, Executive has the authority to approve the business cases under £5 million fully external funding, or where the Stevenage Borough Council contribution is less than £500,000 and funding can be identified.

4.23 Some of the Towns Fund projects are above this threshold (as set out in 4.2.2) and will have decisions that require full Council approval at the appropriate point in time.

4.24 The proposed assurance and approval process in this report sets how the Council will approve projects:

Minor Project assurance: This relates to projects which are within the Executive delegations set out in 4.22 above.

Major project assurance and approval: This relates to the larger projects, which will report to Executive in 4.22 above, but are also likely to require future Council approval given the size and value of the projects.

4.25 The table immediately below sets out which projects fall within which assurance category:

Project	Category
Stevenage Enterprise Centre	Minor/Major dependant on size of any SBC match-funding in final business case
Gunnels Wood Road Infrastructure Improvements	Minor
Station Gateway Enabling Works	Major
Marshgate Biotech	Minor
Stevenage Innovation & Technology Centre	Minor
National New Towns Heritage Centre	Minor/Major dependant on size of match-funding
Stevenage Sports & Leisure Hub	Major
Cycling Connectivity and Arts & Heritage Trail	Minor
Town Centre Diversification & Garden Square	Minor

4.26 Our proposed assurance plan is for each business case to be approved by the Executive prior to submission to MHCLG.

- 4.27 Where a major business case is seeking to utilise funding within the financial year, an updated version of the business case will be reported to Executive and Council as required.
- 4.28 Where a major business case is not part of the fast-track programme and unlikely to spend capital this financial year, an updated full business case seeking funding will be reported to Council for approval at a later date; for most projects, this will likely be when further design work has been completed so that an accurate cost and programme is known.

5 IMPLICATIONS

- 5.1 There are a number of financial implications for the Council (Accountable Body). The scale of the programme is significant, and one of the largest allocations in the country, which is likely to bring higher levels of complexity and scrutiny.
- 5.2 The Council will be responsible for holding the grant funding in relation to this programme. The process for claiming funds is likely to be submitting quarterly claims in arrears, which means that the Council must cashflow the funding for short periods of time holding of the financial money for the projects.
- 5.3 Notwithstanding the advance funding of 5% committed by MHCLG, Members should acknowledge the risk that any capital money spent prior or post-business case approval carries a degree of risk; if the business case is never approved, or the project is not delivered, any spent costs are likely to fall back to the Council as a revenue pressure. This means that business cases should consider that risk when approved and how it can be mitigated.
- 5.4 Some of the Towns Fund projects require additional funding sources. Match-funding has been identified for a number of the projects, some may require Council funding and other third party sources. In relation to Council match-funding, individual Towns Fund projects need to consider other investment risk across the town centre with funding prioritised to contractual and council priorities first to limit overall exposure.
- 5.5 Further key decisions for the Council will be needed for the funding mechanisms for major projects as identified in section 4. Some of these projects, such as the leisure business case, will require approval of Council due to the level of investment required. It is recommended that this is triggered once more detailed design work has been completed, so that cost projections and programme timing are as accurate as possible, to provide Members with all of the information necessary to make any investment decision.
- 5.6 As stated within the town's Fund Guidance, all business cases must go through the Accountable Bodies processes for the business case submission. This will involve the use of independent finance appraisal where appropriate, with final sign-off of all financial elements of the business case under the jurisdiction of the Council's s151 Officer.

Legal Implications

- 5.7 The Council, as Accountable Body, will be the contracting body with MHCLG in relation to the Stevenage Towns Fund programme. Whilst final details of funding agreements have not yet been provided, it is envisaged that the Council will be responsible for overseeing and reporting defrayed expenditure, monitoring and evaluation, fund agreements, and all relevant legal aspects of the use of the funding, such as adherence to conditions
- 5.8 MHCLG has set a clear deadline in their July correspondence (Confirmation of Grant Funding Letter) of 24 March 2022 for all business cases to be approved and summary documents submitted. MHCLG reserves the right to “call-in” and review any individual business case. The consequence of failing to meet this deadline is likely to be the removal/withdrawal of funding.
- 5.9 Not all projects will be directly delivered by the Council. Some projects, such as Marshgate and the Sitech Centre, are likely to be delivered by partners. In such circumstances, a funding agreement between the Council as Accountable Body and any partner defraying expenditure must be put in place. Procurement advice should also be sought to ensure that public funds are used appropriately; this will be reviewed on a project by project basis where the Council is not directly defraying expenditure.
- 5.10 The approval process for business cases has been set out in section 4. Unless otherwise agreed at Executive or Council, it is envisaged that where required, authority to approve the business cases will be delegated from Council to Executive, to ensure the timely and consistent approval of business cases in accordance with the deadlines set out above. Approval of individual projects above Executive thresholds will still be required at a later stage once projects have been developed, at which point it is intended for the business case to be updated.
- 5.11 Individual business cases will be reviewed to provide legal input where required, including through the operation of the Chair’s Panel, to ensure appropriate decision-making.

Risk Implications

- 5.12 The key risks and mitigation can be summarised as follows:

Key Risks	Mitigation
Business cases and summary sheets are not signed-off/submitted in time and funding is lost	Programme and resources have been established with a dedicated programme manager and oversight from Assistant Director (Regeneration) and Strategic Director (TP) to ensure products are commissioned and programme is on track

Business cases are rejected by Accountable Body/Development Board	Early engagement with both organisations to ensure they are involved and have oversight of business case development, to ensure they are supportive of the direction of travel
Sign-off process and/or decision routes are challenged	Developed sign-off process and governance as set out in this paper in accordance with guidance and best practice
Money spent at risk not recovered and resulting in a general fund pressure if projects don't proceed	Careful diligence of spending in early stages of the projects; not progressing to business case stage unless we are confident the project is deliverable; review of risk in entirety across the programme
Funding not sufficiently secured by accountable body, including match-funding	Towns Fund spend profile to be reflected in the Council's capital strategy, with individual projects returning to Council for future sign-off when at a suitably advanced stage to give Members the full information necessary for final budgetary sign-off
Third-parties do not deliver to timeframe or budget, and/or don't follow relevant procurement guidelines	All projects being delivered by a third-party to have a funding agreement in place with the Accountable Body
Business cases called-in and potentially challenged by BEIS/MHCLG	Utilising business case template provided through the Town's Fund resource; representative from BEIS to attend Development Board meetings and have sight of business cases at an early stage.

Policy Implications

- 5.13 The acceleration of delivering regeneration within the town centre will help to deliver key objectives of the Council's Sustainable Transport strategy, Future "Town, Future Transport" (adopted 2019) and will also help to deliver on the Council's commitment to reducing carbon emissions as stated in the Climate Change Strategy (adopted 2020) through a well-designed and low energy Public Services Hub facility.
- 5.14 The consolidation of numerous public health facilities into one centralised facility, the public services hub, will ensure the Council and associated public sector partners provides a better service to its residents, in line with the contents of the Health and Wellbeing Strategy (adopted 2019).

Planning Implications

- 5.15 The Business Cases proposed thought the submission of the Town Investment Plan were submitted in accordance with Stevenage Borough Council Local Plan (adopted in 2019). The projects associated with the Town

Investment Plan, submitted in 2020 to central government, help to deliver key policies within the Local Plan.

- 5.16 This report primarily relates to the Local Plan's Town Centre policies which seek to promote the comprehensive and co-ordinated regeneration of the Stevenage Central area, as a series of Major Opportunity Areas which specify the development expected in each location.
- 5.17 There are number of projects that sit outside of this Town Centre space, notably Gunnels Wood Road infrastructure, Cycling and Pedestrian Heritage Trail. However, both of these projects do relate to other Local Plan policies relating to employment space and growth and Future Town Future Transport initiatives in alignment with Local Transport Plan 4, produced by Hertfordshire County Council.
- 5.18 Where required, if there is a Planning decisions required then this will be highlighted within the Business Cases and follow the appropriate planning process

Environmental Implications

- 5.19 A core value of embedded within the framework for appraising these projects is focussed on ensuring due consideration to Environment, and where possible support the reduction of impact of Regeneration on the Environment.
- 5.20 There is a significant focus on utilising brownfield sites and spaces to their maximum potential through the Stevenage Town Investment Plan, and a clear drive to focus on sustainable travel options, through both public and active transport initiatives.
- 5.21 Better land use planning is a key concept for mitigating emissions and allowing people to make the behavioural changes required to reduce their carbon footprints in the long run. New buildings will improve the environment, not detract from it.

Climate Change Implications

- 5.22 Climate Change remains a core focus within the Stevenage Town Investment Plan document. As one for the four key values to be embedded in to every project as they move from concept to more detail, it is anticipated that climate change benefits will need to be highlighted within this Business Case at this stage and then during the lifecycle of business case and project as it is updated a differing stages.
- 5.23 A number of the projects are directly linked to the reducing the impact on climate change i.e cycling and pedestrian trail. Others will seek to implement positive climate change benefits through their delivery.

Staffing and Accommodation Implications

- 5.24 Currently the only staffing implication would be the potential relocation of the Museum staff and accommodation for it's inclusion within the Hub. This concept is being developed as part of the business case stage, where further detail will emerge.

- 5.25 Some existing resources will need to be utilised to plan for how the Council wants to work most effectively from the hub; this can be delivered in tandem with the Council's transformation programme to maximise efficiency.

Equalities and Diversity Implications

- 5.26 Equality and Diversity Implications will be taken in to consideration for all of the project in their business cases. However, for completeness a programme EQIA has been produced and is attached to this report. This aims to cover the overview of what impact the totality of Town's Fund Programme will have as a collection of projects.

Service Delivery Implications

- 5.27 With such a variety of projects touching on multiple areas of the Council there will be implications for departments and services to deliver these initiatives over the course of the next 5 years. The Regeneration Team is working closely with strategic leadership to begin to prepare for mobilisation of these projects should they be successfully approved at Stevenage Development Board, and through the Council's processes. Below summarises a number of areas that will be more significantly impacted through this stage.
- 5.28 Museum could potentially be operating from a new location as an integrated offer within the Hub.
- 5.29 New Leisure Centre will be a new asset for the Leisure Team to procure an operator for and Estates to maintain/ manage.
- 5.30 Stevenage Direct Services- maintenance of new public realm areas as part of the new schemes.
- 5.31 Estates will gain a new asset interest through Enterprise Centre and other schemes.

BACKGROUND DOCUMENTS

- BD1 Stevenage Town Investment Plan (full submission)

APPENDICES

- A Investment Plan Executive Summary
- B Signed Heads of Terms
- C Town Deal grant confirmation

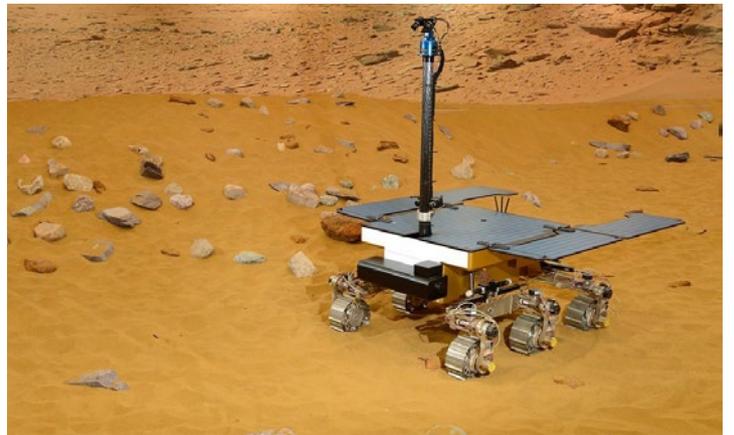
This page is intentionally left blank



Stevenage Town **Investment** Plan

November 2020

The Heart of a town lies in its people



Stevenage Development Board

An independent voice delivering for the people of Stevenage



Adrian Hawkins OBE
Chairman, Stevenage Development Board

“Our vision is ambitious, our plan is deliverable, and the message is simple: investing £50m in the future of Stevenage is an investment in the future of our country, in the future of our children, and will unleash over £600m of private investment to supercharge UK businesses, as we once again unify in a time of great national need, and set a new blueprint for innovation at the heart of a 21st Century New Town. You will hear about skills, culture, and town centre regeneration and how all will play their part in unlocking Stevenage’s potential and levelling-up opportunities for our residents.

I am a child of a New Town, literally. Born in Stevenage in the 1950s in my parents’ council house, I grew up, made friends and was educated within my home town. It provided the safe haven for me, my siblings and many other families to develop and progress throughout our lives, very similarly to how the town was envisaged; Stevenage as a place gave back directly to its people.

It is easy to underestimate the scale of challenge facing Stevenage; as a town located in ‘wealthy’ Hertfordshire, its pockets of deep deprivation often glossed over in high-level data; the focus on the opportunities ‘in’ Stevenage, not ‘for’ Stevenage. We face a profound fork in the road – the opportunity to

level-up a community that is being left behind, whilst simultaneously releasing the handbrake on growth for the UK’s fastest-growing science and technology sectors. That growth cannot be allowed to dissipate from Stevenage; we must harness the potential of our location and amazing businesses to grow a critical mass that drives the region’s economy, but to do so in a way which brings our local people with us rather than leaving them behind. Our £50m Towns Fund proposal will achieve just that, through a range of interventions including delivery of a skills & technology centre, provision for innovative commercial space, investment in the town’s key facilities and unlocking large-scale regeneration.”

Stevenage Development Board members

In March 2020, The Stevenage Development Board was established to oversee the development of a Town Deal for Stevenage. The Board’s role is to provide strategic leadership and to set out a Town Investment Plan with a clear vision, strategy and delivery proposals in place, which reflect the ambitions of, and deliver for, local people. The Board consists of key stakeholders from public sector organisations, private businesses, and not-for-profit organisations, to ensure a diverse range of views are represented.

Stevenage Development Board

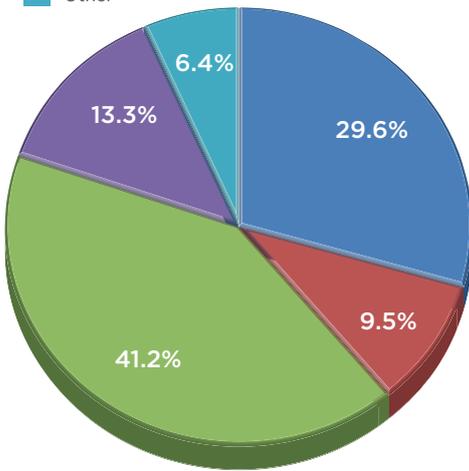


You said...We did. Engaging with the community

Engaging with all parts of the community, and using your views to shape the proposals, is a key focus of the Stevenage Town Investment Plan. We are delighted that so many people have got involved so far, and look forward to delivering projects alongside the community.

Visitor Centre and MyTown Feedback Topics - Present

- Accessibility & Transport
- Creating Great Spaces
- Vibrant Town Centre Offer
- Community & Aspiration
- Other



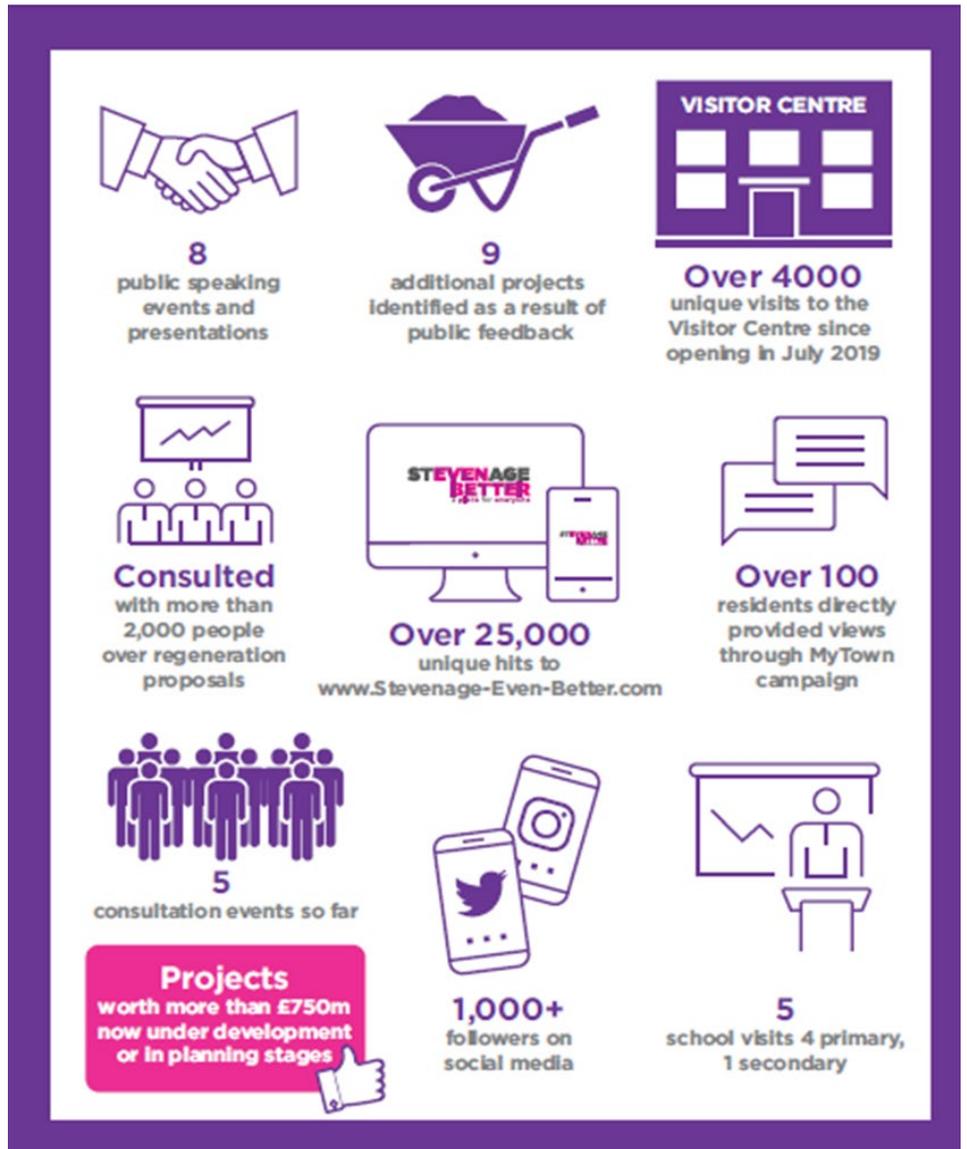
You said, we did...

your feedback has included comments such as ...

“Make more of the fact we are the UK’s first New Town”

“New and improved sports and leisure facilities”

“Upgraded roads and pedestrian paths”



A 21st Century New Town vision – the ‘STEM City’ of the future

As the UK’s first New Town, Stevenage was founded on innovation, with a pioneering approach that set a blueprint for building new communities across the UK and Europe. Our vision is to build on our New Town values and unlock growth in some of the UK’s cutting-edge sectors, in a way which promotes and delivers opportunities for local people.

The Future Vision for Stevenage



What does this mean for me?

Local Outcomes

- ✓ Diversifying the town’s retail offer
- ✓ Delivering new employment space
- ✓ Radically enhancing public realm
- ✓ Building an evening economy
- ✓ Creating footfall and activity boosting post-Covid recovery
- ✓ Unlocking infrastructure
- ✓ Enabling private sector investment
- ✓ Establishing a gateway for international business and visitors
- ✓ Securing new locations for high value business, innovation and incubation space
- ✓ Creating connections between jobs, skills and people
- ✓ Delivering critical mass at a key interface point between Bioscience cluster and town centre
- ✓ Providing for skills infrastructure
- ✓ Transforming Stevenage’s image
- ✓ Levelling-up skills and employment for local people
- ✓ Improved sustainability of transport network
- ✓ An arts and culture offer that is accessible and attractive
- ✓ Deliver clear pathways to employment for young people

Regional / National Outcomes

- ✓ **Stevenage** – the heart of the UK’s Bioscience and Life Science capabilities
- ✓ Designation by the DIT as a High Opportunity Area for Cell & Gene Therapy
- ✓ Identified by the Government as one of six Life Science Opportunity Zones (2019) and centre stage in the Government’s two Life Science Sector Deals (2018)
- ✓ **Stevenage** – responsible for 7% of the global Cell & Gene therapy market, 27% of Europe. Unique opportunity for Stevenage to grow its global market share further and benefit from projected growth of CAGR 30% by 2025, worth an estimated £750m p.a to Stevenage’s economy, and up to 5,000 jobs at a wide range of levels and access points.
- ✓ Unrivalled opportunity for the Towns Fund to support this strategic potential for UK plc
- ✓ Boost regional economic recovery from the impact of Covid-19.
- ✓ Restore and celebrate the county’s first New Town as a place of hope and aspiration.
- ✓ Deliver the Government’s clean growth and levelling up agendas.

Stevenage Town Investment Plan projects

1

Station Gateway

Much of the town's original New Town infrastructure has aged, leaving facilities that are no longer fit for purpose for the town's businesses and residents. The Gateway provides an opportunity to address this and to transform an area characterised by roads, surface level car parking and poor-quality buildings into a new thriving commercial and residential quarter for the town.



2

Stevenage Technology & Innovation Centre

New 4,000sqm State of the art Innovation & Technology Centre to be operated by North Hertfordshire College in partnership with key businesses to provide new training opportunities.



10

Digital Infrastructure - hyperfast broadband

Feasibility study to assess what is needed in terms of infrastructure investment for the Town Centre and Gunnels Wood Road employment area to help accelerate new digital technology provision.



9

Gunnels Wood Road Infrastructure improvements

HCC, SBC & Herts LEP are proposing investment into the existing transport infrastructure on Gunnels Wood Road employment area to address identified capacity constraints that could limit new employment development.



Stevenage Town Investment Plan projects

8

Cycling & Pedestrian Connectivity incl. Heritage Arts Trail

Stevenage already has very good cycling and pedestrian infrastructure, but parts have become fragmented and disconnected with redevelopment and with a lack of investment, parts are now considered unsafe.

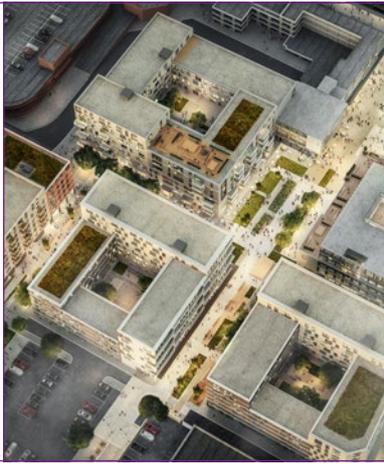
A five-phase strategy is proposed. Progress is already underway with the first phase as part of the delivery of the Town Centre SG1 redevelopment. This project aims to extend and build upon this momentum to deliver the next two phases, phases 2 and 3.



3 National New Towns Heritage Centre

New Heritage Centre celebrating Stevenage's contribution to the 20th century urban planning movement and new models of urban development.

To be incorporated into the new Civic Hub as part of SGI



4 Town Enterprise Centre

New Enterprise Centre in the heart of the town centre with space for labs, workshops, co-work/hot desks and meeting rooms through the use of digital creativity and technology to harness the strength of the existing life science, satellite and digital sectors.



5 Marshgate - Biotech Office & Key Worker Housing

A new mixed-use development on a key Town Centre site that will directly respond to the need for additional space (Office/ Tech Labs 76,437 sq.ft) to meet continued growth of Stevenage's specialist bioscience cluster, whilst at the same time also meeting the need for local key worker housing on the site (69 units). Delivery via SBC/Reef.



6 Sport & Leisure Hub at Town Centre Gardens

A new consolidated state of the art Sport and Leisure Hub adjacent to the main town centre green space. New sports hall, fitness gym, 25 metre pool, teaching pool, café, car park.

A new focal point for the town, encouraging greater levels of participation in sport, delivering improvements in health and well-being.



7 Garden Square Commercial & Leisure

The delivery of a new Garden Square with cafés and bars, independent enterprise, co-working premises, a high-quality boutique hotel and a new night time economy, with homes above ground floor space overlooking the square. The square will support a wide range of year round outdoor events and activities. The project will also adapt currently vacant shopping units into an open plan independent food court/ market.



“The plan is to expand, celebrate, and offer greater accessibility to Stevenage’s rich heritage, arts and culture. Stevenage will be celebrated as a cultural destination which will drive greater economic growth and well-being.”

Martha Lytton Cobbold

Managing Director

Lytton Enterprises Ltd./Knebworth Estates

“It’s been great to see a high level of engagement and commitment from educational institutions and employers in supporting Stevenage to open up opportunities for further learning and progression into skilled employment. I am delighted that Improving skills, boosting business and opening new educational pathways for young people is one of the main focuses of Stevenage’s ‘Town Investment Plan.’”

Kit Davies

Principal and CEO

North Herts College

“The Hertfordshire Chamber of Commerce fully support and endorse the Stevenage Town Investment Plan. It will help drive growth, entrepreneurship, and innovation plus inward investment and employment to Stevenage and the county”.

Briege Leahy - CEO Herts Chamber of Commerce

“I think the work on Stevenage is fascinating – such a diverse town with huge potential, whilst suffering some of the worst deprivation in the county. The way that pockets of innovation, creativity and wealth sit alongside poverty, lack of skills, teenage pregnancy, 3rd generation unemployment etc. has always been something I’ve been interested in. I went to school in Stevenage so saw first-hand what it was like for some of my friends and their families who were struggling. But I also saw how giving access to opportunities through education and employment could transform lives and break generational cycles”.

Anna Morrison CBE - Amazing Apprenticeships

“Government, developers and investors must be brave and be prepared to think differently and work together to create outcomes that benefit everyone. Unlocking growth in the UK and levelling up our towns is critical to our long-term success as a country. Our town centres can be enablers of this future growth, and the investment, design and development decisions made today will set the trajectory for a decade of recovery. I hope – and believe – that our plans to transform Stevenage will see a change in the way we deliver town centre regeneration across the country.”

Mark Reynolds

CEO Mace,

Developer for SG1 in Stevenage town centre

“Based on the GSK campus, Stevenage Bioscience Catalyst is also home to the Cell & Gene Therapy Catapult, LifeArc, Cytiva and over 40 growing technology companies which together have raised over £1.6bn since 2012. Of this, 70% of the funding is for Cell and Gene technologies placing it at the centre of the largest Cell and Gene cluster in Europe. It has been estimated that there is potential within the cluster for over 250,000 sq ft of private sector funded development delivering 2,100 direct jobs over 10 years. The clear vision, strategy and delivery proposals put forwards by Stevenage Development Board as part of the Town Investment Plan will play a pivotal role in making this happen”.

Sally Ann Forsyth OBE MPhil, PhD, CGMA

Chief Executive Officer

Stevenage Bioscience Catalyst.

“For The Wine Society, reliant on a local workforce, these are exciting proposals that will enable local people with aspirations, to develop their capabilities and take advantage of the opportunities in Stevenage across a diverse and rich range of businesses”.

Steve Finlan

Chief Executive

The Wine Society

Heads of Terms offer for Stevenage

Introduction

Stevenage was designated the UK's first new town, in 1946. It was founded on innovation, with a pioneering approach that set a blueprint for building new communities across the UK and Europe. It benefits from its key strategic location - it is at the heart of the Cambridge-Oxford-London 'golden triangle' and it has good road, rail and air connections. It has been identified as one of six Life Science Opportunity Zones by the Office for Life Sciences and as a High Potential Opportunity area by the Department for International Trade.

Nevertheless, Stevenage faces several challenges. Most significantly: ageing infrastructure and architecture, a town centre which is over reliant on retail, a lack of space for businesses to grow and a resident population that is in danger of being left behind in terms of skills and earnings.

Government will work with Stevenage Borough Council and its Town Deal Board to support the delivery of a Town Deal, with the goal of ensuring all Stevenage residents have a share in the town's success.

The commitment

This document lays out the Heads of Terms offer to Stevenage, under the Towns Fund. This is not a contractually binding document and the offer is subject to various conditions being met. The Heads of Terms will act as a Memorandum of Understanding for the future development and delivery of Stevenage's Town Investment Plan and project proposals. It sets out joint expectations as Stevenage enters the business case development phase.

Government will provide up to **a total of £37.5 million from the Towns Fund**, which will be used to build on its New Town values and unlock growth in some of the UK's cutting-edge sectors, in a way which promotes and delivers opportunities for local people.

Stevenage has proposed a range of projects that will contribute towards achieving this vision. These include:

- Delivering the Stevenage Technology & Innovation Centre
- Developing the Stevenage Station Gateway
- Implementing the National New Towns Heritage Centre
- Improving the Gunnels Wood infrastructure
- Developing the Sports and Leisure Hub
- Implementing Digital infrastructure
- Creating the Stevenage Enterprise Centre
- Delivering Pedestrian and Cycling connectivity
- Developing Marshgate Biotech Office and Key Worker Housing
- Delivering the Garden Square

Stevenage Borough Council will need to prioritise these projects within the funding envelope being offered. The higher funding offer has been made based on the case Stevenage made for the national significance of its life sciences ambitions, therefore priority should be given to projects that directly contribute to furthering this ambition. Funding for individual projects will be subject to successfully completing Phase 2 of the Towns Fund process. This includes detailed project development and business case assurance at local level.

Process, governance and assurance

Local partners will work with government to demonstrate the feasibility, viability and value for money of their projects by developing and submitting the Town Deal Summary Document,

including (as per the Further Guidance and Stage two guidance: business case development):

- A list of agreed projects
- Details of business case assurance processes followed for each project
- An update on actions taken in relation to the Heads of Terms key conditions and requirements
- A Delivery Plan (including details of the team, working arrangements and agreements with stakeholders)
- A Monitoring and Evaluation Plan
- Confirmation of funding arrangements and financial profiles for each project
- Undertaking Public Sector Equalities Duty analysis
- Approval from the Town Deal Board and Lead Council

Stevenage should conduct project assurance in line with agreed routes for each individual project.

If the priority projects identified for funding do not progress, MHCLG cannot guarantee that funding can be assigned to alternative projects, or that if it is those will be to the same value. This may result in an overall reduction in the amount of funding received.

Within two months of accepting this offer, Stevenage should confirm in writing details of projects being taken forward and a plan for addressing key conditions relating to those projects and the overall Town Investment Plan. This should be sent to towns.fund@communities.gov.uk, copied to the town lead.

Stevenage must then complete business cases for the projects being taken forward and submit the Summary Document within 12 months of the deal being agreed. MHCLG will then provide the agreed funding up to the maximum amount of **£37.5m** for those projects, provided that all of the conditions are met.

Signed:



Chair of the Town Deal Board



Chief Executive of lead Council



MHCLG Secretary of State / Minister

20/04/21

Date



Ministry of Housing,
Communities &
Local Government

**Ministry of Housing, Communities &
Local Government**

Fry Building
2 Marsham Street
London
SW1P 4DF

Tel: 0303 444 0000

www.gov.uk/mhclg

Adrian Hawkins
Chair, Stevenage Town Deal Board

Matthew Partridge
Chief Executive, Stevenage Borough Council

15 July 2021

Dear Mr Hawkins and Mr Partridge,

Re: Stevenage Town Deal Grant

Thank you for confirming the projects you wish to take forward as part of Stevenage Town Deal.

Further to the Heads of Terms issued on 3 March 2021 and subject to completion of the conditions and satisfactory Summary Documents, Ministry of Housing, Communities and Local Government ('MHCLG') agrees to allocate funding up to **£37.5m** across financial years 2021/22 to 2025/26. Funding from 2022/23 onwards remains subject to the outcome of the Spending Review.

The indicative allocation for each year, based on the information you have provided to date, is set out in Annex A. The agreed funds will be issued annually as non-ringfenced grant payments under **Section 31 of the Local Government Act 2003**. It is for Section 151 officers to determine eligible project expenditure, but this must be within the total Town Deal award and must support the projects agreed by MHCLG.

MHCLG's requirements of the Town Deal Board and its accountable body:

- The accountable body must implement for each business case the project assurance process specified in the Heads of Terms. After that the accountable body must submit to MHCLG the [Summary Documents of the business cases](#). The accountable body need not submit Summary Documents for projects for which MHCLG has already requested a full business case. I encourage you to complete this process as quickly as possible, and my team stand by to support you alongside the Towns Fund Delivery Partner.
- MHCLG should be **notified in writing of the dates when you expect to submit summary documents**, either through CLGU Leads or directly to the Towns Fund inbox. This will ensure that summary document review by MHCLG can take place in a timely way and funding can be released, subject to the documents being approved. The Department should also be notified if these dates change at any point.

- Submit any planned changes to project spend, outputs or outcomes, cost benefit projection/value for money, or the monitoring and evaluation plan as a project adjustment request to the relevant Towns Fund lead. Note that if the proposal is to cancel or replace a given project, MHCLG cannot guarantee that equivalent funding will be assigned to alternative projects.
- Pay regard to responsibilities under the accountable body's **Public Sector Equality Duty** as set out in **Section 149 of the Equality Act 2010** when apportioning Town Deals funding.
- Comply with MHCLG's mandatory **monitoring and evaluation** requirements, signing up to a monitoring and evaluation plan including relevant indicators and targets for these indicators, and reporting twice a year on inputs, activities and outputs. This includes collecting accurate data and using the agreed metrics and methods as set out in our [M&E guidance](#) shared in April 2021. MHCLG reserves the right to quality assure data and conduct site verifications. Subsequent grant payments will be made after the annual reporting cycle has concluded.
- Adhere to the [Towns Fund Communication and Branding Guidance](#) issued in May 2021.

I would encourage you to start preparing your summary documents as soon as possible, taking advantage of the support on offer from your named lead and the Towns Fund Delivery Partner. The documents should be submitted by email to towns.fund@communities.gov.uk, no later than 24 March 2022.

I would like to thank you again and look forward to working with you to make your plans a reality.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'BEA', with a long horizontal stroke extending to the right.

Beatrice Andrews

Deputy Director - Funding Delivery, Cities and Local Growth Unit

Enc. Annex A Financial profiles

Annex A Financial profiles

Total budget	20/21(£)	21/22 (£)	22/23 (£)	23/24 (£)	24/25 (£)	25/26 (£)	Total (£)
	0	700,000	8,150,000	12,100,000	9,150,000	7,400,000	37,500,000

Project	Total (£)
Stevenage Enterprise Centre	4,000,000
Gunnels Wood Road Infrastructure Improvements	1,000,000
Station Gateway Enabling Works	6,500,000
Marshgate Biotech	1,750,000
Stevenage Innovation & Technology Centre	5,000,000
National New Towns Heritage Centre	2,000,000
Stevenage Sports & Leisure Hub	10,000,000
Cycling Connectivity and Arts & Heritage Trail	3,500,000
Town Centre Diversification & Garden Square	3,750,000
Total	37,500,000

RDEL/CDEL	20/21(£)	21/22 (£)	22/23 (£)	23/24 (£)	24/25 (£)	25/26 (£)	Total (£)
RDEL	0	50,000	50,000	0	0	0	100,000
CDEL	0	650,000	8,100,000	12,100,000	9,150,000	7,400,000	37,400,000

This page is intentionally left blank

Part I – Release to Press



Meeting Executive
Portfolio Area All
Date 15 September 2021



CORPORATE PERFORMANCE QUARTER ONE 2021/22

KEY DECISION

Authors Chloe Norton | 2501
Contributor Charlie Smith, Assistant Directors | 2457
Lead Officer Matt Partridge | 2456
Contact Officer Richard Protheroe | 2938

1 PURPOSE

1.1 To highlight the Council's performance across key priorities and themes for quarter one 2021/22.

2 RECOMMENDATIONS

- 2.1 That the delivery of priorities which form the Future Town, Future Council Programme and performance of the Council across the key themes for quarter one 2021/22, together with the latest achievements, be noted.
- 2.2 That the continued impacts of COVID-19 on the homelessness preventions service and actions to recover are noted (para 3.60 to 3.74)

- 2.3 That the issues with sheltered voids and void loss are noted and plans to improve performance are endorsed (para 3.75 to 3.86)
- 2.4 That issues with asbestos and the letting of council garages and the planned measures to improve performance are noted. (para 3.91 to 3.98)
- 2.5 That work with the BTC to recover from the impacts of COVID-19 is monitored (para 3.89 to 3.90).
- 2.6 That work to investigate issues with late complaint closures continues and actions are implemented to ensure complaints are dealt with in a timely manner (para 3.99 to 3.106).
- 2.7 That issues with satisfaction of the Council website are monitored and issues are addressed utilising the new customer feedback panel (para 3.123 to 3.125).
- 2.8 That challenges within the Customer Service Centre are noted and improvement plans endorsed (para 3.107 to 3.122)

3 BACKGROUND

Future Town Future Council Programme

3.1 Members approved the FTFC Cooperative Corporate Plan in December 2016. This sets the Council’s focus on cooperative working and outlines the key outcomes and priorities for the town through the Future Town, Future Council (FTFC) Programme as seen in Figure 1.



Figure 1: Future Town, Future Council Programme

3.2 At the Council meeting on 24 February 2021, Council agreed to continue with the current Co-operative Corporate Plan beyond the original 5 year term, subject to further review in autumn 2022.

- 3.3 At its meeting on 14 July 2021, the Executive agreed the deliverables for each of the five FTFC programmes. The town and Council's recovery plans, which have very strong synergies with the corporate plan was separately agreed on 8 July 2020. Progress against the agreed actions is summarised within this report.
- 3.4 'The Council published its Annual Report for 2020/2021, in July 2021. A copy is available online: <https://www.stevenage.gov.uk/about-the-council/plans-and-performance/annual-report>
- 3.5 This report highlights and showcases the Council's achievements in a challenging context and outlines its priorities for 2021/22. The report highlighted a number of successes and achievements from the year, including the construction of the new bus interchange, the development of Queensway North, and the Town Square and securing a £37.5m Towns Fund allocation to support the delivery of the Town Centre Transformation programme.
- 3.6 The Annual Report also set out some of vital work undertaken through the pandemic, providing emergency accommodation to 77 people at risk of rough sleeping, supporting businesses and residents through our Local Outbreak team, and supporting hundreds of vulnerable residents via the Stevenage Helps Hub.
- 3.7 The Report also highlighted the ongoing work to build over 270 new Council homes to date, and invest in housing stock via the Major Repairs Contract and other vital works to Council homes. Stevenage Council teams have adapted and worked hard to maintain service delivery, maintaining over 5 million square metres of grass, achieving five green flag awards for our parks, and 33,500kg of waste collected over the last year, and putting in place a Cooperative Neighbourhood programme to work with residents to improve local areas.

Customer, Place and Transformation and Support

- 3.8 In addition to monitoring progress on the delivery of the FTFC Programme, performance across all Council services is monitored throughout the year to highlight achievements and identify any areas for improvement.
- 3.9 A complete set of performance measures aligned to both service delivery and the FTFC programme delivery is attached as Appendix One. Summaries of performance measure results are outlined at paragraph (para 3.58).
- 3.10 Towards the end of Quarter 4 2019/20, Covid-19 began to impact on both FTFC programme activities and on council services. The Covid-19 pandemic is continue to impact performance in certain areas and is highlighted throughout this report.

COVID-19

- 3.11 Given the ongoing impact of the Covid-19 pandemic, the Council's Directors have provided an overview of current performance. The effects of the pandemic have required the Council to adapt services to provide support for residents and to manage the impacts of the pandemic, for example to scale up the Stevenage Helps and the Local Outbreak teams, including creating a local track and trace team during the most recent lockdown period, support vaccination efforts and maintain critical service delivery. Council teams have reprioritised workloads to address particular challenges, for example, to deliver £22.5Million of business grants and £32Million of business rate reliefs and a range of grants, and working with commercial tenants using a Covid-19 policy to help them pay their rents.
- 3.12 The pandemic has had significant impacts on residents and businesses in the town, which is reflected in areas of increasing demand or pressures in different service areas such as homelessness support and advice, Council Tax and Housing Benefits, income and rents, and the capacity of Environmental Health team who have played a leading role in Local Outbreak Management. In addition, as with similar organisations, the Senior Leadership Team expect there to be continuing high demand for particular services such as homelessness, non-essential repairs and void works to properties, action plans to address the increase in demand are being enhanced.
- 3.13 SBC teams are focussed and engaged on delivery of the agreed priorities, from creating new social and affordable housing, to driving forward the regeneration of the town centre, cooperative neighbourhoods and wealth building.

Future Town, Future Council Programme progress update

- 3.14 The focus and scope of the FTFC programmes for 2021/22 is outlined in Appendix Two. Delivery of the agreed outcomes is monitored to ensure that the Programme remains on track.
- 3.15 Programme delivery updates for the FTFC Programmes together with an outline of any focused activity being implemented to keep the programmes on track are set out in the following paragraphs.

Future Town, Future Council Programmes

Transforming Our Town Programme

Programme Delivery Update

- 3.16 Ongoing discussions have taken place between Mace and the Council regarding demolition arrangements to progress the SG1 programme. A planned start date for these is being considered.

- 3.17 Since an accelerated delivery report was presented to the Executive in Quarter 4 2020/21, work has begun to mobilise both internal and external resources for the next stage of the Hub's development. Progress has included a workshop for the voluntary community sector to ascertain aspirations of future ways of working within the Hub.
- 3.18 Works have continued on site for the bus interchange both externally and internally including the completion of the steel frame canopy, public realm works and work to the internal walls and core.
- 3.19 Plans for the multi-storey car park (MSCP) are now in further development following the Executive approval to part fund the project using Growth Development 3 (GD3) funds. A supplier has been appointed for the design and build and initial scoping meetings have been carried out.
- 3.20 A two month return was submitted to the Ministry of Housing, Communities and Local Government (MHCLG), which included the proposed financial profiling of the £37.5Mmillion Stevenage Town Investment Plan award, plus a draft monitoring and evaluation plan. The final plan is due for submission when all the business cases have been completed.
- 3.21 A £16Million funding bid was made to the Government's Levelling Up Fund. It is anticipated a response will be received in Quarter 3 2021/22.

More Social and Affordable Housing Programme

Programme Delivery Update

- 3.22 All the units at Ditchmore Lane Scheme have now been sold at a higher value than originally forecast. The scheme is currently in the defects period which will end in October 2021.
- 3.23 Internal works continued at the North Road (21 Homes) scheme including the electrical and plumbing work. Work on the show home is being accelerated with the anticipation that the home will be made available in Quarter two. Four properties had been reserved by the end of June 2021.
- 3.24 The Addison House scheme has now been handed over and lettings have been completed for the nine new one and two bed affordable homes. The scheme contains a number of environmental enhancements including triple glazing and waste water heat recovery systems. A further three bedroom house in close proximity to the new development has also been secured from the open market and renovated to provide much needed family sized council housing.
- 3.25 Work has continued at the Symonds Green (29 Homes) housing development scheme. External brick and block work has progressed and internal work continues at pace. Supply chain disruptions caused by the pandemic and the shortage in materials has meant the works have been re-programmed with the

contractor, however this is not anticipated to affect the completion date for the scheme.

- 3.26 Foundation work has completed on blocks A1 and A2 of the Kenilworth Close site and work continues on the properties accessible from Stirling Close. Roof work is being carried out on the Malvern Close properties, which are on track for delivery by the end of 2021. Currently five of the seven homes at Malvern Close have been reserved, at a total value of £3.2Million, which supports the costs of the overall scheme.
- 3.27 Officers continued to work on future redevelopment plans for the scheme at The Oval. Initial discussions were held with UK Power Network (UKPN) over the existing substation on at the site and with the Highways department at Hertfordshire County Council regarding potential alternative access arrangements to the site. The architect is continuing to work on the regeneration document which will also form the basis of initial discussions with local businesses and community groups.
- 3.28 Consultation events on the scheme at Dunn Close were held for local residents. Alongside this, an online consultation has been ongoing with over 1000 responses being received so far.
- 3.29 Progress is being made to establish the Wholly Owned Company (WOC). Proposals for the new governance and required Service Level Agreements (SLA's) have been drafted. The Shared Legal Team has been appointed as the company secretary for the WOC. Two potential schemes have been identified and viability work is currently being carried out in collaboration with Finance colleagues to ensure that the schemes meet the necessary criteria that will enable funds to be drawn down from the loans.

Co-operative and Neighbourhoods Programme

Programme Delivery Update

- 3.30 Work on the Co-operative Neighbourhoods working model has continued to progress this quarter. Meetings between Neighbourhood Teams as well as between Officers and Members are underway in all Neighbourhoods. These meetings are occurring regularly and as the lockdown restrictions ease these have, where practical, been delivered face to face.
- 3.31 The development of community plans has continued this quarter. Ongoing Ward walkabouts and pop-up engagement events are helping to inform. Feedback collated from these events and through the town wide residents survey will ensure all stakeholders are directly involved in the six community plans.
- 3.32 Noticeboards have been erected across Stevenage and are being used to display notices for resident who do not have easy or regular access to the internet. Neighbourhood Wardens are continuing to update the noticeboards and are engaging with the community in response to issues that are raised.

- 3.33 There are five legacy projects from monies committed through New Homes Bonus funding due to be completed this year. Three have been completed this quarter including artwork to underpasses in St Nicholas and Martins Wood and environmental installations at the ABC Park.
- 3.34 An independent chair was appointed for the Council's Equalities Commission, and initial planning for the first meeting was developed. Governance for the commission is in place and a programme of activities and engagement is in development.
- 3.35 The second phase of the flat block refurbishment programme has reached practical completion. The pandemic continues to affect material and labour supply to the programme, but this is being monitored closely by the Council's contractors.

Making Your Money Count Programme

Programme Delivery Update

- 3.36 An initial review of 2021/22 savings achievability has been undertaken by the Assistant Director (Finance and Estates). The timing of implementation of some savings have been re-profiled which has caused an in year pressures reflected in the financial projections incorporated in the General Medium Term Financial Strategy Report, which is being considered alongside this report at the September Executive.
- 3.37 The Locality Review identified land disposal sites approved by Members in 2020/21. The capital receipts generated will be utilised in lieu. Revenue contribution to capital (RCCO) which means no revenue resources will be needed to fund capital up to and including 2026/27. This is of course subject to sale receipts being realised and the values being in line with expectations.
- 3.38 A managed contract to raise income from sponsorship started in quarter one. This Corporate Advertising and Sponsorship Framework has also been agreed and should start to generate income for the Council.
- 3.39 Successful recruitment was made to the Commercial officer posts for both trade waste and corporate activities. These appointments will assist with driving the Council's commercial agenda forwards.
- 3.40 The Senior Leadership Team (SLT) are working with the Council's transformation partner to identify opportunities to improve customer service delivery and enhance the customer experience, whilst also improving the council's financial position. It is anticipated that this will be achieved by:
- Modernising the service offer with digital options
 - Cutting out waste by shortening processes
 - Implementing a customer-focused culture to prevent demand failure

A Clean, Green, Safe and Thriving Town Programme

Programme Delivery Updates

Clean and Green

- 3.41 A review of the bulky waste service was undertaken and the findings were presented to the Commercial and Investment Executive Working Group. A pilot was approved as part of the 2020/21 Quarter 4 monitoring report. The current pilot will continue until next year; at which point it will be reviewed to help determine the future charging arrangements which will be reflected in the fees and charges scheme for 2022/23.
- 3.42 Improvements were made to recycling banks at three pilot sites across the town. This included new bins and clear signage to help avoid cross contamination. These sites will be monitored and if successful could be rolled out to further areas within the town, however this will be dependent on funding being available.
- 3.43 Two Council run events for the Great British Spring Clean were successfully delivered in Shephalbury Park and Chells Park. Although both events were promoted via social media, officers were mindful of national restrictions in how many people were able to participate, so promotion was purposefully limited.
- 3.44 Work is progressing to establish new meadowland within six locations across the town as previously agreed by Council and contributing to budget savings for the General Fund in 2021/22.

Healthy Stevenage

- 3.45 The Stevenage Diabetes Prevention Project, which is funded by the Council through the Stevenage Together Partnership, was re-launched following the easing of the national COVID-19 restrictions. The project aims to help educate and prevent the development of type two diabetes in its participants, through free health tests, nutrition advice and use of the facilities at the Stevenage Leisure Limited facilities: the Arts and Leisure Centre, Swimming Centre and Golf Centre.
- 3.46 The Young People's Healthy Hub, with support from partners, hosted a basketball roadshow offering free basketball sessions to young people in parks across Stevenage during the half term period. The sessions had very positive feedback, with some sessions attracting up to 50 young people.

Community Safety

- 3.47 A special meeting of the Community Safety Responsible Authority Group (RAG) was held to focus on community safety for women and girls. The extraordinary RAG was attended from partners who support women in Stevenage. Following the meeting a smaller group met and will be launching a "women's centre" project for six months in Stevenage. The centre will be open initially two days per week and will be managed co-operatively with

partners. Women will be able to access services and attend appointments safely.

- 3.48 The No More Youth Service pilot has commenced around the County to tackle young people becoming involved in criminal activity. Further funding has been agreed through the Police and Crime Commissioner (PCC) to extend the project for two years.

Stevenage Re-Imagined

- 3.49 Funding from the Hertfordshire Community Foundation was secured to support BAME communities most impacted by COVID-19 through racial equality training, community networking and intelligence building, and mental health support sessions. Working with key partners, webinars and mental health sessions were delivered through quarter one with high levels of attendance and participation. This has generated new partnerships with health services and decision-makers to address racial inequality. An additional £5K has also been secured, which will further enable partners to create legacy elements for the project, such as an exhibition of programme and archive content.
- 3.50 A Young Songwriter programme was completed by co-producers Practice Rooms and Stevenage Music Centre. This platforms young, local songwriters and gives them an opportunity to work with professional musicians and recording studios. Songs have been produced and are now in public release and promotion phase.

Community Wealth Building

- 3.51 Training has been provided to key officers on the Social Value Portal with support from the Council's Procurement team. The portal will be used for all major contracts and will tie into the work previously undertaken by Stevenage Works.
- 3.52 A bid, titled: Community Wealth Building Together has been submitted to the MHCLG having been signed off by the Herts LEP. This bid was led by SBC officers and is seeking £700,000 in funding to support Community Wealth Building Activities throughout Hertfordshire. This includes integration with the Hertfordshire Opportunities Portal and a grant scheme for micro and VCSE organisations looking at skills and job creation. The Council is currently waiting to hear whether its bid has been successful.

Climate Change

- 3.53 The Climate Change Citizens' Panel has been completed and the recommendations of the Panel Report incorporated into the Climate Change Action Plan and Communications and Collaborations (C&C) Plan. Future engagement will come through the C&C Plan.
- 3.54 Stevenage signed up to Net Zero Leadership Club, having already signed up to the Race to Zero online platform as part of the UN Climate Change Conference of the Parties (COP26) global Race to Zero campaign and UK100

pledge. This shows the Council's commitment to achieving net zero carbon emissions by 2030 and working towards Stevenage wide net zero carbon emissions by 2045.

- 3.55 Executive Members are to receive a detailed update on the Council's Climate Change Action Plan during quarter 3.

Sustainable Transport

- 3.56 The emerging Stevenage Connections Area Action Plan has been prepared for extensive public consultation as the first step towards adoption. Consultation material, including video, leaflets and online surveys, has been finalised and officers undertook the first steps to gauge public opinion by setting up and manning a stall at the railway station. The formal consultation will run the course of the summer before officers assess the responses and determine how best to incorporate them into emerging policy for the area.
- 3.57 Consultation on detailed plans for a major cycling scheme on North Road has started. This follows detailed discussions between Hertfordshire County Council (HCC) Highways department and Council officers to develop the scheme which has secured multi-million pounds in funding from the Department for Transport's Emergency Active Travel Fund. The scheme was identified as a priority by HCC and SBC based on its inclusion in the Council's Local Cycling and Walking Infrastructure Plan.

Corporate Performance highlights and areas for improvement

- 3.58 Results for the full set of current corporate performance measures across all themes (FTFC programme and the Customer, Place and Transformation and Support themes) are attached as Appendix One. The overview of these results for April 2021 to June 2021 are outlined below:

Number of Measures Reported	Meeting or exceeding target	Amber Status (within a manageable tolerance)	Red Status (urgent improvement action required)	Missing Data
57	43	5	8	1*

* (Explanations in paras 3.129 to 3.132) ECHFL5: Repairs satisfaction missing)

- 3.59 A summary of areas for improvement for April 2021 to June 2021 is set out in the following paragraphs across the three key delivery themes: Customer, Place, and Transformation and Support.

Spotlights and Areas for Improvement

3.60 The measures below were reported to be at red or amber status for Quarter 1.

Homelessness Preventions

BV213: Homelessness Preventions

- June 2021 (original) target 90 preventions
 - June 2021 (revised) target 40 preventions
 - June 2021 actual 37 preventions (amber based on revised target)
- 3.61 The Medium Term Financial Report includes quarterly monitoring projections (Appendix B) which gives an update on homeless cost projections for 2021/22. Currently there are 207 placements in Temporary Accommodation and 75 of those cases are placed into bed and breakfast at the time of writing the report.
- 3.62 The Council's Homelessness Services are continuing to face increasing service demand and increased costs due to the following factors:
- Increasing homeless presentations to the Authority
 - The introduction of the Homelessness Reduction Act in 2018 which has caused cases to remain in temporary accommodation for a much more substantial period
 - Reduced prevention options,
 - Pressures placed on Local Authorities under the Everyone In directive
 - Challenges of operating services throughout the pandemic.
- 3.63 The current homelessness caseload is 646, an increase of 103 on the total for the previous quarter. This includes those who are seeking housing advice, but who may not currently be threatened with homelessness. Prior to March 2020 clients from this sector made up a significant proportion of the Housing Options Team's caseload. The complexity of the issues faced by presenting clients also remains challenging.
- 3.64 Based on projections for 2021/22 it is anticipated that the Council will face a 10% increase in emergency temporary accommodation placement numbers before the end of the 3rd quarter of this financial year.
- 3.65 The problem of placing homeless families has been exacerbated by a moratorium of evictions for arrears during 2020/21 and into 2021/22. The number of private rented sector (PRS) properties becoming vacant and available for re-letting has reduced significantly. This is in part to do with the ban on evictions which was in place for 16 months from April 2020 and in part from economic issues impacting on the ability of tenants to move on and release these units for re-let.
- 3.66 The eviction ban has also impacted on the preventions the Council has achieved from tenancy sustainment interventions in both the private rented

sector and in social tenancies. Historically officers have prevented homelessness by interventions at notice stage, at the Possession order stage and on the receipt of a bailiff's warrant none of which have been necessary with the restrictions in place.

- 3.67 Affordability issues have also impacted on individuals' ability to secure their own PRS tenancies even with the financial support for deposit and rent in advance payments which we offer.
- 3.68 Families in overcrowded situations have also been less willing to allow family members to remain in their properties for extended periods because of the difficulties and tensions of the lockdown period, reducing the preventions possible through this route. Family mediation has been less possible with the lack of face to face contact and in the earlier days of COVID-19 there was a reluctance to allow home visits to take place.
- 3.69 Due to the above factors it will not be possible to achieve the original set target of 360 preventions in 2021/22. It is therefore recommended that the homelessness prevention target for this financial year should be readjusted from 360 to a more realistic target of 160 preventions.
- 3.70 To help achieve the revised target the Council has recruited two new Housing Options Caseworkers, two Senior Housing Options Caseworkers and three Rough Sleeper Co-ordinators. A further 12 month fixed term Housing Options Caseworker appointment was agreed in July.
- 3.71 As the new staff come into post and are trained the Housing Options team hope to be able to catch up on casework and strive to increase preventions and to reduce the total number of active cases that have built up during the three national lockdown. This should also assist to ease the numbers in emergency/temporary accommodation.
- 3.72 To help meet future homelessness need the Council will continue to block book hotel accommodation until the end of this year in order to ensure access to the number of units required and at a preferential rate and the costing include these block bookings until end of December 2021.
- 3.73 The Housing Development and Housing and Investment are also working in partnership to identify future accommodation opportunities to reduce the need to use bed and breakfast to secure additional units (30) from January 2022.
- 3.74 Taking steps identified in the temporary accommodation action plan, including the provision of a pipeline of additional units coming on board over this financial year and financial year 2022/023 will also help.
- 3.75 Officers are also reviewing other Hertfordshire authorities homeless trends which are currently lower to understand the drivers in Stevenage and review SBC processes.

Void Loss, Voids Sheltered, Voids Sheltered Major Works & Voids General Needs Major Works

VoidLoss1: Void Loss in year (£)

- June 2021 target £82,767
- June 2021 actual £148,145 (red)

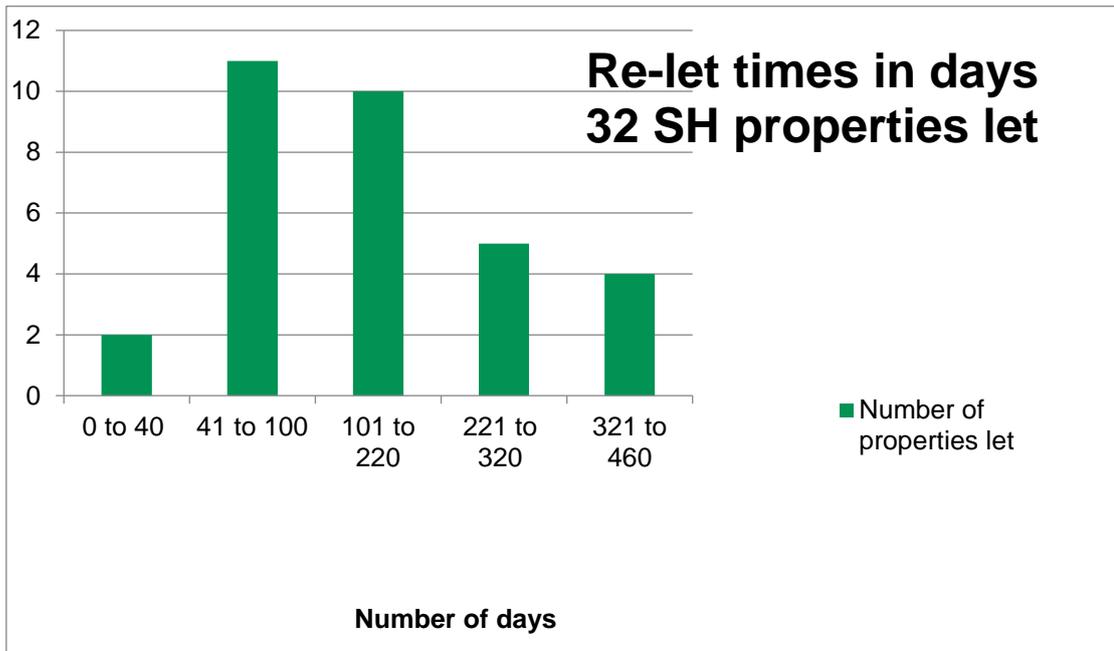
VoidsSheltered: The time taken to relet standard sheltered voids

- June 2021 target 70 days
- June 2021 actual 161.5 days (red)

Voids ShelteredMW: The time taken to relet major works sheltered voids

- June 2021 target 70 days
- June 2021 actual 99.67 days (red)

- 3.76 Void loss is higher than forecast for quarter one as there has been a significant increase in the number of tenants moving following the lifting of the national COVID-19 restrictions. The increase in void property numbers has an upward pressure on void losses and this is reflected in the increase to £148,145 in June. Other impacts include the delays in sourcing certain materials to complete void works, and the time taken to place certain prospective tenants into properties because of their specific support needs, as in the case of complex social issues and elderly clients.
- 3.77 Officers are taking action to reduce these impacts by streamlining the lettings process by completing lettings within six working days, and reducing the verification process to five working days. This coupled with the stabilisation of the volume of voids occurring to normal levels should enable the void loss target to be substantially improved by December 2021.
- 3.78 Void turnaround performance for General Needs properties is within target, due to the performance from 'Keys Received' (KREC) to 'Ready To let' (RTL), which when taking into account the challenges faced in the last year (restrictions on movement etc.) is positive.
- 3.79 Repairs turnaround in Independent Living properties remains under target and whilst lettings performance in this area is showing as poor, this is a positive as the historic list of void properties is being addressed robustly for the first time in many years, which will have a negative effect on the Council's Sheltered Voids Key Performance Indicators during 2021/22 whilst this is addressed.



3.80 The table above illustrates that 30 of the 32 Supported Housing properties let in Quarter one had been longer term voids. This has been a result

3.81 The Specialist Accommodation team is proactively working to let the remaining SH Standard and Major properties that have been historically void for a long time, as well as the properties that are returned continuously. This includes actively contacting new applicants to the housing register who are eligible for Independent Living and providing assistance to move where required. As the properties that have been empty for some time are let, we will inevitably see an increase in the time reported to let void sheltered properties.

3.82 The Specialist Accommodation team have proactively worked to let these historically empty properties and inevitably the lettings targets for sheltered housing voids will be affected.

3.83 The level of void activity has increased with some 26 standard sheltered units falling void during quarter one. Therefore the Voids team have faced a significant challenge in respect of maintaining the turnaround target of 70 days because of the increase.

3.84 A further 12 properties became void during quarter one involving a deceased tenant. Due to the increased complexity of such cases at this time it is affecting the time taken to prepare such properties and re let them. Further management activity to prepare homes in sheltered housing for those decanting from larger council owned accommodation has also increased days vacant as this takes additional time to complete.

3.85 Additional void times are also being incurred as part of the Flexi Care project, with some 11 voids currently held for County nominations. Officers are in discussions with HCC to review void levels through Flexi Care and will be seeking to discuss void times and rent loss compensation to mitigate this present issue. It is anticipated therefore that a positive reduction in the current 161.5 days will be achieved by the next reporting timeline.

- 3.86 Officers are currently reviewing resources allocated to the sheltered housing relet process. Steps are also being taken on how sheltered housing units are treated where they have been identified for repurposing or redevelopment to give a more accurate indication of re-let times and associated void loss.
- 3.87 The performance for Sheltered Major Works has not achieved target in part due to studio conversions being undertaken to make properties more attractive to prospective tenants through the Council's MRC Programme. These works extend void periods and impact the target. Material supply chain delays have also affected the time taken to complete works involving major works. Officers are also to review the classification of what constitutes a 'major works' property and this may also assist in returning to target day objectives.

Community Safety

CS8: Anti-social behaviour per 1,000 population

- June 2021 target 8
- June 2021 actual 11 (red)

CS10: Domestic Abuse per 1,000 population

- June 2021 target 5.7
- June 2021 actual 6.07 (amber)

- 3.88 The data for these measures is provided by the Police and HCC, therefore the Community Safety team have minimal control.
- 3.89 The Police have advised that ASB levels and crime in general is back to "pre pandemic normal crime level" when compared to 2019 data. The Community Safety Team is working closely with Police colleagues and partners including councillors to target hotspot areas of ASB and nuisance.

Jobs Created through the Business Technology Centre

BTC1a: New jobs created through the BTC (ytd)

- June 2021 target 15
- June 2021 actual 12 (red)

- 3.90 The jobs created through the Business Technology Centre (BTC) during Quarter one 2021/22 did not meet the target; however WENTA (the Council's managing agent) still managed to create 12 jobs during challenging economic circumstances, this is better than any quarter in 2020/21.
- 3.91 The latest quarterly return has been steady at the BTC, with some businesses outgrowing the BTC and moving on, but also downsizing or moving to work from home. The BTC has also seen start-ups and new businesses take up space at the centre through this period. It should be noted that during the pandemic the BTC has achieved its target for new business start-up this financial year.

Garage Voids

CNM2g: Garage Voids as a Percentage of Stock

- June 2021 target 15.6%
- June 2021 actual 16.7% (amber)

- 3.92 During Quarter one there were a number of issues which impacted on the garage void performance.
- 3.93 The detection of asbestos fibres in garages has affected the overall void rate due to a number of voids requiring specialist asbestos removal or containment measures. This is making offers on void garages in Bedwell, Broadwater, Old Town and Shephall particularly difficult at this time. The garage income projections for 2021/22 are in the September 2021 General Fund Medium Term Financial Strategy Executive Report, as a result of rental income being impacted by asbestos, in approximately 442 or 6.5% of the stock.
- 3.94 Before each garage in these areas can be offered out to tenants, an asbestos report must be obtained and necessary works undertaken. Due to the impact of COVID-19, the external contractor providing the reports is experiencing difficulties in returning the reports within the agreed turnaround time, which has therefore delayed the turnaround time on void garages. The contract continues to be closely monitored and measures have been put in place to help increase the report turnaround times.
- 3.95 Options are also being appraised to help identify the most cost effective measures that will enable asbestos impacted void garages to be brought back into a lettable state.
- 3.96 The focus for the next few months will be to see how much 'temporary' work can be undertaken e.g. cleaning and encapsulation to be able to safely put the garages back into use. Enquiries are now taking place with contractors to see what might be possible in terms of undertaking works.
- 3.97 The Garages Management team are actively reviewing high demand voids to match these to applicants on waiting list as well as decreasing the turnaround time on the terminations received. The team are progressing with moving to Choice Based Lettings which will enable the team to actively promote batches of available garages on a weekly basis for bidding by applicants. The team will be aiming for an excess of 30 offers per week against current levels of 20 per week. A marketing campaign will accompany this. It is anticipated that this will have a positive impact on the void rate for the future quarters.
- 3.98 Regular calls are being carried out by the team to chase applicants for a response from the offer letter. This enables the team to quickly re-offer the garage to the next applicant or act a prompt to encourage the applicant to make the appointment for collection of keys. They are still continuing to aim for a 50% acceptance rate per month with this having been achieved for May.

- 3.99 The majority of the Voluntary and Community groups who are using garages in high demand garage compounds have been offered and/or been transferred to garages elsewhere within the town with the objective that the Council can meet the needs of residents who are waiting for garages in high demand areas.

Complaints responded to within deadline

CTOC1: Percentage of customer complaints responded to within deadline

- June 2021 target 95%
- June 2021 actual 69.66% (red)

- 3.100 Quarter 1 performance was 69.66% which is lower than the Q1-Q4 2020/21 performance figure of 92.31%. There was however more flexibility on complaint deadlines in Q1-2 last year to account for the operational changes and redeployments needed to support COVI-19 pandemic work.
- 3.101 Housing performance Quarter one 2021/22 was 70.07%, compared to 2020/21 91.26% and 2019/20 96.53%.
- 3.102 Non Housing performance Quarter one 2021/22 was 69.38%, compared to 2020/21 93.18% and 2019/20 92.03%.
- 3.103 Late complaint closures in Quarter one have primarily come from four services: Repairs, Residents & Estates, Environmental Health and Engineering Services.
- 3.104 The total number of received complaints in Quarter one was 50% more than the same period in 20/21, and 30% more than the same period in 2019/20, (often about service delays caused or compounded by the pandemic).
- 3.105 High customer demand is also compounding officer capacity to respond to complaints within target timescales. In some cases it's been found that complaints were closed with the customer on time, but had not been closed in the system, and so have had their closure date retrospectively amended.
- 3.106 The Customer Focus team is providing monthly reports for each service area showing performance to help improve resolution timescales.
- 3.107 The Assistant Director Digital and Transformation has established a monthly working group with key service managers to identify issues and solutions. Reminders have been sent to service managers on the correct process for handling a complaint, and additional help has been offered to the services that are struggling most. It is anticipated that monthly performance will start to improve following the introduction of pre-mentioned measures.

CSC12: Percentage of calls abandoned in the Customer Service Centre

- June 2021 target 15%
- June 2021 actual 35.9% (red)

- 3.108 Data points to an increase in the total demand for council services both by self-service and through Customer Services, while advisor resource has reduced. The increase in overall demand is linked to the pandemic and reflect increased real need and/or catch up on services that were suspended or reduced. Demand on the telephone is nearly the same April – August 2021/22 as 2019/20 (pre-pandemic), having reduced by just 2.5%. However, over the same period the number of customer emails has doubled, and while remaining lower than other channels social media contacts over that period have increased by 5 times. Overall demand for Customer Services has therefore increased slightly compared to the pre-pandemic position.
- 3.109 Phone call lengths are also increasing due to a range of complex factors that are creating weak performance on CSC12 despite the softened target in 2021/22. During April-August the average length of phone calls was also significantly higher than the same period in 19/20, having lengthened by a third from 5 minutes to 6m30s on average, which utilises a corresponding amount of resource. The reasons for this are complex and are being investigated to help determine further measures to be taken.
- 3.110 At the same time advisor resource has dropped. Around 20% of the advisor resource (5FTE) was removed through natural turnover in the last two quarters of 20/21 to make efficiency savings on the anticipation that more use of self-service would reduce customer demand. Staff turnover during April-August has been high with 7 staff leaving; mostly for more senior positions elsewhere in the council. Whilst this acts as an useful recruitment source of customer focussed and knowledgeable staff for the organisation, it does impact performance in Customer Services.
- 3.111 Taken together, Customer Services had roughly 30% less advisor resource to handle more demand in the first five months of 2021/22 compared to 19/20. This has been a primary driver for increasing telephone call abandonment.
- 3.112 Together, these factors are creating weak performance on CSC12 despite the softened target in 21/22. Despite these challenges, customer satisfaction with Customer Services (EAA1) remains strong, and customers are reporting we're resolving their enquiries effectively (CSC13a).
- 3.113 Based on July and August figures thus far the measure is likely to remain around 35-36%. Future performance is particularly difficult to forecast due to the way customer demand has been unexpectedly increasing, and the sensitivity of performance to staff turnover.
- 3.114 The Council faces the challenge of balancing finite resources against significant demand. For example, at the start of the current financial year the Council's Customer Services team experienced up to 45% increase in service

demand, with high volumes persisting in recent months. This means that there is an urgent imperative to consider the way customer demand and access to services is managed. Short term measures to support service delivery are currently being considered to improve experience, reduce complaints and improve performance. In addition to this, it is recognised that a sustainable approach is needed, which does not rely solely on increasing resource levels but finding more effective ways to meet customer needs.

- 3.115 The Council recognises that some customers and service types require in person support via the telephone or face to face and this support will remain crucial for many customers in the future. In order to enable resources to be prioritised for those who need it most, it is recognised that it will be essential to provide high quality information, advice and guidance which can be self-served online as well as quality online options for the majority of transactional services.
- 3.116 Over the last 16 months, the Covid-19 pandemic has required high levels of flexibility from many Council teams and services, adapting at pace to be able to meet new requirements, restrictions, guidance or particular service pressures. This included putting in place vital services, such as Stevenage Helps, to support residents and to provide a robust response for the local community. Other examples also include developing local Covid-19 support teams, from contact tracing, to marshalling and supplying teams to support the set up and operation of one of the first mass vaccination centres.
- 3.117 This flexible approach also meant redeploying colleagues into areas facing significant pressure such as homelessness (with the implementation of the Housing First approach), and putting place additional back up resource plans for vital services such as waste and recycling. This approach highlighted some of the benefits of a flexible in-house team, providing support to areas of particular challenge.
- 3.118 To respond to these challenges and opportunities, the Executive agreed in August 2021 a rolling transformation programme to be implemented. This includes a holistic review of processes, technology and teams to make sure they are set up in the best way possible in order to improve the customer experience, deliver the Council's strategic objectives and to minimise the need to reduce or cease services.
- 3.119 The transformation programme aims to transform the customer experience. In practice this will mean:
- One place to go for any council service – one front door for customers.
 - A choice of how customers access services - Online, on the phone, in person.
 - Self-serve is available on the website for the majority of services.
 - Customers can talk to someone in person if they need to, for example where the issue is complex, sensitive or the customer cannot access online services.

- Services are convenient, and can be accessed when, how and where customers want.
- Customers don't have to talk to multiple people / teams to get what they need.
- Customers are involved in how digital services are designed – through feedback, engagement, designing and testing new services.
- Customers know what to expect when they contact the Council.

3.120 Some actions have already been taken to address weaknesses including: new self-service computers are available in the CSC and recruitment is underway for “web wizards” to assist customers and new messages on the phone system to promote self-service. Performance will also benefit in future from the transformation of processes (from end-to-end) to modernise and automate them where possible. This will also enable advisors to achieve more at the first point of contact so that there's a reduced need for customers or advisors to speak to back-office colleagues; which can be time-consuming. Discovery work on process transformation is in progress.

3.121 Further actions being considered include co-location of service duty officers into the CSC to promote stronger joint working, creating a more extensive staff knowledgebase, and the potential to temporarily increase HRA resourcing in light of continuing high demand. As improved digital self-services are rolled out, email addresses are being published less on the website for transactional services. It is proposed that this approach is continued and extended to maximise automation, and email is focussed more on complex and ad hoc enquiries for which self-service isn't available.

3.122 Use of digital self-service has also risen during this period (measure Dig1), is substantially higher now than two years ago which is positive to report.

3.123 An Executive Member and Strategic Leadership Team session is to be held during September or October to further explore what steps can be taken whilst the rolling transformation programme is being planned and implemented.

Website Satisfaction

WebSat1: Customer Satisfaction with Council website (-1 negative score, 0 neutral score, +1 positive score)

- June 2021 target 0
- June 2021 actual -0.27 (red)

3.124 Govmetrics is a benchmarking tool used across approximately 70 local authorities to measure customer satisfaction. The measure is the average rating users give (1 being a smiley face, 0 being neutral face, -1 being a negative face). So a score of above 0 means that the website received more positive than negative ratings. For example:

- 1 green and 1 amber response would total 1, so the average score we use as a performance measure would be 0.5

- 3 green, 1 amber and 1 red score a total of 2, so the measure would be 0.25.

3.125 Whilst this measure is still not achieving target, satisfaction is consistently improving. The cumulative measure makes it hard to see this. Non-cumulative performance since the new site launched: Quarter three 20/21: -0.35 Quarter four 20/21: -0.29 Quarter one 21/22: -0.27.

3.126 The most popular pages this quarter were on May bank holiday bin collection days, and the service page on bulky item collection. The least popular pages were also bin related, and due to people entering their address into the website search function expecting to find their collection day. The most customer feedback received related to the May 2021 election results. Interpreting the responses continues to prove challenging. Most feedback the Council receives is just a single like or dislike on a page without a further comment, so it's hard to draw strong conclusions. To gain a deeper insight a new website customer panel is being established to help inform the Council's understanding of the current customer experience and to shape future improvements.

Time to Recruit

EoCrec: Time to recruit

- June 2021 target 45 days
- June 2021 actual 54 days (amber)

3.127 This measure is based upon the average days to recruit a vacancy based upon the date the recruitment approval form is received to the date that a contract is issued.

3.128 The average days to recruit for Quarter one is above target and this can primarily be attributed to a number of difficult to recruit posts, taking two rounds of recruitment to successfully secure the right candidate for the role.

3.129 As part of the recent review of agency recruitment a number of actions were agreed, to support the recruitment to more difficult to recruit posts such as use of the Stevenage even better branding and early identification of the need for market force supplements. These actions should support a reduction in time to recruit periods.

Non Domestic Rates

BV10: % of non-domestic rates due for the financial year received by the authority

- June 2021 target 34%
- June 2021 achieved 33.57% (amber)

3.130 In comparing the profile of NDR collection to pre-COVID years is difficult as both in 2020/21 and 2021/22 the government gave COVID reliefs after the tax base had been approved by Council in February. In 2020/21 this amounted to

£21Million reduction in the amount to collect and in 2021/22 an estimated £11Million will be given.

- 3.131 Due to the complexity of the 2021/22 reliefs, the first 3 months of 100% relief for retail and hospitality tapered to 66% (from 1 July 2021) for some businesses this is capped at £105,000 per business, or £2Millionn per business where the business is in occupation of a property that was required, or would have been required, to close, based on the law and guidance applicable on 5 January 2021.
- 3.132 This has meant that due to the complexities of the reliefs given, the first three month relief had to be removed from business accounts and then reset for the 1st July .This has meant that many businesses then had their first DD planned for the 1st August (to allow the change to happen). This may skew the collection rate for the remainder of the year.

Missing Measures

- 3.133 There is no data for Quarter one for the measures below.

ECHFL5: % of repairs service customers satisfied

- 3.134 The Repairs Team are unable to provide data for this measure for Quarter one. This is due to a fault with the Cloud Dialogues SMS system, which is used for satisfaction surveys. The team is now producing its own in-house system which is due to go live in October 2021. This will enable reporting from quarter three onwards.

Next Quarter Focus

- 3.135 The Assistant Directors are responsible for improving the performance of measures that fall within their Business Units.
- 3.136 Following a number of assessments, and the new red and amber measures arising at June 2021, the improvement activities outlined below have been identified for ongoing monitoring by the Senior Leadership Team:
- Continuing to implement Housing Options plans to assist with Homelessness Preventions (paras 3.60 to 3.74)
 - Continuing to implement plans and improve processes for Void loss, Sheltered Voids and Sheltered Major Works Voids (paras 3.75 to 3.86)
 - Ensuring that issues with the letting of council garages are recognised and performance is monitored closely. Implement plans to improve the process of garages lettings. Implement plans to recover from asbestos issues (paras 3.91 to 3.98)
 - Continuing to work the BTC to recover from the impacts of COVID-19 on job creation (paras 3.89 to 3.90)

- Continue to investigate issues with late complaint closures and implement actions to ensure complaints are dealt with in a timely manner (paras 3.99 to 3.106)
- Continue to monitor satisfaction with the new Council website after introduction of the new site and address issues based upon customer feedback, whilst utilising the new customer feedback panel (paras 3.123 to 3.125)
- Implementing improvement plans within the Customer Service Centre (para 3.107 to 3.123)

3.137 In addition, the development and implementation of the ICT strategy will continue to be monitored by the IT Shared Service Partnership Board to ensure that services are delivered that meet customer needs and are fit for the future.

3.138 The Senior Leadership Team will also continue to closely monitor the impact of Covid-19 on performance across all service areas during 2021/22. This will help to establish the level of impact and inform where activity and resources need to be allocated.

3.139 The Council's approach to performance management and monitoring allows the organisation to proactively identify issues and challenges and ensure prompt management intervention. The fluid nature of the framework enables the Senior Leadership Team to amend targets to ensure that they continue to reflect revisions to service delivery models where necessary and to support and drive forward additional improvements in services for the benefit of internal and external customers.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 The information presented in this report is collated from the information provided to monitor delivery of the Future Town, Future Council Programme and corporate performance for the quarter. It aims to give Executive an overview of the achievements the Council has made for the year to date, with a focus on the previous quarter and identifies plans for continued improvements in some areas to ensure the Council is fit for the future.

4.2 The Senior Leadership Team and Service Managers have been consulted to determine the appropriate content and to identify the key achievements.

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 There are no direct financial implications from the recommendations contained in this report. However, officers responsible for improvement activity identified will need to identify and consider any resulting financial implications.

5.2 Legal Implications

- 5.2.1 There are no direct legal implications from the recommendations contained in this report. However, officers responsible for improvement activity identified will need to identify and consider any resulting legal implications.

5.3 Equalities and Diversity Implications

- 5.3.1 The report outlines performance against key priorities that form the Future Town, Future Council Programme and performance of the Council across key business unit themes. Where necessary, Equality Impact Assessments will be completed for improvement activity identified.

5.4 Risk Implications

- 5.4.1 There are no direct significant risks to the Council in agreeing the recommendation(s). Officers responsible for developing performance improvement plans will need to consider any risk implications from the improvement activity identified.
- 5.4.2 The Council has an embedded approach to risk management that mitigates any adverse effect on delivery of the Council's objectives and internal control processes and also provides good governance assurance.

5.5 Other Corporate implications

- 5.5.1 Improvement activity outlined may impact on the development of future policy or procedure.

BACKGROUND PAPERS

- Executive Report 10 July 2019: 2018/19 Annual Report & Performance Overview

APPENDICES

- Appendix One: Compendium of Performance Results
- Appendix Two: Future Town, Future Council Programme Scope/Focus for 2021/22

Executive Report Appendix One

Key to Performance Status Symbols

- ▲ Red Status - Focus of improvement
- Amber Status - Initial improvement activity identified
- ★ Green Status - Any variance from target manageable
- ☆ Green Plus Status - Exceeding expectations

Customers						
Measure Name		Actual - Quarter 2 2020/21 (YTD)	Actual - Quarter 3 2020/21 (YTD)	Actual - Quarter 4 2020/21 (YTD)	Actual - Quarter 1 2021/22 (YTD)	Target - Quarter 2 2021/22 (YTD)
CS10: Domestic Abuse per 1,000 population	Community Safety	5.64	5.31	5.77	6.07 ●	5.70
CS8: Anti-social behaviour per 1,000 population	Community Safety	10.33	8.19	5.67	11.00 ▲	12.00
NI15b: The rate of violence against the person (victim based crime) per 1,000	Community Safety	8.15	7.41	6.31	7.62 ☆	7.00
NEW - SLL1: SLL overall footfall (ytd)	Culture, Wellbeing & Leisure Services				80,880 ☆	100,000
ECHP: Percentage of Homes maintained as decent	Investment	76.66	78.53	68.76	73.23 ★	72.77
NEW - DH1: % of tenants satisfied with Decent Homes works	Investment				100.00 ☆	70.00
NEW - MRC1: % of tenants and leaseholders satisfied with MRC works	Investment				73.00 ★	70.00
BV65: Rent collection rate	Managing Homes	93.44	96.39	97.81	90.36 ★	93.44
BV213: Homelessness preventions	Providing Homes	151.00	219.00	262.00	37.00 ●	80.00
NEW - EA1: Time taken to relet an emergency accommodation unit (6 working days)	Providing Homes				6.80 ★	6.00
NI156: Number of households in temporary/emergency accommodation at end qtr	Providing Homes	150.00	166.00	184.00	180.00 ★	195.00
Void loss 1: Void loss in year (£)	Repairs & Voids	184,549.87	289,843.53	409,224.00	148,145.65 ▲	164,594.00
Voids Sheltered MW - The time taken to relet major works sheltered voids	Repairs & Voids	127.00	119.75	132.33	99.67 ▲	70.00
Voids sheltered: The time taken to relet standard sheltered voids	Repairs & Voids	108.88	107.72	123.60	161.50 ▲	70.00
VoidsGN: The time taken to relet standard general needs voids	Repairs & Voids	27.49	28.82	31.59	29.00 ☆	32.00
VoidsGNMW - The time taken to relet major works general needs voids	Repairs & Voids	54.06	55.42	62.08	67.46 ★	65.00

Place

Measure Name		Actual - Quarter 2 2020/21 (YTD)	Actual - Quarter 3 2020/21 (YTD)	Actual - Quarter 4 2020/21 (YTD)	Actual - Quarter 1 2021/22 (YTD)	Target - Quarter 2 2021/22 (YTD)
ELL1a: Percentage of Houses in Multiple Occupation (HMO) that are broadly compliant	Commercial and Licensing	100.00	91.00	99.70	99.08 ☆	92.50
NEW - FT1: % of successful outcomes with flytipping	Community Safety				58.00 ☆	52.00
NI184: Food establishments in the area broadly compliant with food hygiene laws	Environmental Health	92.90	90.60	82.00	95.40 ★	95.00
NI191: Residual household waste per household (kgs)	Environmental Services	267.00	399.00	535.00	130.00 ★	267.00
NI192: Percentage of household waste sent for reuse, recycling and composting	Environmental Services	41.20	39.00	36.00	44.00 ★	40.00
CNM2g: Garage Voids as a percentage of stock	Garages	15.38	15.69	16.01	16.70 ●	15.00
HDD1b (formerly NB1) - New Build Spend v Budget of development activity that is contracted	Housing Development	85.18	86.01	88.00	101.00 ☆	85.00
HDD1d: Number of affordable homes delivered (gross) by the Council (since 2014)	Housing Development	243.00	244.00	261.00	270.00 ★	274.00
HDD1e: Number of affordable homes delivered by the Council (current quarter)	Housing Development				11.00 ★	2.00
BTC1a: New jobs created through Business Technology Centre	Planning & Regulation	12.00	22.00	33.00	12.00 ▲	30.00
BT1b: New business start up in Business Technology Centre	Planning & Regulation	10.00	17.00	25.00	12.00 ☆	12.00
NI157a: Percentage of major planning applications determined in 13 weeks	Planning & Regulation	100.0%	100.0%	100.0%	100.0% ☆	60.0%
NI157b: Percentage of minor planning applications determined within 8 weeks	Planning & Regulation	94.6%	90.2%	91.4%	94.7% ☆	65.0%
NI157c: Percentage of other planning applications determined within 8 weeks	Planning & Regulation	90.1%	91.4%	93.0%	96.3% ☆	80.0%
ECHFL5: Percentage of Repairs service customers satisfied (telephone survey)	Repairs & Voids					90.00
ECH-Rep3: Percentage repairs appointment made & kept	Repairs & Voids	95.63	97.95	99.79	97.03 ★	95.00
ECH-Rep4: Percentage repairs fixed first time	Repairs & Voids	98.83	98.83	99.31	99.75 ☆	87.50
Rep Cost1: Average responsive repair cost per dwelling	Repairs & Voids	110.45	170.96	211.16	61.60 ☆	163.54
Rep-Time1: Average end to end repairs time (days) - Emergency Repairs	Repairs & Voids	0.31	0.30	0.24	0.22 ☆	1.00
Rep-Time2: Average end to end repairs time (days) - Urgent Repairs	Repairs & Voids	1.74	2.23	0.47	2.39 ☆	5.00
Rep-Time3: Average end to end repairs time (days) - Routine Repairs	Repairs & Voids	6.03	11.04	0.93	8.61 ☆	20.00

Transformation & Support

Measure Name		Actual - Quarter 2 2020/21 (YTD)	Actual - Quarter 3 2020/21 (YTD)	Actual - Quarter 4 2020/21 (YTD)	Actual - Quarter 1 2021/22 (YTD)	Target - Quarter 2 2021/22 (YTD)
CTOC1: Percentage of customer complaints responded to within deadline	Customer Focus	99.86	92.31	92.31	69.66 ▲	95.00
Cust1: Percentage complaints progressing to stage 2 and 3 that are upheld or partially upheld	Customer Focus	33.33	33.33	26.39	16.00 ☆	35.00
CSC12: Percentage of calls abandoned in the Customer Service Centre	Customer Service Centre	5.80	7.60	10.20	35.90 ▲	15.00
EAA1: Customer satisfaction with CSC customer service	Customer Service Centre	96.00	96.00	96.00	91.00 ★	90.00
NEW - CSC13: % of calls to Customer Services reported as resolved by customers	Customer Service Centre				94 ☆	82
NEW - Dig1: % of digital customer transactions	Digital				15 ★	18
WebSat1: Customer satisfaction with Council website	Digital	0.15	-0.08	-0.08	-0.27 ▲	0.00
BV10: Percentage of non-domestic rates due for the financial year received by the authority	Finance & Estates	66.0%	91.8%	97.8%	33.6% ●	61.0%
BV9: Percentage of council tax collected	Finance & Estates	59.9%	87.0%	95.1%	32.9% ★	61.0%
FS1 (LACC1): Percentage GF approved savings removed from GF budget for current year	Finance & Estates	77.00	67.00	67.00	93.00 ★	95.00
FS2a (LACC2): Percentage HRA approved savings removed from HRA budget for current year	Finance & Estates	30.00	40.00	40.00	97.00 ★	95.00
FS3 (Futsav1b): Percentage of GF savings identified to meet one year target	Finance & Estates	0.00			38.00 ☆	20.00
FS4 (Futsav2b): Percentage of HRA savings identified to meet one year target	Finance & Estates	0.00			7.00 ☆	20.00
NEW - CR1: % of commercial rent collected from estates	Finance & Estates				78.00 ☆	70.00
NI181: Time taken (days) to process housing benefit new claims and change events	Finance & Estates	7.44	7.20	4.96	12.54 ★	12.00
EoC4a: Percentage of apprentices in post as percentage of workforce.	Human Resources		4.03	3.65	2.29 ★	2.50
EoCrec: Time to recruit	Human Resources		45.00	36.00	54.00 ●	45.00
Pe1: Workforce Stability	Human Resources			85.87	84.80 ★	85.00
Pe2: Agency Usage as a percentage of total workforce	Human Resources			7.85	62.00 ★	60.00
Pe4a: Sickness Absence Rate for the Current Workforce (FTE)	Human Resources	7.79	7.09	7.09	6.20 ☆	8.00
NEW - IT1: % of IT uptime	ICT					99.00

This page is intentionally left blank

Transforming Our Town Programme

1.1 Programme Aims

- **Create a vibrant town centre where people want to live, work and play**

1.2 Programme Outcomes

- A new vibrant town centre delivered through a phased regeneration programme
- A healthy, sustainable and vibrant town centre for the 21st Century
 - Reflecting on our new Town's heritage
 - Enhancing sustainable transport
 - Transforming the town centre for businesses, residents and visitors
 - Upskilling and providing opportunities
 - Supercharging businesses of our national and international base

1.3 During 2021/22 this programme will focus on:

- SG1 preparation and Phase 1 to start on site, and developing plans for SG1 acceleration.
- Delivery of Queensway North Development.
- Delivery of Town Square and the new North Block.
- Delivery of the Bus Interchange.
- Development of business cases and plans to implement the £37.5m Towns Fund programme for Stevenage.
- A programme of communications and engagement.
- Developing proposals for the regeneration of Marshgate.
- Supporting plans for a thriving life sciences cluster in Stevenage.

More Social and Affordable Homes Programme

1.4 Programme Aims

- **Increase the number of social and affordable homes in Stevenage**

1.5 Programme Outcomes

- Increased number of social and affordable houses in Stevenage

- Improved access to the housing market in Stevenage for greater number of residents

1.6 Next year this programme will focus on:

- Delivering 21 new homes at North Road.
- Delivering 29 new homes at Symonds Green.
- Develop a pipeline of new homes to 2025 /2026.
- Continuing to deliver the regeneration of Kenilworth Close - by end of 2021/ 22 we will have completed the Malvern Close element of the site, as well as the first homes at site A4 (bordering Stirling Close). Substantial progress will also be made on blocks A1 (flats and retail) and A2 (independent living scheme).
- Developing options for housing and bringing forward new homes at a number of Council-owned sites (subject to planning).
- Achieving sales of individual units at North Road and Malvern Close.
- Developing proposals to access funding for accelerating affordable housing including engaging with Hertfordshire Growth Board on acceleration options.
- Setting up and operating the Wholly Owned Company (WOC) to provide new homes in Stevenage.

Co-operative Neighbourhoods Programme

1.7 **Programme Aims**

- **Work with our communities to improve our neighbourhoods**

1.8 **Programme Outcomes**

- Clean and green neighbourhoods.
- Residents feel that they can work with the Council and other organisations to help meet the needs of the local area.
- Staff better understand the town's communities and through doing so are more able to deliver the change that is required, including through community plans.
- Public spaces to be seen as community assets – officers to work with the local communities to rejuvenate the spaces in a co-operative and co-productive way. This will encourage their use, make them more attractive, engender ownership and responsibility, and result in them being better cared for by the Council and residents.
- The community centres are efficiently run, well-managed and most importantly, meet local needs.

- Improved quality and safety of the Council's built assets in neighbourhoods including council housing, garages and community buildings.

1.9 During 2021/22 this programme will focus on:

- Embedding the Co-operative Neighbourhood Model as a modern, agile operating model for the delivery of council services in local areas.
- Completing community plans for each of the 6 neighbourhoods, informed by communities drawing from the principles of the Community Engagement Framework and championed by ward members. SBC will seek to work in a co-productive way with local groups, businesses and partner agencies.
- Supporting residents in becoming more active members of their community who make a positive contribution to the town and local area.
- Developing and maintaining a Corporate Community Engagement Plan for the next 18 month period.
- Creating a more streamlined approach to increase and enhance volunteering within the Council.
- Working with the Social Inclusion Partnership to support funding bids contributing to the recovery of VCSE sector.
- Implementing a Community Centre Forward Strategy through the Locality Review Programme and continuing to offer support to Community Associations to aid recovery from the pandemic.
- Delivering the Housing and Garage Major Improvement Programmes and the Locality Review Programme, to improve the quality of council homes, garages and community buildings.
- Developing 'Clean and Green' targeted initiatives and enforcement campaigns in neighbourhoods pro-actively tackling fly-tipping, littering, dog fouling etc.
- Improving recycling facilities and opportunities at neighbourhood recycling banks and flat blocks.

Clean, Green, Safe and Thriving Town

1.10 **Programme Aims**

- **Improve the quality of life of Stevenage residents and enhanced experience for visitors**

1.11 **Programme Outcomes**

- Working to reduce health inequalities and improve the health and wellbeing of Stevenage residents

- Building resilient communities, reducing crime and disorder and helping people feel safe
- Making Stevenage a 'destination creative' town
- Unlocking opportunities for the local economy and our residents, ensuring that future regeneration and growth in Stevenage works for everyone
- Achieving net zero Council emissions by 2030 and leading work to achieve this aim for the town, its businesses and residents
- Establishing Stevenage as a leader in sustainable transport
- Enhancing Stevenage's biodiversity by conserving, restoring, recreating and reconnecting wildlife habitats, whilst increasing awareness and appreciation of Stevenage's wildlife

Community Safety

1.12 During 2021/22 the programme will focus on:

- Embedding and implementing the Community Safety Strategy action plan including:
 - The introduction of the No More Youth Service to help divert young people from becoming involved in crime and ASB
 - Developing the work of the Stevenage Against Domestic Abuse Service to provide safe reporting and support to domestic abuse survivors and victims of modern slavery
 - Working with partners to encourage reporting of crime and address perceptions of crime, and develop new initiatives to tackle emerging community safety issues such as the safety of women and girls.

Culture and Leisure

1.13 During 2021/22 the programme will focus on:

- Undertaking a visioning exercise for the future offer of leisure and culture across the town and using this to inform a Leisure Management Options Appraisal and implement an agreed procurement strategy.
- Developing new museum plans and activity for re-location.
- Developing plans for a new wet/dry leisure facility and replacement for Stevenage Arts and Leisure Centre.
- Delivering an Arts & Heritage programme including the 75th New Town anniversary and the delivery of Creative Use Schemes and arts and heritage trails.

Healthy Stevenage

1.14 During 2021/22 the programme will focus on:

- Launching the Diabetes Prevention Service through the Healthy Hub.
- Further progressing plans for the development of a Young People's Healthy Hub.
- Supporting health partners with the development of integrated care system plans with a particular council focus on supporting activities to reduce health inequalities emerging from Covid-19.
- Further work with sport and physical activity partners to tackle obesity.
- Further driving work with mental health partners to tackle mental ill health and social isolation.

Community Wealth Building

1.15 During 2021/22 the programme will focus on:

- Development of a Social Value Portal for council procurements.
- Supporting a County-wide adoption of a Community Wealth Building approach - including an early county-wide CWB project scope / bid against Hertfordshire Growth Board project funds.
- Sourcing support to grow and develop community and social enterprises.
- Further developing Stevenage Works as a programme to drive employment and training opportunities for local residents and young people, drawing on and adding to the current CITB programme.
- Driving the commitment of anchor institutions to community wealth building in Stevenage.

Climate Change

1.16 During 2021/22 the programme will focus on:

- UK100 Pledge – working towards COP26 Climate Change Summit and pledging to at least one inclusive climate change action (Glasgow, November 2021).
- Implementing the Climate Change Action Plan.
- Hertfordshire Climate Change & Sustainability Partnership (HCCSP) – continued development of partnership, co-produce four key Action Plans for: water, biodiversity, carbon and transport.
- Developing a Communication and Collaboration Plan with our residents, businesses and the LEP. The Plan will be a medium term approach to support our collective goal across the community of Stevenage for zero carbon by 2030.

Sustainable Transport

- 1.17 During 2021/22 the programme will focus on:
- Securing potential funding through HCC's Sustainable Travel Towns programme, subject to review of opportunities and any constraints.
 - Developing the Area Action Plan for the Stevenage Connection Gateway.
 - Continue promoting cycling and walking and seeking funding for infrastructure improvements.
 - Implementing actions resulting from Hertfordshire Climate Change & Sustainability Partnership Transport plan.

Biodiversity

- 1.18 During 2021/22 the programme will focus on:
- Developing additional areas of meadow managed grasslands.
 - Raising awareness of the links between biodiversity loss and climate change and provide a range of opportunities for the residents to support the delivery of the town's Biodiversity action plan.
 - Implementing the Biodiversity Supplementary Planning Document.
 - Actions resulting from Hertfordshire Climate Change & Sustainability Partnership Biodiversity action plan.

Making Your Money Count Programme

1.19 Programme Aims

- **Ensure sufficient resources are available to deliver on the Council's priorities while remaining financially resilient to withstand the impact of COVID and/or recovery phase**

1.20 Programme Outcomes

- To improve the customer journey and experience by enabling customers to engage and communicate with the Council when and how it best suits them including the provision of enhanced digital interventions
- To improve the productivity of the workforce through the introduction of streamlined processes and ways of working
- To retain wealth locally and support local employment through the insourcing of contracts wherever it is deemed viable to do so

- To ensure the Council remains financially resilient in order to continue to deliver its key priorities and operate its services for residents & businesses

1.21 During 2021/22 the programme will be renamed the Making Your Money Count programme and will focus on:

- Ensuring delivery and implementation of the approved 2021/22 savings options and fees.
- Developing and implementing a productivity focused Transformation programme and the associated governance to ensure delivery of the 2022/23 savings and beyond. (Further detail regarding the Transformation programme will be provided in a future report to the Executive.)
- Integrating transformational projects from internal programmes such as Excellent Council Homes, Performing at our Peak, Employee of Choice and Connected to our Customers, to help maximise the use of resources and the benefit for residents.
- Identifying commercial options and insourcing opportunities which will support the Council's financial security.
- Identifying further budget options to ensure the continued viability of the Council, should the impact of COVID or associated factors on the Council's finances be worse than budgeted.

This page is intentionally left blank

Meeting: EXECUTIVE
Portfolio Area: RESOURCES

Agenda Item:



Date: 22 SEPTEMBER 2021

GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY UPDATE (2020/22 – 2025/26)

Author – Clare Fletcher Ext.No. 2933
Contributors - Strategic Leadership Team
Lead Officer – Clare Fletcher Ext.No. 2933
Contact Officer – Clare Fletcher Ext.No. 2933

1. PURPOSE

- 1.1. To update Members on the General Fund MTFS including the on-going COVID impacts.
- 1.2. To advise Members on the current and future position of the Council's General Fund budget over the next five years, including the projected impact of COVID on the General Funds financial resources in the current and future years.
- 1.3. To update Members on the 1st quarterly monitoring review for the General Fund.
- 1.4. To update Members on revised inflation projections and pressures for the General Fund MTFS.
- 1.5. To update the 'Making Your Money Count' financial targets for the period 2022/23 – 2025/26.

2. RECOMMENDATIONS

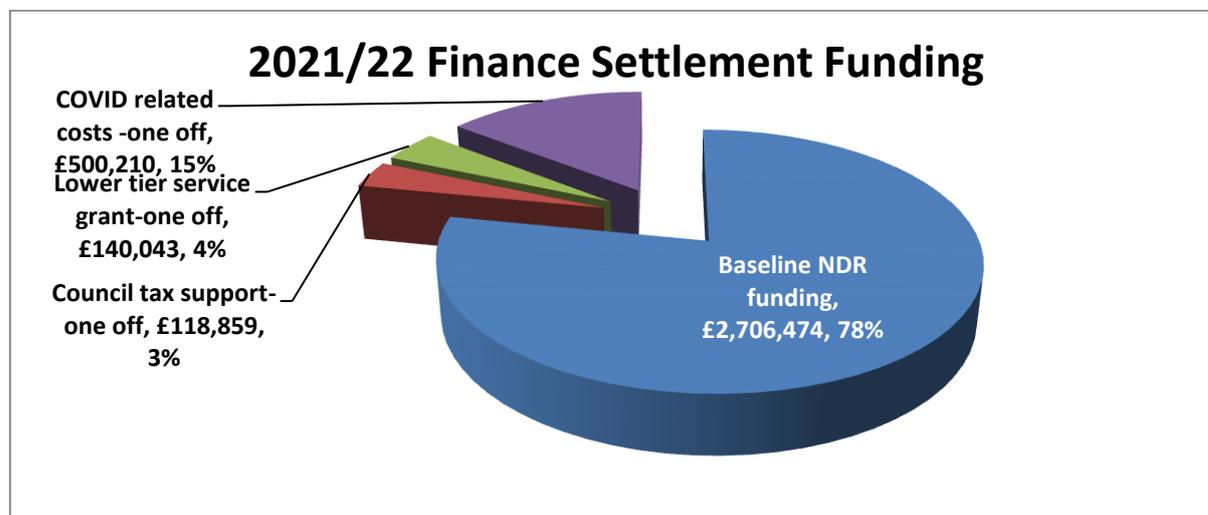
- 2.1 That Members approve the change to the Medium Term Financial Strategy (MTFS) principles, as outlined in paragraph 4.1.6 to this report and amended in paragraph 4.10.9.
- 2.2 That, for modelling purposes, Council tax increases be set at the threshold of 1.99%, subject to any change in government rules to achieve a balanced budget as set out in paragraph 4.6.9.
- 2.3 That the updated inflation assumptions used in the Medium Term Financial Strategy as set out in section 4 of the report be approved.

- 2.4 That the approach to Making Your Money Count budget options as set out in section 4.8 be approved.
- 2.5 That an amount of £300,000 for 2022/23 be approved for inclusion in the budget setting process to support the Transformation Fund, to help deliver the MYMC Target, as set out in paragraph 4.8.4.
- 2.6 That a Making Your Money Count Target of £2.14million, (of which £1.91Million is not identified), be approved for the period 2022/23- 2024/25 as set out in section 4.9 of the report.
- 2.7 That Members approve the potential expansion of the Revenues and Benefits service subject to a full business case as set out in paragraph 4.8.11.
- 2.8 That the 1st quarter changes to the General Fund, as outlined in section 4.3 and also in Appendix B, of £377,840 net underspend are approved.
- 2.9 That Members note the changes to business rates and section 31 grants as set out in paragraph 4.5.5.
- 2.10 That Members note the financial impact of COVID in 2021/22 and future years, as set out on section 4.1 of the report.
- 2.11 That Members approve the use of £265,930 of COVID finance settlement funding for homeless pressures as set out in paragraph 4.3.10.
- 2.12 That General Fund growth is only approved for the Council's FTFC priorities and the growth allowance in the 2022/23 budget is £75,000. Growth above that level will need to be funded by further savings in addition to the £2.14Million target identified.
- 2.13 That a minimum level of balances for the General Fund of £3.46million be approved for 2021/22 as set out in paragraph 4.10.8.
- 2.14 The MTFS is regularly updated for any material financial pressures so forecasts are updated and is re-presented to the Executive for approval.
- 2.15 That the Trade Unions and staff be consulted on the key messages contained within the Medium Term Financial Strategies and more specifically when drawing up any proposals where there is a risk of redundancy.

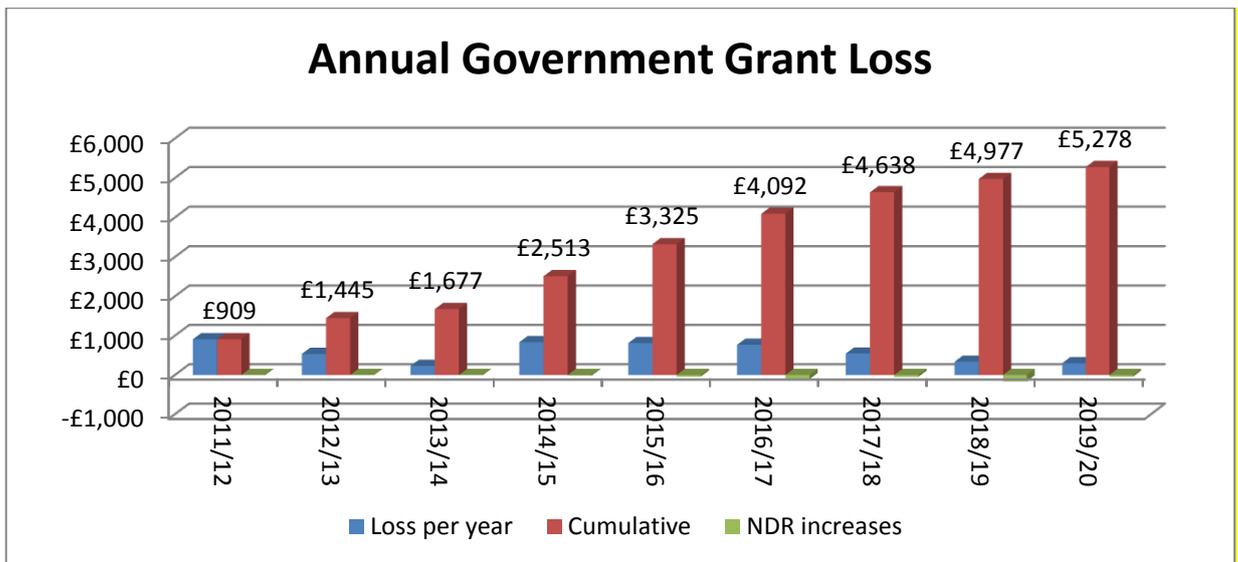
3. BACKGROUND

- 3.1 An update on the Medium Term Financial Strategy (MTFS) is reported at least annually to the Executive, however in 2020 two updates were completed in June and September, as a result of the financial impact on COVID on the Council's services and finances.
- 3.2 The 4th quarter revenue report to the August 2021 Executive identified 2020/21 net pressure from COVID, (after taking into account government grants of £5.1Million). In addition to the 2020/21 costs, the 2021/22 original budget included £2.6Million

of additional COVID pressures, with a further £500,000 assumed in the MTFs for 2022/23. The Government provided some funding support to Councils in 2021/22 within the finance settlement and extended the income guarantee scheme up to and including the 30 June 2021. However, it is probable that the impact of COVID on the Council's finances will go continue beyond this government funding. The 2021/22 finance settlement is summarised in the chart below, of which only 78% will be on-going.



- 3.3 The MTFs is the mechanism by which the Council uses to assess the financial impact of national and local pressures. Any budget challenges are modelled and the impact reviewed on the draw and level of balances, such as:
- National and local government policy on the five year forecast of resources for the General Fund (and Housing Revenue Account);
 - Local pressures emerging from service provision, i.e. homeless costs;
 - COVID financial impacts that remain due to changes in customer behaviour and financial impact of COVID on residents.
- 3.4 Individually, in year or on-going financial pressures may be able to be absorbed through a draw on balances or by a small increase to the level of savings. The impact that the COVID pandemic has had on the Council's reserves is significant, and the current modelling indicates that this will continue to be the case for some time. This, combined with other pressures, increases the risk to setting a balanced budget, particularly as the future years impact of the COVID pandemic on the Council fees and charges is not yet clear.
- 3.5 The impact of more than a decade of funding cuts as well as having to absorb inflationary pressures has meant the General Fund has had to use balances rather than making a contribution to them; this is clearly not a sustainable position long term. The MTFs has a number of principles, the first of which is not to have a draw on balances by 2023/24, i.e. in two years' time. This is key to ensuring that reserves are not depleted below a minimum level and that any budget gap identified over that medium term is manageable to be met in any one year, without significant disruption to the delivery of Council's services.



3.6 If it appears that forecast MTFS resources are outside that considered prudent, or at the minimum level required by the CFO, corrective action can be recommended and implemented.

3.7 The MTFS principles are set out below.

No	MTFS principles
1	To remove the General Fund's reliance on RSG by 2019/20 when the funding is removed and achieve an on-going balanced budget by 2023/24 (by ensuring inflationary pressures are matched by increases in fees and income or reductions in expenditure from 2023/24)
2	To consider as part of the budget setting process, and throughout the year as necessary, what support can be given to the community, tenants, leaseholders and businesses in times of particular hardship.
3	To use the Council's reserves in a cost-efficient and planned manner to deliver the Council's priorities.
4	To maximise the Council's income by promptly raising all monies due and minimising the levels of arrears and debt write-offs.
5	To identify alternative means of resourcing the Capital Strategy to minimise the impact of borrowing (GF only).
6	In setting General Fund balances a % for overruns (currently 1.5%), specific known risks, loss of savings & risks associated with new ventures and the cost of borrowing for the capital programme is included.
7	To identify variations to the approved budget via quarterly monitoring and only incur additional on-going spending when matched by increased income or identified savings.
8	To propose Council tax increases in line with inflation for modelling purposes with any increase above inflation used to achieve a balanced budget.
9	To ensure that resources are aligned with the Council's Strategic Plan and FTFC priorities and growth limited to the Council's top priorities
10	The Council does not depend upon short term sources of funding such as New Homes Bonus.

3.8 This report will make assumptions about future Local Government spending reviews, just as in the last two MTFS updates, but the impact of COVID on the governments focus still means there remains considerable financial uncertainty for Local Government. The Fair Funding review implications, (due to be implemented for 2020/21 but subsequently delayed) remain unclear, as does any changes to business rates such as growth resets, level of council tax rises and lastly the future of New Homes Bonus.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

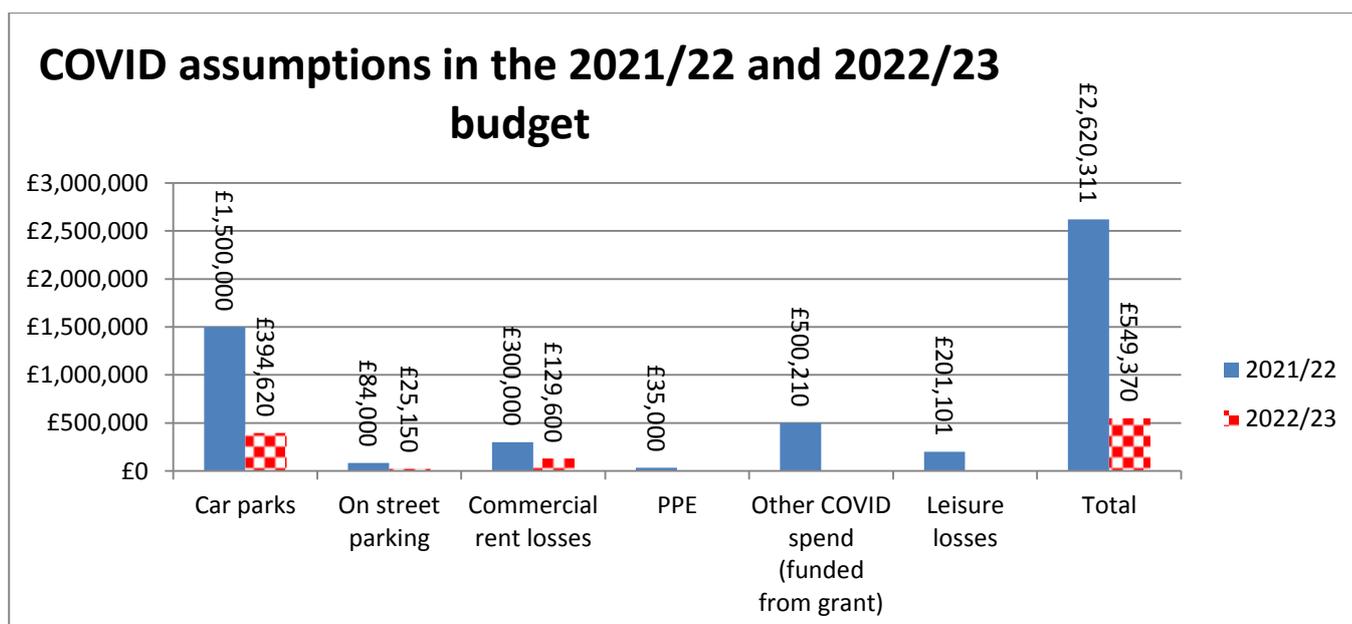
4.1 General Fund pressures

4.1.1 Included within the MTFS modelling are a number of pressures which are:

- COVID related fees and charges losses (section 4.1)
- Inflationary pressures (section 4.2)
- Quarterly Monitoring pressures (section 4.3)
- Homeless increased costs and use of bed and breakfast (paragraph 4.3.5-4.3.11)

This section of the report will summarise the current assumptions and pressures in the MTFS for COVID.

4.1.2 **COVID related fees and charges losses** - In the 4th quarter monitoring report an estimate was made of the impact of COVID on the 2020/21 General Fund finances. This estimated additional costs of £2.42Million, after taking onto account £5.27Million of government COVID funding. The MTFS also assumed that losses would continue right through and into 2022/23 as fee income streams gradually returned to normal. A summary of the modelling of losses in the MTFS is shown below.



4.1.3 The current year projections have now been revised as part of the 1st quarter monitoring update (section 4.3 and Appendix B) and for future years in the MTFS

(Appendix B). The revised projections for this and next year have been revised based on lower parking income.

- August parking levels, for both commuter and shopping parking are below pre-COVID levels. With commuters working from home this undoubtedly has contributed to lower parking income in 2021/22 and September 2021 is going to a key date to review how people return to the office after the summer holidays. There is anticipated to be longer lasting impact on season ticket sales with changing more flexible working patterns.
- Non-commuter parking is also below pre-COVID levels but is steadily increasing as the economy and town centre has reopened.
- On-street parking is below pre-COVID levels, however an increase in the current year levels has been projected.

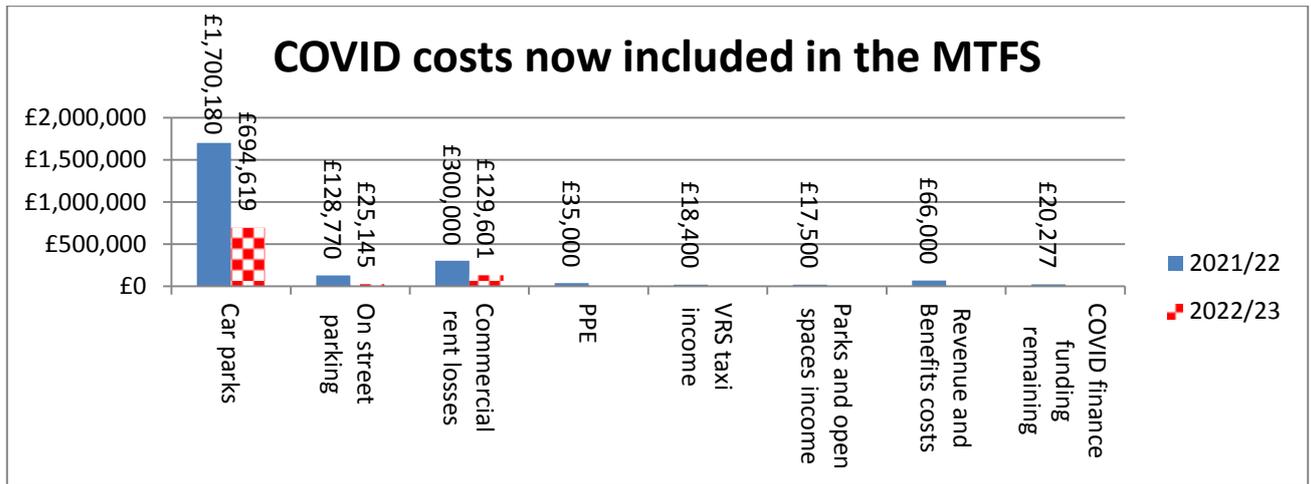
4.1.4 It may take some considerable time to determine the level of commercial rent arrears as there are a number of factors to consider and this means the current projections shown in the chart above have not been changed. Considerations include:

- The Council agreed some payment plans with businesses that were closed during the COVID pandemic and is monitoring the level of arrears. As at 31 March 2021 there were £434,000 of arrears (over 90 days) and increased debt provision of £151,000, (to a total of £426,000). As at 30 June 2021 commercial rent arrears stood at £409,000 (over 90 days).
- There is a moratorium on evictions due to rent arrears which the government has legislated for up to and including 31 March 2022. This means no enforcement action can be implemented regardless of how well capitalised a business is.
- A number of businesses are receiving business rate reliefs which taper off during 2021/22. When business rates become fully payable for all businesses, (subject to any further government interventions) this may see more company failures.

4.1.5 The budget also included a sum for unspecified additional COVID costs of £500,210, this was included as grant in the 2021/22 finance settlement and Members have already agreed to use £214,000 for the 'Housing First' initiative, with the remainder proposed to be used to be used to cover part of the increased cost of bed and breakfast as recommended in paragraph 4.3.10 in this report.

4.1.6 The 2021/22 budget also assumed a cost of £201,100 for the impact of COVID on the Council's leisure facilities. However based on the amount already set aside in 2020/21 and resources currently included in the 2021/22 budget, the additional sum is no longer projected to be required and has been removed as a part of the quarterly monitoring review.

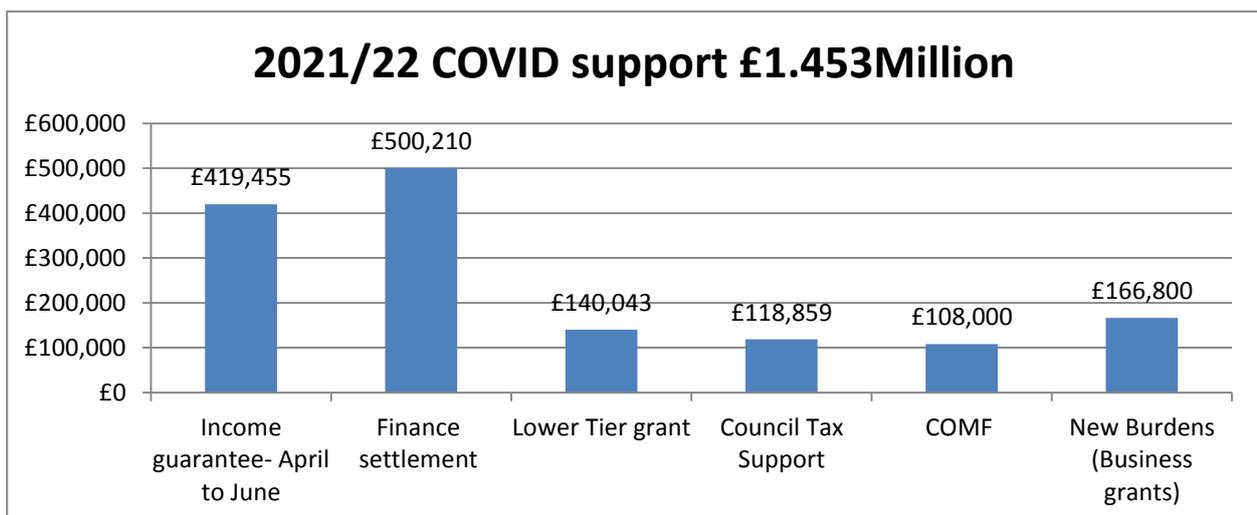
4.1.7 The revised COVID projections for 2021/22 (and the impacts included in section 4.3 and Appendix B to this report) and the 2022/23 included in the MTFs are summarised below.



4.1.8 The estimated level of parking income loses for 2021/22 and 2022/23 have increased by £244,950 (quarterly monitoring) and £300,000 (MTFS), based on the level of actual losses to date. The 2022/23 losses will need to be kept under monthly review.

4.1.9 As a result of higher fees and charges income losses identified in paragraph 4.1.6 above, the projection for the Income Guarantee Scheme (IGS) has increased from £255,000 to £419,450 and included in the 1st quarterly monitoring variances in section 4.3 and Appendix B. The government extended the IGS scheme for 2021/22 but only for the period April to June 2021.

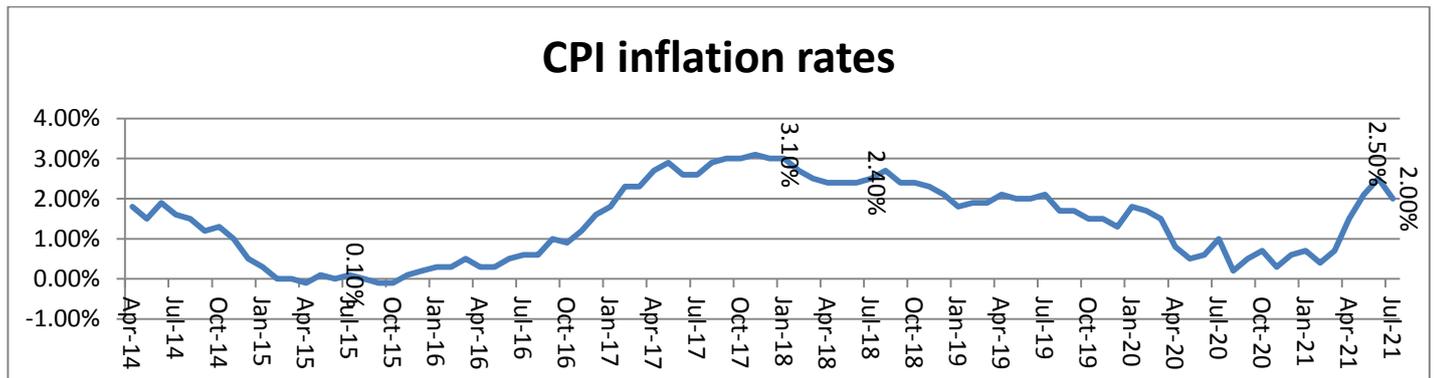
4.1.10 In addition the Council has also received more COVID funding for (new burdens) administering business COVID grants (£130,000) and a further £108,000 for Contain Outbreak Management Funding (COMF). These are also included in section 4.3 and Appendix B. A summary of the COVID grants included in the MTFS for 2021/22 are shown below.



4.2 Inflation Pressures

4.2.1 It is difficult to predict inflationary increases due to the uncertainty about the lasting impact of COVID and the Bank of England has predicted (August 2021) that CPI is could increase in the short term to 4%.

4.2.2 CPI is the tracked measure for inflation used by the government and for increases to retained business rates and housing rents, (September CPI). The historic CPI trend is shown below, with the peak in June of 2.5% reducing to 2% in July 2021.



4.2.3 It is difficult to determine what will happen with inflationary pressures in 2021/22 and beyond due to the complexity of COVID and BREXIT and the supply issues and losses that entail. The projections for monetising inflationary pressures are summarised in the charts below.

	2022/23	2023/24	2024/25	2024/25	2024/26
Inflation-Applied to:					
September CPI for business rate increases	2.30%	2.00%	2.00%	2.00%	2.00%
Salaries - % increase	2.00%	2.00%	2.00%	2.00%	2.00%
CPI indices increases	2.50%	2.25%	2.00%	2.00%	2.00%
RPI indices increases	4.00%	3.75%	3.25%	3.00%	3.00%
BCIS	8.00%	8.00%	5.00%	5.00%	5.00%
Fuel Increases	7.00%	5.00%	5.00%	5.00%	5.00%
Gas (unit charge only)	8.00%	8.00%	8.00%	8.00%	8.00%
Electricity (unit charge only)	10.00%	10.00%	10.00%	10.00%	10.00%

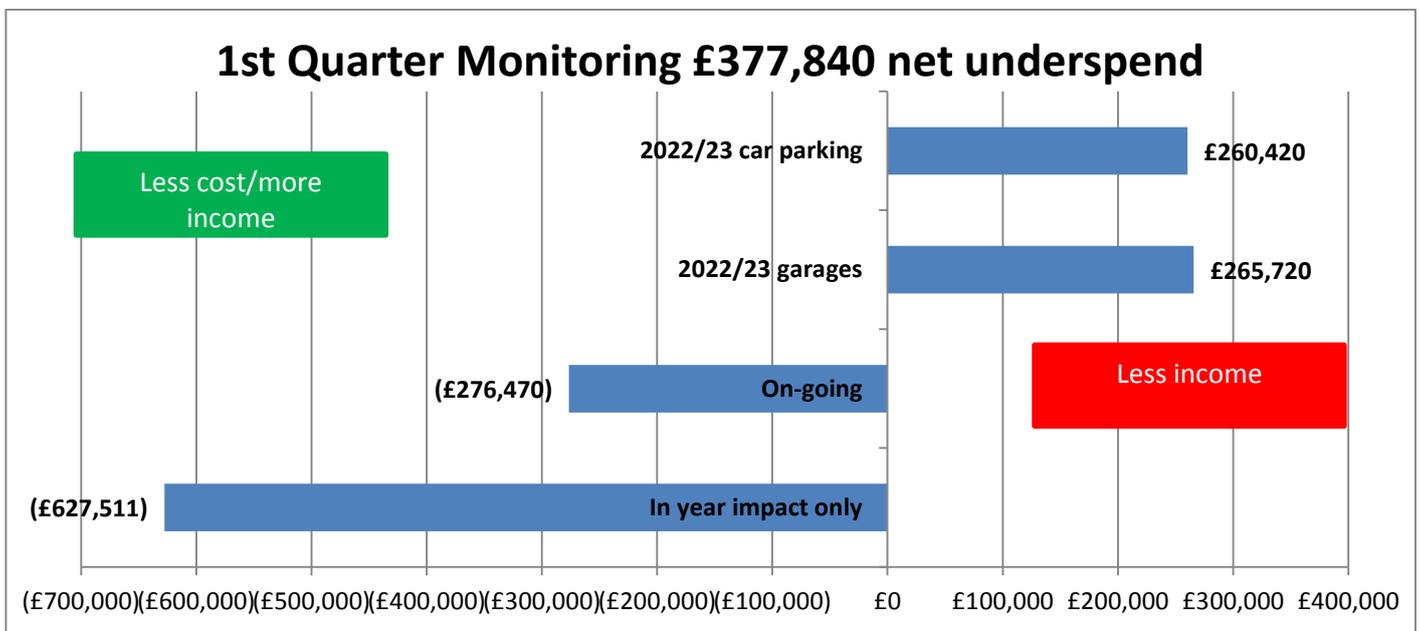
Rationale for inflation assumption	
Salaries - % increase	Salary inflation is estimated at 2% for the period 2022/23 onwards. Councils will face the financial challenge of balancing the budget with less resources due to pressures as set in this report. The average pay award over the period 2018/19-2021/22 offered and/or accepted is 2.13%. An additional 0.5% in 2022/23 would add circa £91,000 pressure to the General Fund.
Pension Increase	An assumption has been made that as a result of the impact of COVID and BREXIT the next actuary's projection will mean an increase in the employer's contribution of 1%. This would be for 2023/24 at the next revaluation date.
Consumer Price Index (CPI) indices increases	The July CPI is 2% and has been modelled as rising to 2.3% in September and then averaging about 2.5% for 2022/23. This is the percentage that is applied to contract costs (which use a number of different CPI date points depending on the start of the contract).
Retail Price	The 1% differential between CPI and RPI has increased and is

Rationale for inflation assumption	
Index (RPI) indices increases	reflected in the forecasts above. However RPI has been largely replaced by CPI in contracts.
Fuel Increases	Fuel prices have been low and have seen an increase over the last year. The contract price the Council obtains is typically 32% lower than the retail price. The fuel costs for 2022/23 are modelled to increase on average by 8% falling back to 5% in future years.
Gas/Electricity (unit charge only)	This has proved difficult to forecast and the MTF5 contains the average increase annually which the council has experienced in addition to the current forecasts

4.2.4 The amount of inflation projected in the MTF5 is shown in Appendix A for each year and is estimated to be £746,107 for 2022/23 before any recharges to the Housing Revenue Account.

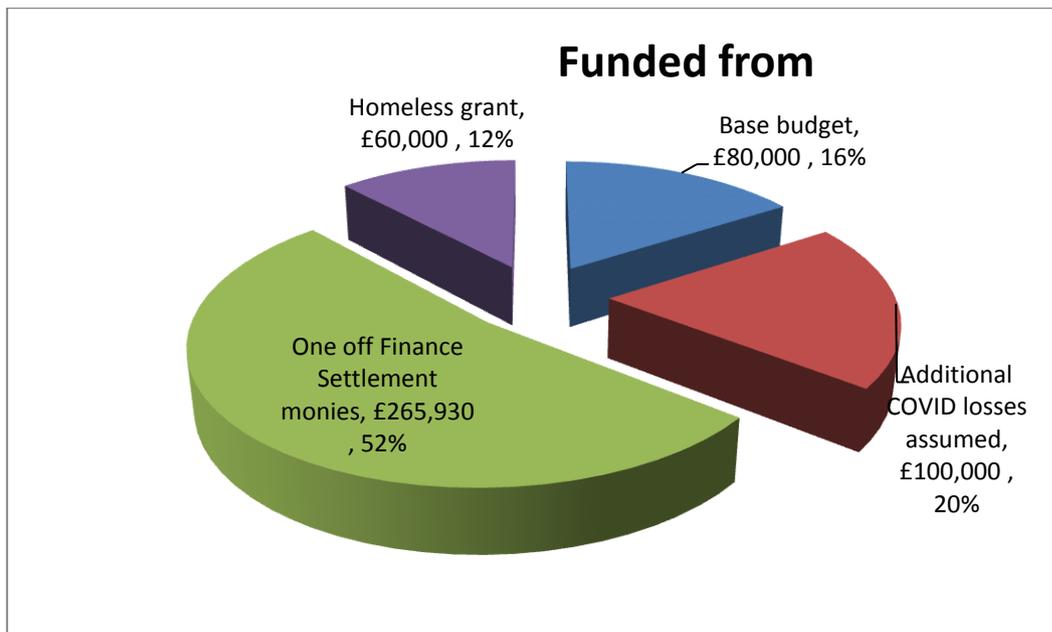
4.3 General Fund pressures and underspends from 1st Quarter Monitoring

4.3.1 A review of the 1st quarter monitoring has been undertaken for the General Fund and there a number of revisions to budgets as outlined in this section of the report and also in Appendix B. There is a net underspend of £377,840, of which the majority relates to one off in-year impacts, (£627,510) and £331,000 relating to salary underspends, (after the contribution from the Regeneration Reserve to meet increased regeneration staff costs).



4.3.2 There are some on-going net spend reductions that are modelled in the MTF5 and these relate to an increase in refuse and recycling income as set out in Appendix B (£207,000) and the impact of the lower 2021/22 pay award, net of other pay changes, (£66,000). Although Members should note this has not been agreed by the unions at the time of publishing the report.

- 4.3.3 The increase in 2021/22 income losses relating to car parks is £260,420 over an above that already assumed in the 2021/22 budget as set out in paragraph 4.1.7.
- 4.3.4 Garage income projections for 2021/22, also are projected to have an adverse impact in 2022/23 and have been included in the updated MTFS. Reduced rental income is being impacted by asbestos identified as being present in approximately 442 garages or 6.5% of the stock. Officers are currently looking at potential solutions to deal with the issue, however this will take some time and therefore the MTFS models a similar loss in 2022/23.
- 4.3.5 The Quarterly monitoring update also includes information on homeless cost projections for 2021/22. Currently there are 207 placements in Temporary Accommodation of which 75 cases are placed into bed and breakfast (at the time of writing). Those cases that need to be placed in bed and breakfast are, by statute, a General Fund and not a HRA cost.
- 4.3.6 There had been a net budget of £180,000 for bed and breakfast use in 2020/2021 (net of housing subsidy claimed) but, due to the factors below, costs have increased:
- Increasing homeless presentations to the Authority
 - Reduced prevention options,
 - Pressures placed on Local Authorities under the Everyone In directive
 - Challenges of operating services throughout the pandemic.
- 4.3.7 It is worth noting that prior to 2019/20 there was little or no budget provision required. The problem of placing homeless families has been exacerbated by a moratorium of evictions for arrears during 2020/21 and into 2021/22 and would have provided some means to move households on from Temporary Accommodation and into settled accommodation. There has been a 66% increase in placements in the last three years from 2018 to 2021 (an average of 16.5% increase per year).
- 4.3.8 The main increase took place in 2020/21 due to the pandemic, which has been compounded by the introduction of the Homelessness Reduction Act in 2018 which has caused cases to remain in temporary accommodation for a much more substantial period. Based on projections for 2021/2022 a 10% increase in placements number is expected before the end of the 3rd quarter of this financial year.
- 4.3.9 The current projections are projected to cause a further pressure of £325,930, above the additional £100,000 already included for 2021/22. To meet the in year net cost (£505,930) of bed and breakfast costs, it is proposed to use the following funding to mitigate the impact on the General Fund, as summarised in the pie chart below.



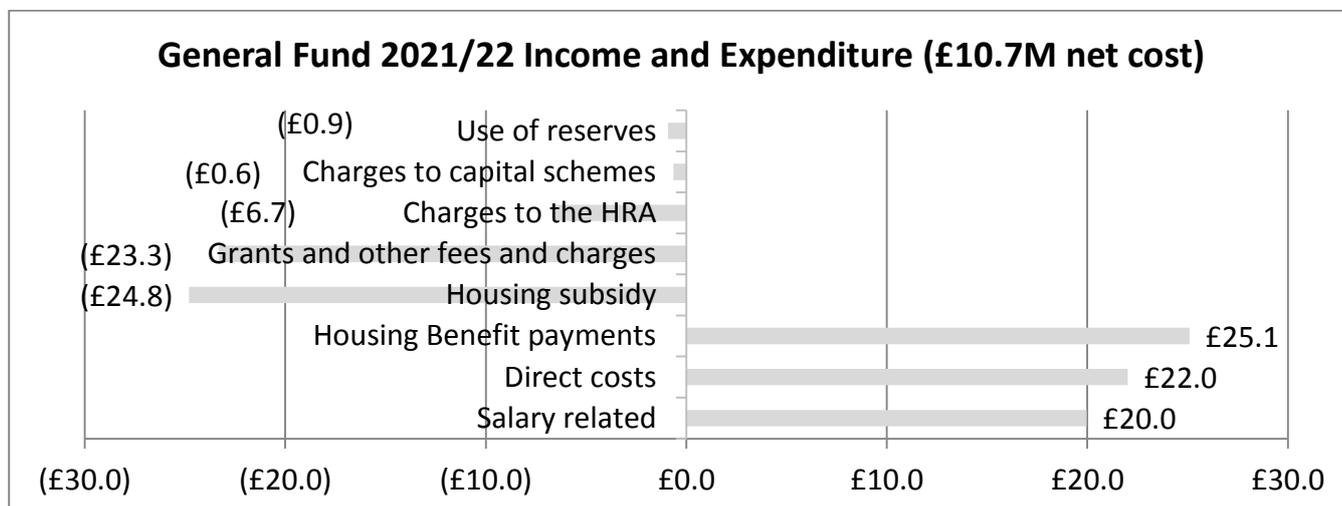
4.3.10 A proportion of the COVID grant funding included in the finance settlement is recommended for utilisation (£265,930) to fund the shortfall and a review of flexible homeless grant has meant a further £60,000 is available to fund additional costs. Officers are also exploring other funding streams via Hertfordshire County Council. However Members should note that the net cost is dependent on achieving a 40% housing subsidy on gross housing costs - which still has to be realised. The cost of providing bed and breakfast accommodation is not fully covered by benefit income as room rates are typically above the cost threshold allowed through regulation; in addition some costs are excluded such as food and utilities.

4.3.11 If this trend continues there will be an adverse impact in following financial years. This update of the MTFs includes an assumption that there is a net cost of £280,000 in 2022/23. This is significantly lower than the 2021/22 projections and remains a live high risk for the MTFs. The lower impact is based on the following mitigations:

- Recruitment of a fixed term post to focus on Housing Benefit claims to maximise benefit recovery and closer liaison with the Shared Revenues service to speed up the claims process for cases placed.
- Continued block booking of hotel accommodation until December 2021 to ensure access to the number of units required and at a preferential rate.
- Housing Development and Housing and Investment working in partnership to identify future accommodation opportunities to secure additional units (30) from January 2022 - to reducing the need to use bed and breakfast.
- Taking steps identified in the temporary accommodation action plan, including the provision of a pipeline of additional units coming on board over this financial year and financial year 2022/2023.
- Review other Hertfordshire homeless trends which are currently lower than in Stevenage in order to understand the drivers in Stevenage and review SBC processes.

4.4 General Fund Income and Expenditure and Resources available to fund net cost pressures

4.4.1 The General Fund original net budget, (before core resources) was £10.7Million for 2021/22. This includes gross costs of circa £67Million and grants and fees and other income of £56Million.



4.4.2 The cost of all the General Fund services the Council provides is not fully funded through the fees and charges, grants from central government and other income (i.e. flexible homeless grant and NDR and Council tax admin and housing subsidy grants). This means there is a net expenditure budget annually for the General Fund.

4.4.3 The General Fund does then only have two other 'core resources' to meet the annual cost of providing services, these are council tax and business rates retained by the Council, (as determined by the government). The ability to fund services has been adversely impacted during the period 2011/12- 2021/22, where there was a significant decline in government funding.

4.4.4 This decline in resources saw Revenue Support Grant (RSG) cut to zero (2019/20) and a move towards less certainty around future income streams. This has meant increase risk to achieving consistent funding levels and made it difficult to depend on for funding core services, on an on-going basis, increasing the risk to planning for budget gaps. The MTFs principle **number 10** recognises this point. The following paragraphs give examples of such funding.

4.4.5 New Homes Bonus (NHB) – the government has revised this scheme, making achieving and retaining income both much more difficult to predict and ultimately realise. The amendments to scheme included: only allowing for an annual gain to be kept for four rather than six years, gains in 2021/22 to be retained for one year only and a threshold increase in the tax base that must be met before any payment is due. This means NHB has reduced from a high of £1.54Million in 2016/17 to an estimated £8,400 for 2022/23.

4.4.6 Retained business rates are the amount above which the government allows Councils to keep business rates generated in their boundary. This is calculated by:

Step one - The government sets a baseline need value - this is assessed as the amount needed based on the funding formula.

Step two – The Council collects business rates in Stevenage, net of reliefs, and keeps a notional 40%, (50% is sent to the government and 10% to Hertfordshire County Council).

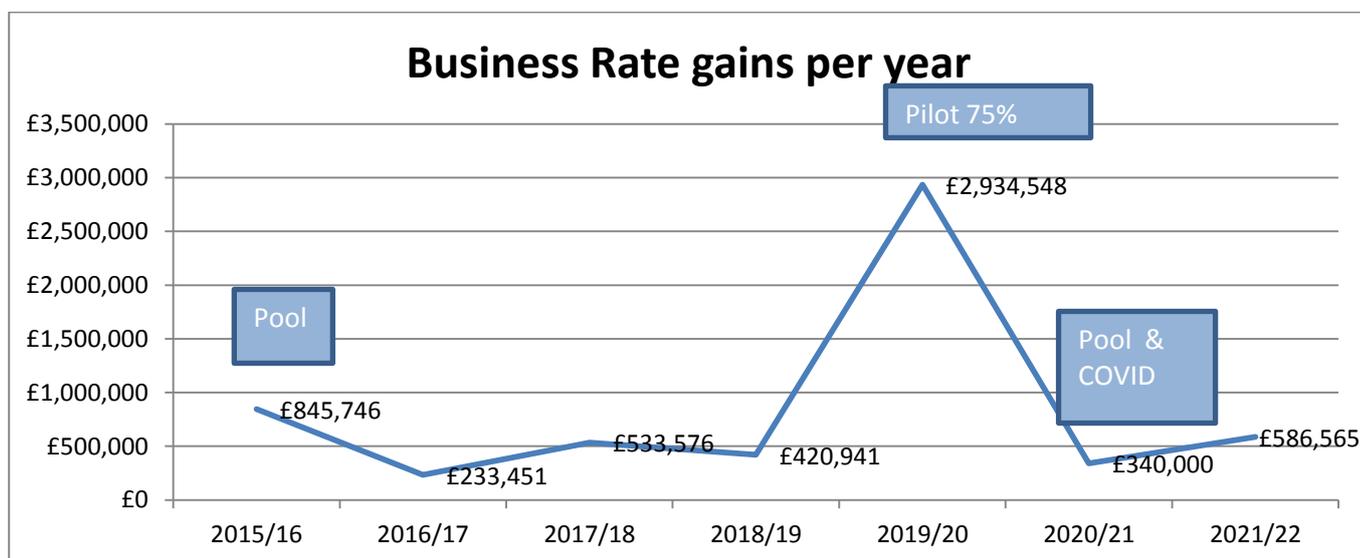
Step three - The government applies a tariff which then reduces the collected 40% share of business rates (based on the last revaluation on rates) so that it is closer to the baseline need (as identified in step 1).

Step four - If there are still gains after step 3, a further levy is applied at 50% so effectively any gains above baseline need are split 50:50 with the government

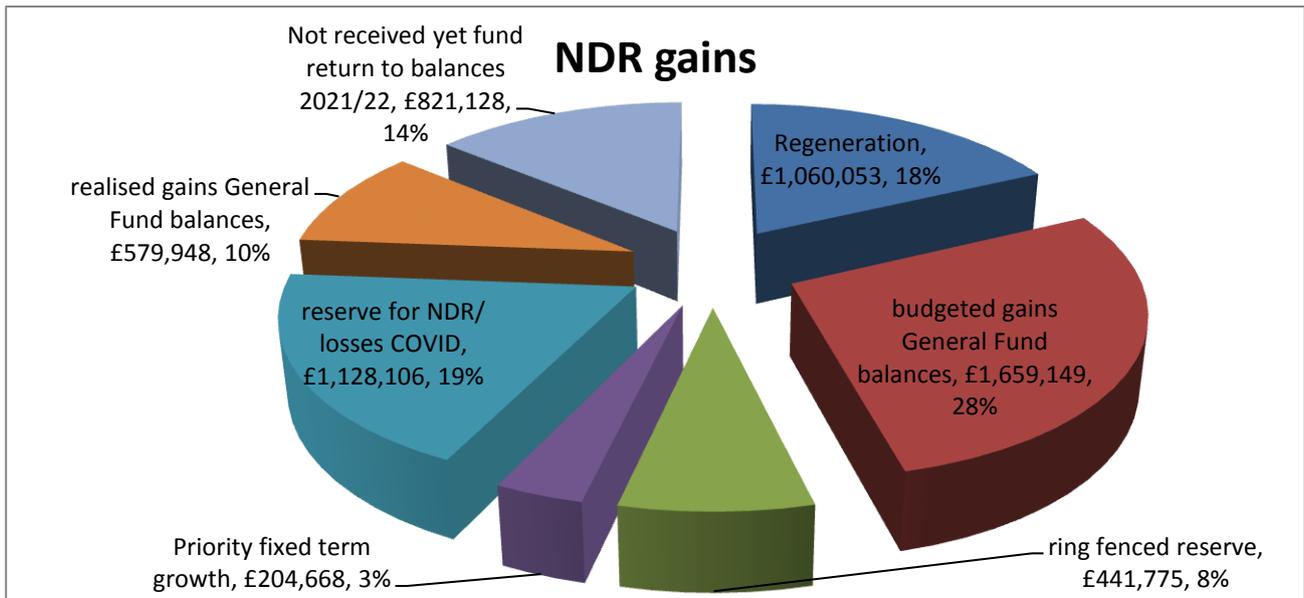
Or In the event that there are in fact losses (i.e. less business rate income was received than the baseline) SBC must fund the first 7.5% below the base line need (approximately £180,000). The rest of the losses are funded by the government via the 'safety net'

Step five - The levy, safety net and section 31 grants are paid based on the amount due in year, all other payments are paid based on estimate with gains and losses due/paid in future years.

4.4.7 Stevenage has benefited from business rate gains which have been influenced by a number of factors such as opportunities to pool gains among councils or the pilot where Hertfordshire Councils kept 75% of all business rates in Hertfordshire. However SBC has only been in the 'Hertfordshire pool' twice and the government has only allowed Hertfordshire Councils to be in one pilot scheme. This adds complexity to projecting income and, in addition to this complexity, gains are not realised in the year they were achieved but are based on the prior year estimates.



4.4.8 This business rate system, whilst allowing SBC to benefit from gains - and in 2019/20 significantly, means that it is difficult to 'bank' on receiving any gains and therefore its availability to fund on-going services; because of this business rate gains have been used to increase balances, fund time limited or one off growth pressure. The majority has in fact been transferred to the NDR allocated reserve until realised in the following year.



4.4.9 In terms of the future of business rates, the Government has delayed the fair funding review and business rates reset for the last few years. The Government had announced that the next revaluation of non-domestic property in England will take effect on 1 April 2023, so that it better reflects the impact of COVID19. The Government is currently consulting on the introduction of a central list whereby some types of businesses are accounted for nationally.

4.4.10 Continuing uncertainty makes medium term financial planning difficult, particularly for Councils that have realised business rate gains such as SBC. A full reset would see those gains disappear with an adjustment to the tariff payable. In addition a one year rather than multi-year deal makes medium term planning difficult

4.4.11 Government policy has also impacted on the ability to have discretion at a local level on the amount of council tax raised locally. Increases in council tax have been capped so that a referendum has been required for any increase above the threshold set by the government (ranging from 2% or £5 on a band D which was 2.32% in 2021/22). This has limited the Council's ability to raise funding shortfalls through council tax.

4.4.12 The government has also curtailed Councils raising income through commercial investments by prohibiting any use of Public Works Loan Board (PWLB) if the Council has commercial investment in their Capital Strategy, (this excludes investment in housing). The Council's HRA plans to take significant borrowing from PWLB to support its housing development ambitions. The prohibition outlined immediately above has prevented SBC from investing in commercial property to support service delivery.

4.4.13 In summary, the resourcing challenge for Councils is significant, with more inherent risk in forecasting a consistent level of funding and uncertainty about future levels of funding, (through the fair funding review and business rates retained). There have also been curtailments to alternative methods of funding by preventing borrowing for commercial investment and limits on the level of council tax rises.

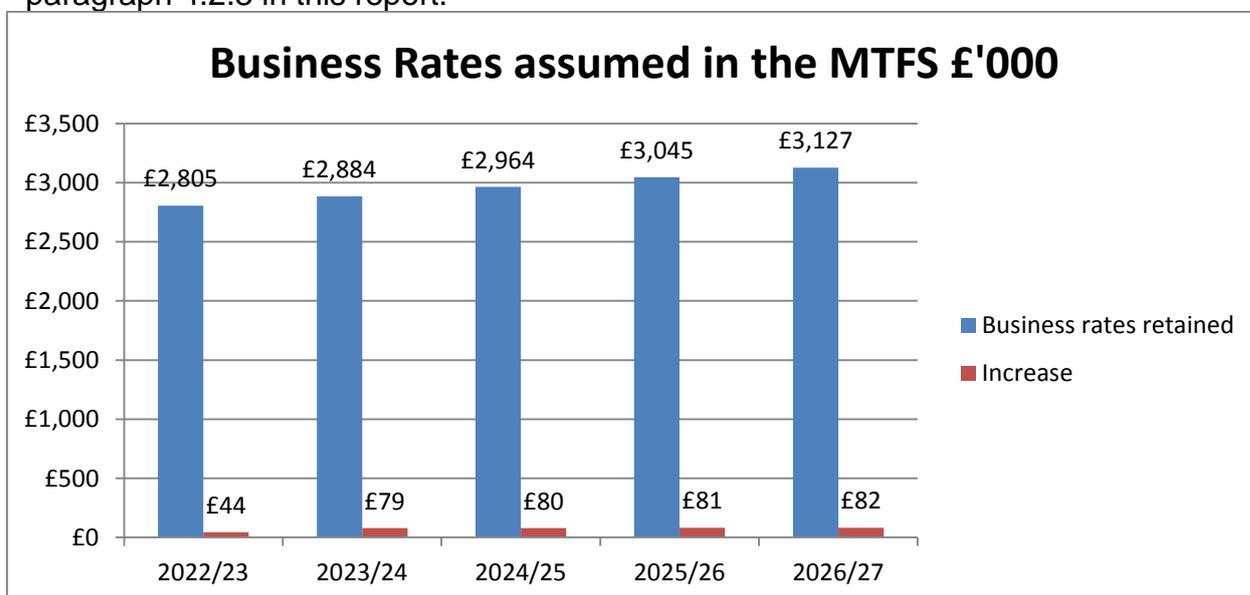
4.4.14 The Original 2021/22 net General Fund budget, even with business rate and council tax income still requires a use of General Fund reserves, meaning that fees and charges, business rates and grants do not equate to the cost of the services the Council provides. This means that there is a need to reduce the cost base through the 'Making Your Money Count initiative' as set out in section 4.8.

4.5 Business Rates Projections

4.5.1 Future income projected from retained business rates is based on only an inflation increase, for the reasons outlined in section 4.4 above. When the budget is set for the year any business rate gains are then estimated based on the latest data; the CFO then recommends that the majority of gains are not built into the General Fund budget due to the risks of: not achieving the level, government policy changes or business failures and appeals. The NDR reserve is used to hold a proportion of gains until they are in fact realised and then their use, where appropriate, is recommended through MTFS updates or budget setting proposals.

4.5.2 In 2020/21 SBC was in the Hertfordshire Pool and there was an estimated countywide £1.2Million of business rate gains, although this relied on the relative gains for other pool members and the Hertfordshire LA's outside the pool. There could be a pool constituted (subject to government policy for 2022/23), but no assumptions have been made in the MTFS about any gains, pooling or otherwise.

4.5.3 The MTFS business rate projections for 2022/23 onwards, built into the MTFS, are summarised in the chart below and based on the inflation assumptions shown in paragraph 4.2.3 in this report.



4.5.4 These estimates also include an assumption about Section 31 grants, which are paid by the government for reductions to the collectable business rates, and which are paid, for example:

- Freezing NDR increases (2021/22)
- Changes to small business rate reliefs
- Incorrect indexing of reliefs

4.5.5 In 2020/21, and again in 2021/22, the government regulated for COVID reliefs after Councils set business rates for both years. This means because Section 31 grants are paid in the year they relate too, (unlike business rate income), too much business rate income will be taken in the current year, resulting in a 'loss' to repay to the collection fund in 2022/23.

4.5.6 Members will be aware this was circa £8.3Million for 2020/21 and there will be a further £4.3Million for 2022/23. Members are recommended to approve the transfer to the NDR reserve of £4.3Million (timing issue), in 2021/22 to be repaid to the collection fund in 2022/23. This prevents an unnecessary distortion of General Fund balances in 2021/22. The change is set out below.

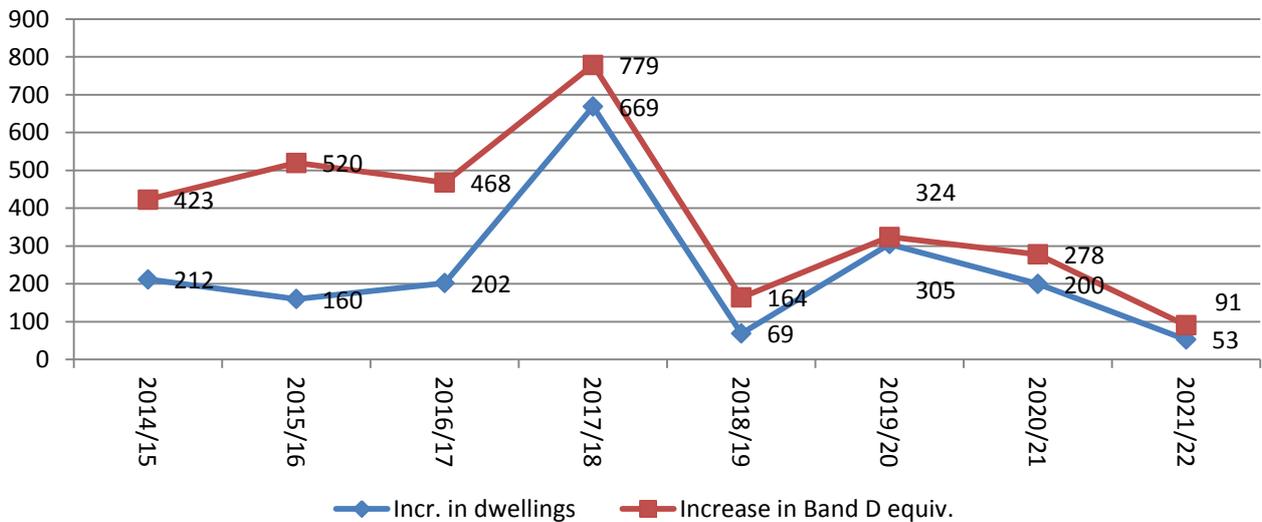
Core Resources:	Budget £'000	Revised £'000	Variance £'000
NNDR	(£18,185,659)	(£18,185,659)	£0
Tariff	£15,429,346	£15,429,346	£0
Levy	£412,639	£412,639	£0
Section 31 grant assumed	(£815,229)	(£815,229)	£0
New Section 31 reliefs from 2021/22	£0	(£4,301,374)	(£4,301,374)
Transfer from S31 NDR reserve	(£8,481,887)	(£4,180,512)	£4,301,374
Transfer to Collection Fund (Business Rates) 2020/21	£8,581,365	£8,581,365	£0
Transfer from Collection Fund NDR prior years	(£821,128)	(£821,128)	£0
Government Funding settlement 2021/22- lower tier service grant	(£140,043)	(£140,043)	£0
CTS support from the government	(£118,859)	(£118,859)	£0
Council Tax Income	(£6,117,154)	(£6,117,154)	£0
Transfer to/From Collection Fund (Council Tax)	(£40,152)	(£40,152)	£0
Total	(£10,296,761)	(£10,296,761)	£0

4.6 Council Tax

4.6.1 The amount of council tax that can be raised annually is influenced by mainly two factors, firstly the growth in the tax base and secondly the inflationary increase applied each year. The tax base is based on when new properties will be brought into use and converts this to Band D equivalents for the year.

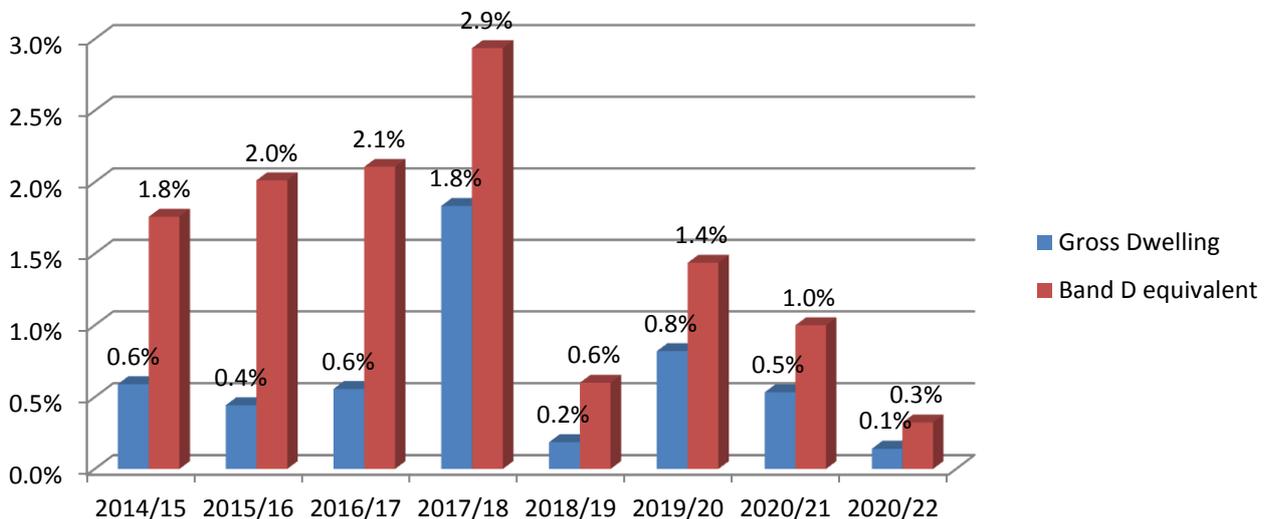
4.6.2 The tax base is calculated based on an estimate of the gross dwellings in Stevenage, reduced by the amount of discounts, (single person discount, council tax support and other exemptions).

Increase in dwellings as at 1st April from the previous year



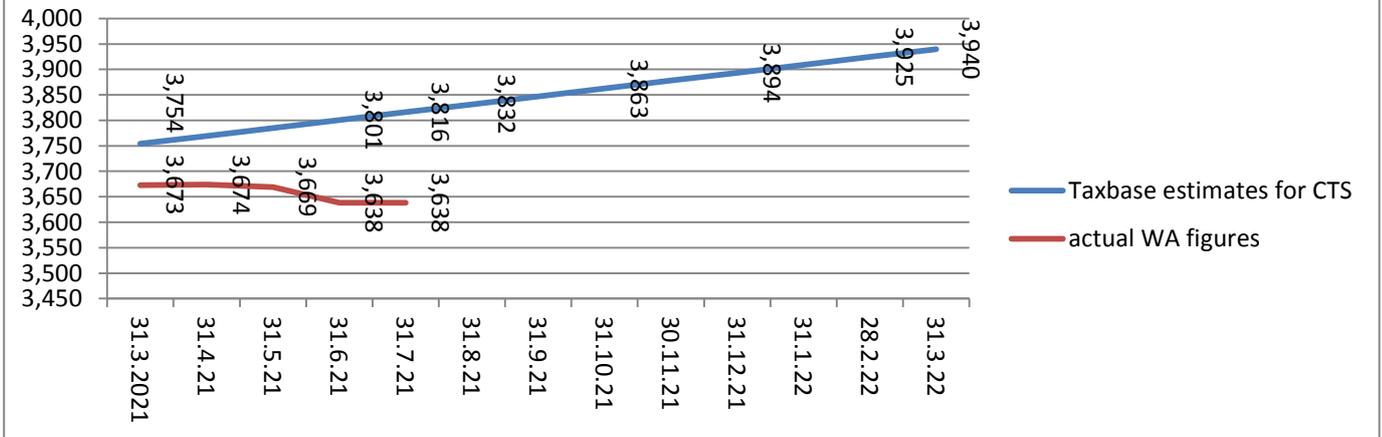
4.6.3 The net number of dwellings percentage increase year on year has exceeded the gross number of new dwellings on the valuation list because of reductions in the numbers claiming Council Tax Support (CTS) and an increase in the collection rate, so increasing the net band D equivalents.

1 April year on year increase in the council taxbase

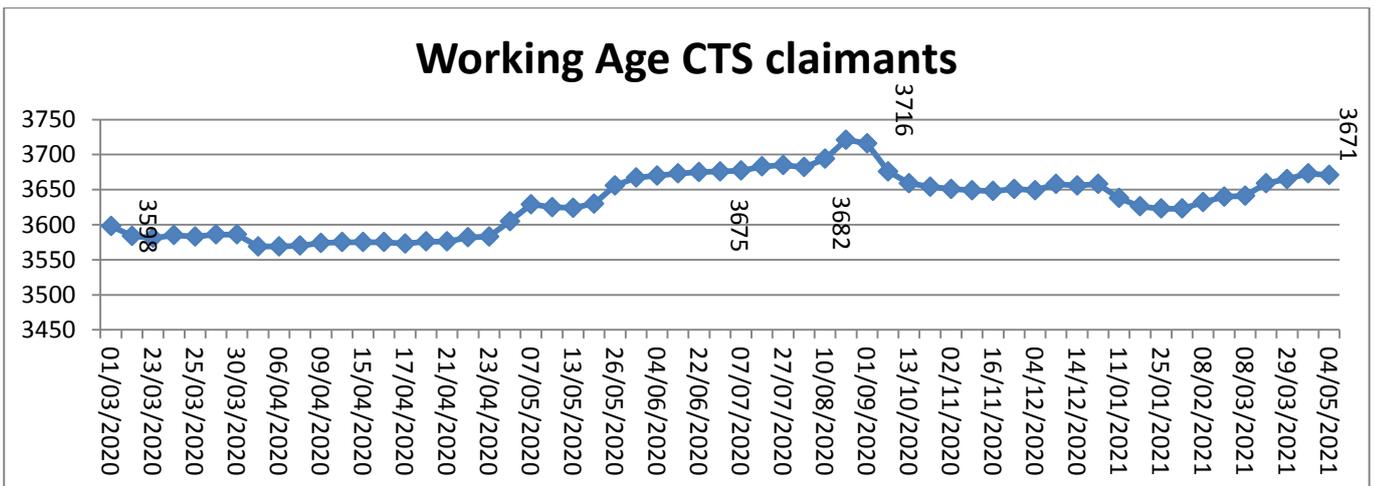


4.6.4 The estimated taxbase for 2021/22 included an assumption that Council Tax Support cases will increase, and this will have the effect of suppressing the level of council tax; CTS has the largest deflating impact on council tax yield. The government’s furlough scheme is due to end in September and this may impact on those working age claimants applying for support. The 2021/22 tax base assumptions versus the actual position are summarised below and shows a lower level of claimants against estimate. This will be monitored up to when the taxbase is approved in January for 2022/23.

Council Tax support cases in the taxbase versus actual to date



4.6.5 Working age claimants did increase during the pandemic but this has gradually decreased as summarised below.



4.6.6 The assumptions for the CTS scheme, which is currently an 8.5% minimum liability for working aged claimants, has been modelled as remaining unchanged. A Portfolio holder Advisory Group is due to be held in September 2021, to again recommend the 2022/23 scheme to Council

4.6.7 Last year the Portfolio Holder Advisory Group (PHAG) met and recommended keeping the current scheme until there is a significant roll out of Universal Credit. The impact of COVID may trigger a large swing towards Universal Credit from Housing Benefit as result of job losses and business failures - if the economic climate does not improve. However this does not yet appear to be happening.

4.6.8 In previous years the tax base has been calculated as increasing by planning housing trajectory numbers, however due to the current uncertainty a 0.75% increase in the tax base has been assumed to reflect some delays in new housing coming on stream due to COVID.

4.6.9 The MTFS currently includes a **1.99% increase in council tax for modelling purposes**. It is not clear whether, as part of the 2022/23 settlement, the government will allow (as in previous years) an increase of £5 on a band D. This would equate to an increase of 2.27%, or £17,065 based on the current tax base projections. This should be announced as part of the 2021 Spending Review, but in any event an increase of 2.27% does not significantly increase income for SBC when compared to 1.99%.

4.6.10 Members should note that SBC keeps a relatively small part of the overall Council Tax raised for the year. To illustrate this, taking a Band C property, (the biggest proportion of properties in Stevenage are a band C), the relative shares of council tax for a band C property are shown below.

Authority	2020/21	2021/22	Cost per day	Increase	Share
Hertfordshire County Council	£1,257.07	£1,307.22	£3.58	4.0%	77.2%
Stevenage Borough Council	£191.62	£196.06	£0.54	2.3%	11.6%
Police Crime Commissioner	£176.00	£189.33	£0.52	7.6%	11.2%
Total	£1,624.69	£1,692.61	£4.64	4.2%	100%

4.7 New Homes Bonus (NHB)

4.7.1 NHB was introduced in 2011/12 and is monies paid to Council's based on the increase in properties in the tax base, (top sliced from nationally business rate revenues), The scheme has been amended over the last few years which has made it less financially beneficial to Council's, by:

- Reducing the number of years a payment is made for, from six to four years;
- Introducing a threshold of 0.4% of the tax base before any new payment is made.
- Gains for 2021/22 to be retained for one year only

4.7.2 No assumptions have been made about new NHB monies for 2022/23, with just the remaining legacy payment as outlined in paragraph 4.4.5. As at 1 August 2021 only 20 new properties had been added to the Stevenage tax base; with the calculation for NHB based on the number of new properties as at 1 October 2021, it is unlikely the threshold would be reached before any payment would be made. This is of course subject to the government continuing the scheme for a further year in the absence of long awaited revision of the whole scheme.

4.8 Making Your Money Count

4.8 1 The 'Making Your Money Count' (MYMC) priority is the vehicle to deliver budget reductions across the General Fund and HRA and consists of four, streams. The graphic below sets out the process for 2022/23 onwards.



4.8.2 **Transformation (including digital)** –A report was presented at the August 2021 Executive and recommended for approval by Members, which gave a set of principles to be applied to improvements to customer access to services through the use of digital design. Customers are at the heart of the Council’s services, so the aim of the programme is that they will be served in a straightforward way, with resolution at the first point of contact and through the provision of easy to access online services that are so good, people prefer to use them. This will be done in conjunction with residents to make sure services are designed with them.

4.8.3 It is estimated that the Council could save approximately up to £2Million through adopting this proposed Transformation Approach. Further work is required to consider the detailed changes necessary and the resulting profile of possible savings; this will require investment and some changes to the delivery of services, to lever out savings. It is proposed that a rolling programme will be established which will start delivering savings from 2023/24.

4.8.4 A further report will be presented to the Executive setting out a set of proposals to implement the changes. This programme will require additional funding as business cases are progressed and digital interventions requiring funding. For modelling purposes the MTFS assumes a sum of £300,000 (General Fund share) in 2022/23 to ensure delivery of the programme, however further funding maybe required. This is in addition to sums already set aside and will ensure that a team is dedicated to the implementation and success of the programme.

4.8.5 **Commercialisation**-The Council approved its Co-operative Commercial and Insourcing Strategy at the 12 August 2020 Executive, this set a number of work streams now overseen by an Executive working group. This work has already contributed to MYMC budget savings and options are considered throughout the year.

4.8.6 The Co-operative Commercial and Insourcing Strategy includes:

- Short term commercial options to be delivered – commercial property, private sector housing
- Review of current charging levels and readiness for complementary or additional services

- Setting a three year fees and charges schedule
- Longer term and level of commercialisation of services
- Insourcing options to be considered and a roadmap has been developed together with a schedule of procurements which are due in the next 12-24 months
- Developing the commercial culture for managers

4.8.7 An update on the work arising from the Co-operative Commercial and Insourcing Strategy will be included in the November Financial Security Report to the Executive.

4.8.8 **Efficiency savings** are reported and removed from the General Fund as part of the quarterly monitoring process. However, there may be some generated from changing the way we work as a result of COVID, these have increasingly been more difficult to extract and in the main cost pressures have been reported. This places more emphasis on the two strands identified above to deliver budget reductions.

4.8.9 The last strand of Financial Security is to **prioritise services**, if a funding gap remains for the General Fund, which has been exacerbated by COVID (see also section 4.1), or the Council wants to fund new priorities which cannot be resourced through the other three strands. The Council's plan is to ensure that the Transformation and Commercial and Insourcing will deliver the required savings as set out in section 4.9 below. However, as set out in paragraph 4.8.3, the Transformation agenda will be delivering savings for the 2023/24 budget.

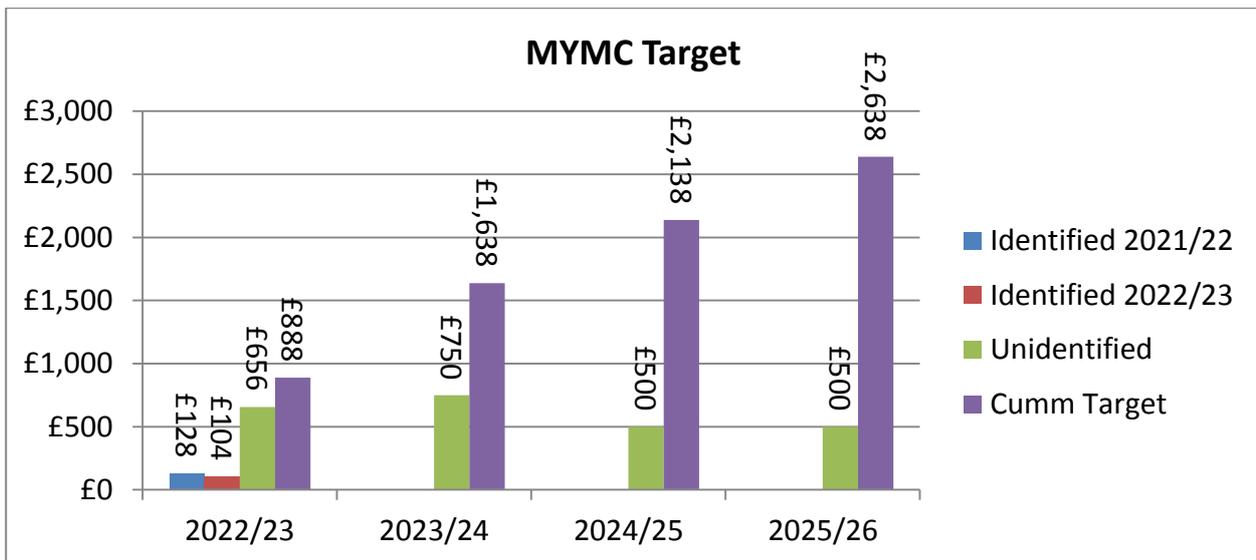
4.8.10 The CFO does not consider it prudent to set an undefined savings target for the Transformation programme, as any interventions need to be identified, scoped and agreed by Members. Furthermore setting an undefined target also coincides with increased risks to the budget and the Council's financial resilience such as:

- The scale on-going COVID income losses and the impact in 2023/24
- Future bed and breakfast pressures into 2023/24
- The need to draw on General Fund reserves

4.8.11 In addition to the work set out in this section, the Stevenage and East Herts CFO's are currently exploring an option to expand the Shared Revenue and Benefits service for a further two Hertfordshire Authorities. The discussions are in the early stages and will be subject to a full business case to be brought back to Members. An indicative high level assessment shows a saving for both founding Councils. Savings would be realised from 2023/24 and Members are asked to support the initial work to determine whether it would be financially and operationally advantageous to SBC. Set up costs are assumed to be funded by the two new partners.

4.9 Making Your Money Count Target

4.9.1 The target for the period 2022/23-2024/25 modelled in the MTFS is summarised in the chart below. This identifies that £656,000 of options are required for 2022/23, subject to the projections in the MTFS being realised. This does have implications for the level of balances as set out in paragraph 4.10.2 and the continued draw on balances until 2024/25.



4.9.2 The current MTFs principles are that there would be a programmed contribution to balances by 2023/24. However, the use of balances has been adversely impacted by COVID and the CFO recommends that to deliver the level of savings required in 2022/23 and the need to continue through a recovery period, this MTFs principle is revised to 2024/25. But due to uncertainty with future funding, the CFO recommends this is not deferred beyond this date.

4.9.3 If the financial position is not as expected then action should be taken in year, as Members did as part of the June 2020 MTFs.

4.9.4 A report will be presented to the November 2021 Executive and Scrutiny Committees and will include the options to meet the MYMC target. This will include options from the four strands identified in this report including fees and charges through the Cooperative Commercial Insourcing Strategy. As set out in this report there is a gap between the cost of running the services for Stevenage residents and there are limited levers to meet this gap without impacting of the range of services available. This means a combination of service improvements, council tax and fees and charges increases is necessary in order to maintain service delivery.

4.10 General Fund Balances and Reserves in the Medium Term Financial Strategy

4.10.1 Council's General Fund reserves are classified as either general or for a specific purpose. The General Fund or the Council's main reserve is designed to cushion the impact of unexpected events/emergencies and help absorb the impact of uneven cash flows.

4.10.2 The Council's General Fund balances projected in the MTFs are summarised in the table below.

General Fund balances	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Opening Balance	(£6,401)	(£4,932)	(£3,701)	(£3,421)	(£3,475)
In Year	£1,469	£1,232	£280	(£53)	(£126)
Closing Balance	(£4,932)	(£3,701)	(£3,421)	(£3,475)	(£3,601)
February Council report 2021	(£4,520)	(£4,194)	(£4,205)	(£4,249)	(£4,500)
Variance to January 2020 MTFS	(£412)	£493	£784	£774	£899

() equals surplus

4.10.3 The reduction in balances compared to the General Fund budget report to the February 2021 Council is predominately due to increased COVID and bed and breakfast impacts being included in the MTFS. However the level of reserves at £3.5Million is in line with the level of balances risk assessed for 2022/23 as set out in paragraph 4.10.8.

4.10.4 Guidance issued by CIPFA emphasises this requirement, particularly in light of the responsibilities placed upon the S151 Officer on an annual basis (under the Local Government Act 2003), to report on the adequacy of proposed reserves when Council sets the council tax for the forthcoming year.

4.10.5 The Act includes a reserve power for government to lay down the minimum reserves local authorities must allow for when they set their budgets. It is therefore expected, that authorities will have regard to the CIPFA guidance when considering the adequacy of balances and allocated reserves.

4.10.6 Reserves can be held for three main purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
- A contingency to cushion the impact of unexpected events or emergencies; and
- A means of building up funds to meet known or predicted liabilities (this is often referred to as allocated reserves).

4.10.7 In order to assess the adequacy of unallocated general reserves when setting the budget, the CFO must take account of the strategic, operational and financial risks facing the authority.

4.10.8 In terms of determining the level of general balances for the MTFS and in particular for next year, the CFO has based her advice on consideration of the factors included in the table below which project a £3.46Million minimum level of balances. This is higher than in previous years due to the legacy impacts of COVID. This assessment is indicative at the current time and will be further reviewed as part of the budget setting process.

General Fund balances Minimum Level Assessment	2022/23 £Million
Amount to cover a 1.5% overrun in gross expenditure	£1.00
Amount to cover a 1.5% overrun in gross income	£0.86
Amount to cover fee and charges losses through price fluctuation (recycling)	£0.20
Amount to cover higher prices through supply chain issues	£0.20
Amount to cover new commercial risks	£0.20
Amount to increased COVID losses from parking fees	£0.80
Amount to increased homeless costs	£0.10
Amount to cover risk to Financial Security savings	£0.10
Total Estimated General Fund Reserves	£3.46

4.11 Allocated Reserves

4.11.1 The Council's Allocated revenue reserve projections are summarised in the table below. The 2021/22 reserve balance of £8.5Million includes business rate balances due to the collection fund of £4.8Million (as a result of COVID reliefs given by the government in 2021/22).

Year end Allocated Reserve Balances	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
NHB reserve	(£239)			
Transformation Reserve	(£330)			
NNDR reserve	(£1,092)	(£646)	(£646)	(£646)
NNDR reserve for S31	(£4,879)	(£289)		
Homeless Reserve	(£96)	(£114)	(£114)	(£114)
Rough Sleeper	(£77)			
Planning Delivery	(£65)	(£65)	(£65)	(£65)
Town Centre Reserve	(£81)	(£81)	(£81)	(£81)
Town square reserve	(£1,118)	(£1,609)	(£1,907)	(£2,209)
Regeneration Reserve	(£229)			
Insurance reserve	(£68)	(£68)	(£68)	(£68)
Income equalisation Reserve	(£258)	(£258)	(£258)	(£258)
Total Allocated Reserves	(£8,532)	(£3,130)	(£3,139)	(£3,441)

4.11.2 The level of Town Square and Regeneration assets reserves needs to be maintained to ensure that the Council has sufficient funding to hold the assets prior to demolition and to fund any regeneration costs arising.

4.11.3 There are balances relating to 2021/22 business rate gains transferred to the NNDR reserve (in this year), which could be returned to the General Fund if they are realised. Members should note, however the level of actual gains for 2020/21

was reduced and the CFO does not recommend returning those balances until they are achieved.

4.12 CFO commentary

4.12.1 The MTFS projects that general balances will be just above minimum levels - based on the revised calculation in paragraph 4.10.8. However, the General Fund faces some financial uncertainty due to the combination of future funding and the legacy impacts of COVID in future years, which may change the use of fee charging services. There are combination of significant factors which further compound the risks facing the General Fund including:

- there is still a draw on balances projected until 2024/25.
- There is a potential on-going risk to income streams from COVID such as parking and commercial.
- There is a risk of higher costs from homelessness and higher cost of materials and contracts as a result of supply issues.
- There is considerable uncertainty around future funding and whether the fair funding review will reduce government funding further.

4.12.2 Based on the factors above, the General Fund needs to minimise the draw on balances and maintain higher balances than normal. General Fund reserves can be increased (as a one off) if and when business rate gains are realised, the allocated reserve is projected to hold £646,000 at the end of 2021/22 which could be utilised for this purpose.

4.12.3 It is critical that General Fund reserve resilience measures, such as the Locality Review receipts, meet the in year target required and the MYMC targets are achieved as set out in the Strategy. This means that options, identified and presented to the November Executive, meet the target for 2022/23 and that the future Transformation report sets out future year savings opportunities.

4.12.4 Growth should be limited to top priorities only, based on the ability to deliver the existing Corporate Plan commitments and should be met by increasing MYMC targets. The growth allowance for 2022/23 is modelled at £75,000.

4.12.5 There are a number of factors that are outside the control of the Council as outlined in this report. The Council cannot rely on unplanned underspends to improve balances, which are one off in nature and may not always happen.

4.13 Approach to Consultation

4.13.1 Previously the Council has sought the views of residents and stakeholders through consultation, finding out their preferences for reducing services, increasing fees and charges and increasing Council Tax. The residents' survey is due to be refreshed in 2021/22.

4.13.2 In addition the CFO is reviewing what additional consultation with residents could be developed for the 2022/23 MYMC option, these options will be tested with Members and through the Leaders Financial Security Group (LSFG).

4.14 Decision Making Process

4.14.1 It is currently planned that the following approval process will be followed:

Date	Meeting	Report
Nov-21	Executive	Financial Security Report with the three year savings proposals for the General Fund and HRA
	Overview and Scrutiny	Financial Security Report with the three year savings proposals for the General Fund and HRA
Dec-21	Executive	Draft 2022/23 HRA budget and rent setting report
	Overview and Scrutiny	Draft 2022/23 HRA budget and rent setting report
Jan-22	Executive	Final 2022/23 HRA budget and rent setting report Draft 2022/23 General Fund budget, Council Tax and Council Tax Support
	Overview and Scrutiny	Draft 2022/23 General Fund budget, Council Tax and Council Tax Support
	Council	Final 2022/23 HRA budget and rent setting report
Feb-22	Executive	Final 2022/23 General Fund budget, Council Tax and Council Tax Support
	Overview and Scrutiny	Final 2022/23 General Fund budget, Council Tax and Council Tax Support
	Council	Final 2022/23 General Fund budget, Council Tax and Council Tax Support

4.14.2 Following the approval of the proposed Financial Security options for 2022/23, the Council will have an obligation to begin consultation with staff and partners.

5. IMPLICATIONS

5.1. Financial Implications

- 5.1.1 The CFO view is set out within this report. There is still a draw on balances and this increases the necessity to adhere to the spending and saving plans.
- 5.1.2 There may also be pressure on fees and charges targets as increases in fees or new commercial options may conflict with other business objectives and COVID has diminished the ability to achieve previous levels of rents and charges.

5.2. Legal Implications

- 5.2.1 The objective of this report is to outline a medium term financial strategy and forecast for the next five years. There are no legal implications at this stage of the planning cycle, however, Members are reminded of their duty to set a balanced budget.
- 5.2.2 Any MYMC savings options considered will have due regard to any consultation carried out, if consultation is required.

5.3. Risk Implications

5.3.1 A review of the risks facing the General Fund budgets has been listed in the table below, not all the impacts are known at the present time. The current MTFS projections are based on prudent assumptions, and include the CFO's best assessment of the financial risks. However, if any of these risks become a reality then the MTFS will need to be updated once the actual impacts are known.

Risk Area	Risk Mitigation	Likelihood	Impact
Government COVID funding does not cover losses in 2022/23 or meet any increase in 2021/22 in losses	Additional MYMC options will need to be identified and a number of options are being considered	High	High
Anticipated MYMC options not achieved (Negative Risk) –agreed options do not deliver expected level of savings either on a one-off basis or On-going.	Regular monitoring and reporting takes place, but the size of the net budget reductions increases the risk into the future. Non achievement of options would require other options to be brought forward. General Fund reserves should be held to ensure that decisions to reduce net costs are taken in a considered manner. This may become more of a risk as options around commercialisation are explored.	Medium	Medium
REVISED: Council Tax Support (CTS) (Negative Risk) – increased demand is under- estimated.	An increase in demand would impact on future years as the deficit in the collection fund would need to be repaid by the General Fund. However the modelling in the MTFS leaves the higher level of CTS caseload as set out in para 4.6.4	High	Medium
Localisation of Business Rates (Potential Negative) – A major employer leaves the town and impacts the business rate yield due to the Council	Negative: The safety net means a maximum loss in year of £190K which the council has included in an allocated reserve. On-going this would impact on the savings target and ultimately services.	Medium	High
Loss of Business Rates due to Companies going into administration	As above.	High	High
The NDR Check Challenge Appeal process impacts on the council's baseline assessment and increases the level	Officers will be monitoring changes to the NDR system and will be talking to the Valuation office. However since the system has been introduced, little has been completed in Stevenage and there	Medium	Medium

Risk Area	Risk Mitigation	Likelihood	Impact
of successful appeals and reduces the yield (Negative risk)	are appeals from the 2010 list remaining.		
Impact of the Universal Credit (Negative Risk) – The grant given to the Council is cut before the Revenue and Benefits Partnership is able to reduce costs. The Welfare reform bill may impact on residents' ability to pay council bills.	A reduction in the amount of grant assumed within the MTFS would require compensating reductions in planned spending within services. However UC is being implemented at a very slow pace and the current case load is reducing.	Medium	High
Inflation (Negative Risk) – The majority of contracts the Council holds include an annual price increase	General balances are risk assessed to ensure overall levels are maintained that can meet higher than expected inflation rates. The inflation projections include a 2% pay award for 2022/23 onwards.	Medium	Medium
Impact of Future Welfare Reforms (Negative Risk) – There could be an increase in the need for the council's services requiring additional resources to be put into those services	Regular monitoring and reporting and the council has a welfare reform group which monitors impacts.	Medium	Medium
All MTFS risks not adequately identified (Negative or Positive Risk) – Financial risks and their timing are not accurately judged leading to either a pressure or benefit to the MTFS.	Council's risk management framework ensures operational and strategic risks are identified as part of the annual service and MTFS planning process.	Low	High
The impact of BREXIT (negative risk) causes supply chain issues increasing costs	An amount has been included in the minimum level of balances and the inflation increases for contracts and utilities has been included in the MTFS modelling.	Medium	Medium

Risk Area	Risk Mitigation	Likelihood	Impact
Impact of future years capital programme (Negative) There could be increased pressure from the capital programme on the General Fund.	There is a robust challenge process for capital bids. Officers will be required to confirm that resources are in place to deliver any approved spend. The Locality reviews should identify capital receipt opportunities.	Medium	High
The Council's regeneration of SG1 increases the financial resources the Council must find.	The Council has already approved the use of ring fenced NDR gains for this purpose and the MTFS recommends this continues. However a full reset of business rate gains could see this reduce and put a pressure on the General Fund.	High	High
Fees and Charges target may not be reached (negative risk)	Non achievement of the target may require other options to be brought forward, for future years. The in year losses have been addressed within the report from a central scenario modelling and increase in minimum balances	High	High
NEW: Homeless Bed and Breakfast costs increase over that budgeted	An allocation of £280,000 has been included in the MTFS for 2022/23.	High	High

5.4. Equalities and Diversity Implications

- 5.4.1 The Council has committed itself to providing high quality services that are relevant to the needs and responsive to the views of all sections of the local community, irrespective of their race, gender, disability, culture, religion, age, sexual orientation or marital status. The General Equality Duty (Section 149 of the Equality Act 2010) requires the Council to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations in the exercise of its functions. The Equality Duty and the impact of decisions on people with protected characteristics must be considered by decision makers before making relevant decisions, including budget savings.
- 5.4.2 The process used to develop the Council's budget has been designed to ensure appropriate measures are in place to ensure the impact of decisions on the community is considered as part of the decision making process. It is officers' view that undertaking an Equalities Impact Assessment (EqIAs) on the strategy is not appropriate at this stage. EqIAs will be done on individual savings proposals (when relevant) at an early stage in the budget savings process to aid decision makers in their consideration of the Equality Duty. This work is being planned into the budget setting process.

5.5. Policy Implications

- 5.5.1 The approval of the revised budget framework includes a link for the Council's service planning requirements to ensure service priorities are identified. In addition the budget framework represents a development of a policy led budgeting approach across Council services and the overall Financial Strategy.

5.6 Staffing and Accommodation Implications

- 5.6.1 It will be evident that there are potentially staffing implications in this report and the matter should be discussed with the Trade Unions at the earliest opportunity.

5.7 Climate Change Implications

- 5.7.1 The Budget and Policy setting process prioritised growth for climate change as part of the 2022/23 budget setting process. The 2022/23 process should have due regard for climate change implications based on the Council's Climate Change Strategy.

BACKGROUND DOCUMENTS

BD1 - 2020 September MTFS Strategy

BD2- COVID Recovery Plan MTFS June 2020 Executive

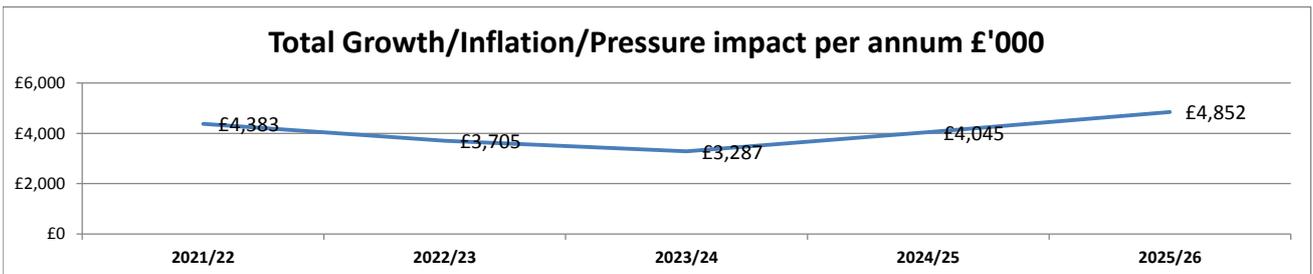
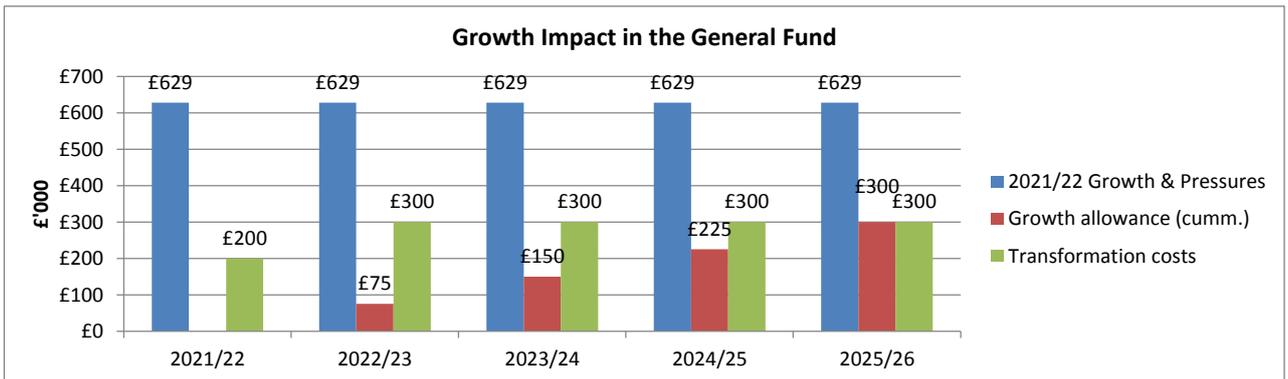
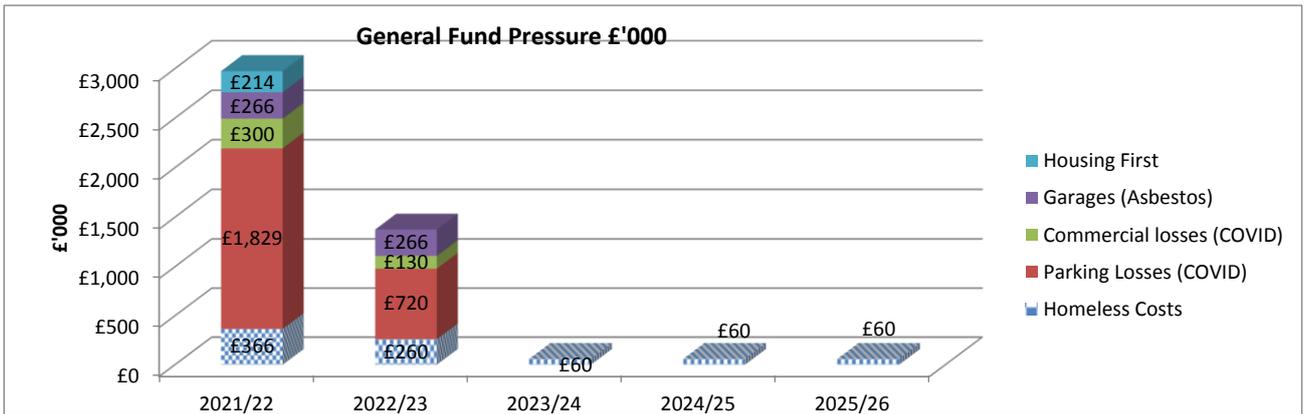
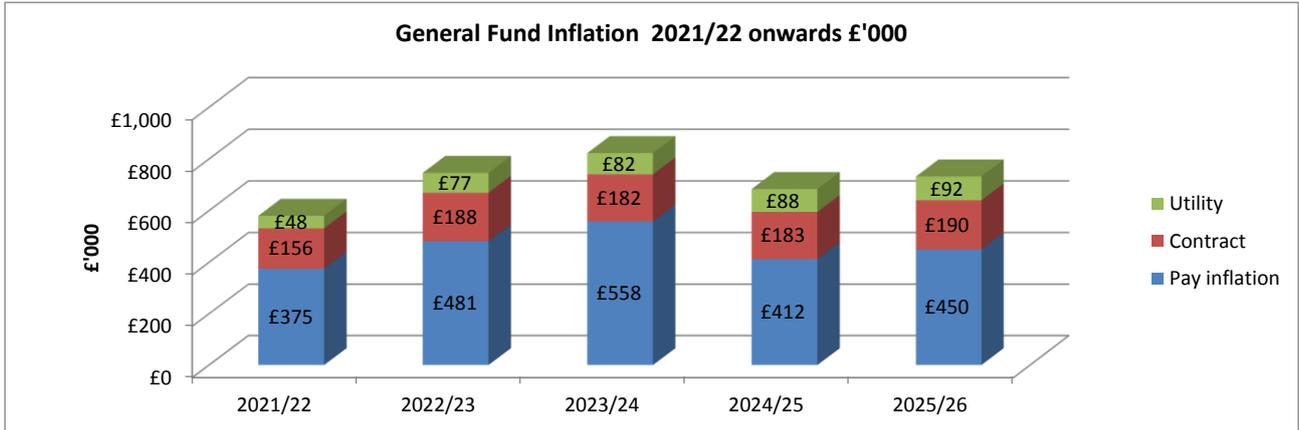
APPENDICES

Appendix A MTFS

Appendix B Quarterly Monitoring

General Fund Medium Term Financial Strategy Update September 2021 Appendix A

MTFS Pressures

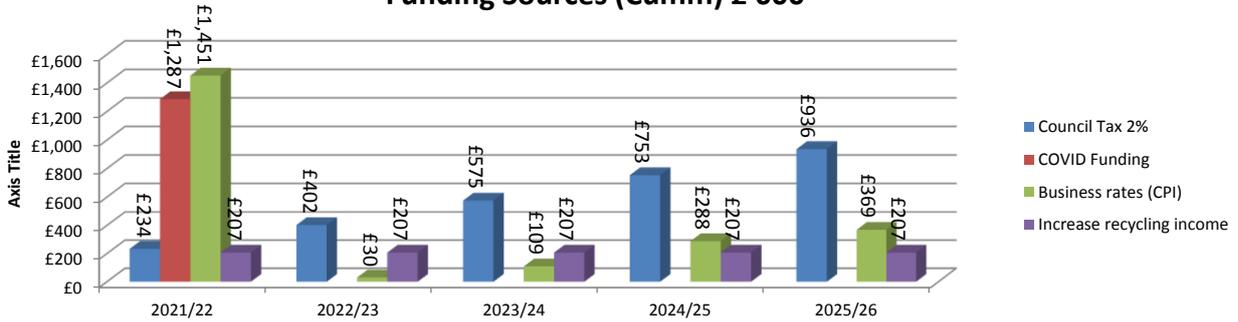


General Fund Medium Term Financial Strategy Update September 2021 Appendix

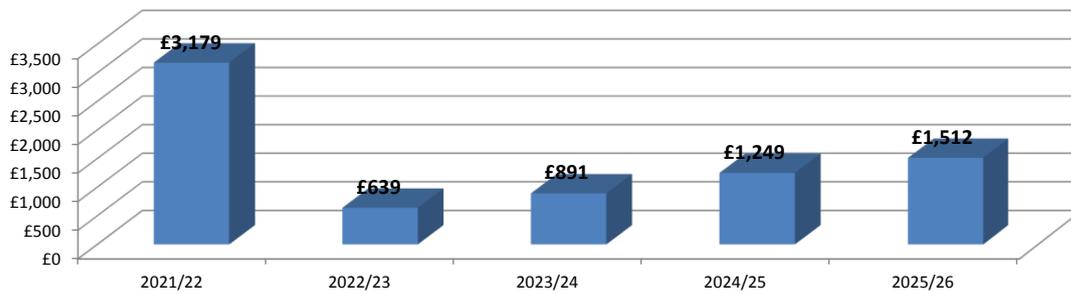
A

Income Increases

Funding Sources (Cumm) £'000



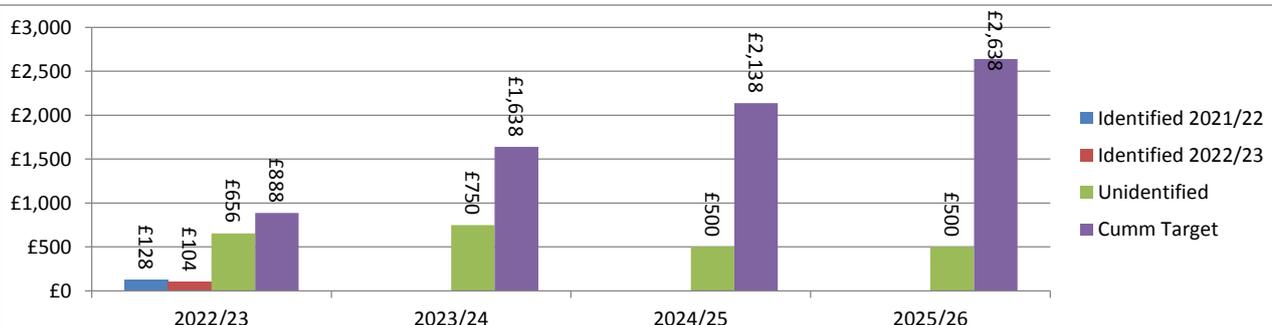
Total Income increases (cumm)



Growth Versus Income



Making Your Money Count Target

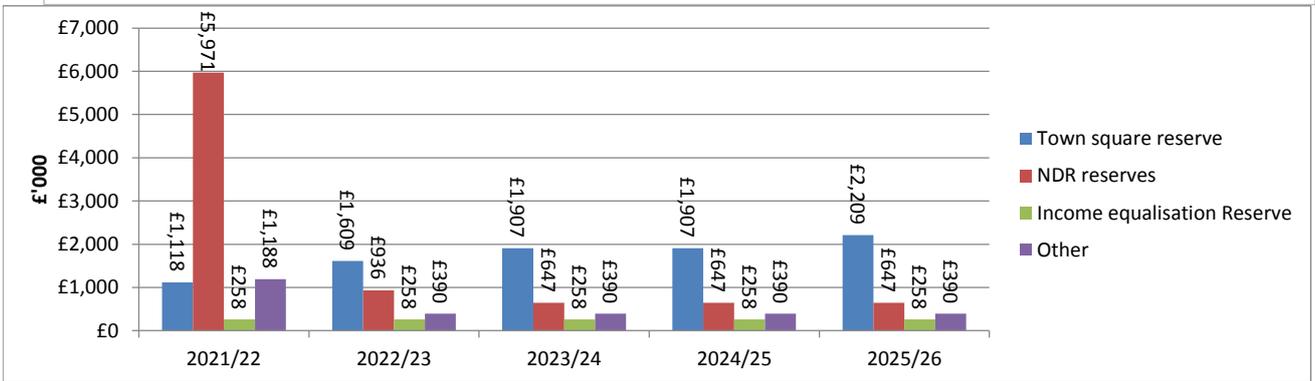


General Fund Medium Term Financial Strategy Update September 2021 Appendix A

The General Fund Balances



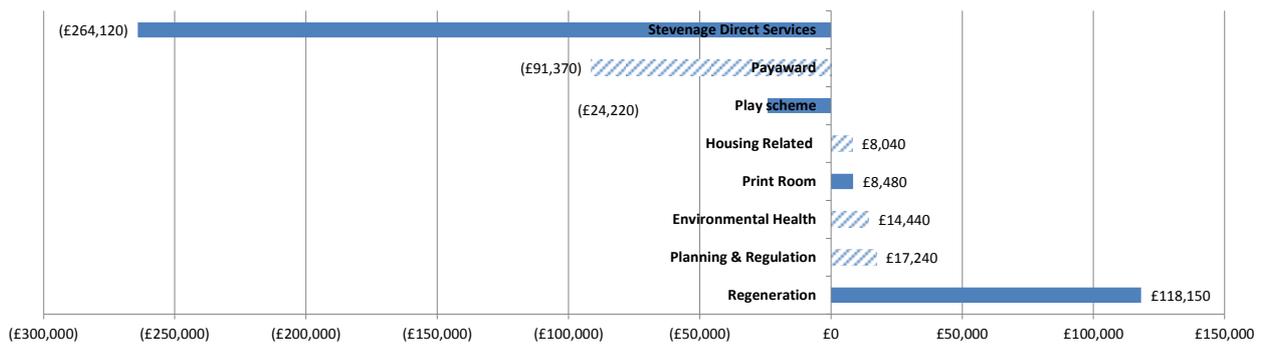
Allocated Reserves and Use



This page is intentionally left blank

1ST Quarter Monitoring General Fund Appendix B

Staff Related Expenditure £213,360 net underspend

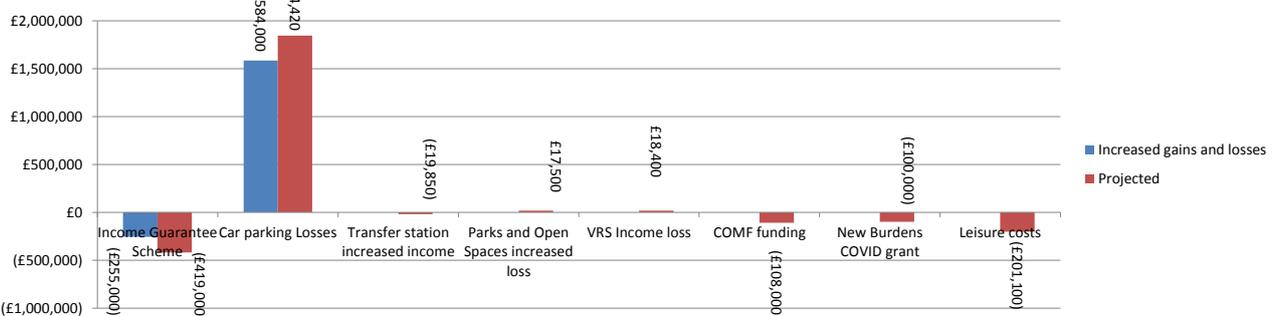


Key: on-going 2022/23 impact In-year

Summary - £51,650 on-going saving, £156,710 in year only with £118,150 over spend funded from allocated reserves= 2021/22 impact of £326,510

- Stevenage Direct Services-** There are eight vacant posts in SDS (predominately refuse and recycling) partly offset by agency costs and extra cost of HGV drivers. Note: Town Centre toilet cleaning has now moved to Facilities *(in year only)*
- Pay award-** The budgeted pay award was based on 2.25% increase, but a 1.75% and 1.5% employer offer has been made (not accepted) for NJC and chief officers respectively. *(on-going saving)*
- Play Scheme-** Saving on salaries due to the period of provision which was impacted by COVID eelior in the financial year *(in year only)*
- Housing Related-** Posts evaluated through the job evaluation scheme were higher than estimated *(on-going)*
- Print Room-** The timing of moving to digital committee papers has meant the print room has remained open longer than originally envisaged *(in year only)*
- Environmental Health -** vacant licensing post cost lower than the cost of agency staff. Estimated new employee in post December 2021. *(in year only)*
- Planning and Regulation-** staffing changes and pension assumptions have resulted in higher cost of salaries *(on-going)*
- Regeneration -** Higher cost of specialist agency staff versus vacant posts, **this cost has been met from the Regeneration Reserve.** *(in year only)*

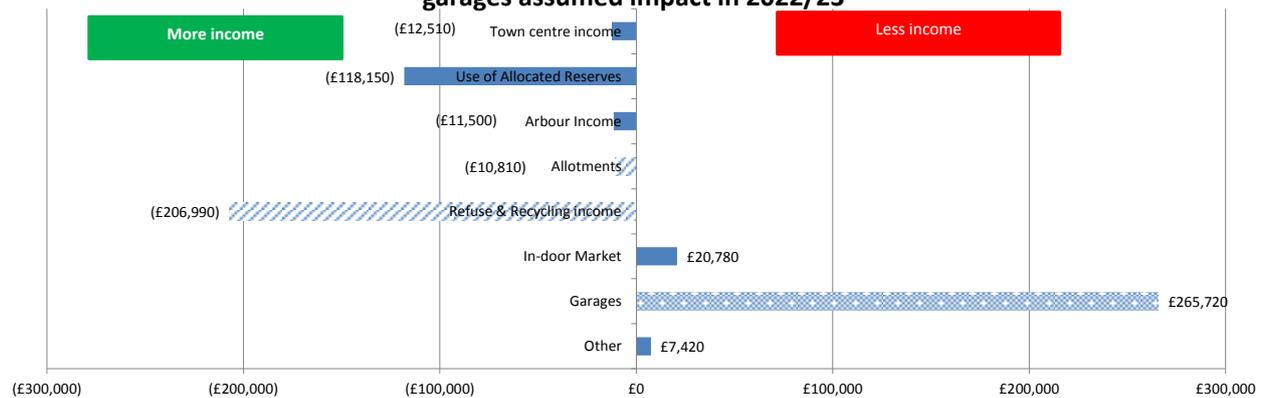
COVID related Income losses changes



(I)= increased income/positive numbers equals losses and excludes commercial income

- Car parking income -** COVID car park losses are projected to be £260K worse than estimated and anticipated to be £1.84Million for the year.
- Income Guarantee Scheme-** The income guarantee scheme which applied to April-June 2021 is estimated to be £155K more than estimated due to losses shown in the chart above.
- Transfer Station -** handling fee income is higher than estimated from HCC due to increase tonnages collected assumed to be from more people working from home.
- New Burdens Grant -** Grant funding for handling of grants to businesses awarded of £166,000 with £66,000 drawn down by the Shared Revenues Service.

Fees and Charges net increase £66,040 in year and £210,640 on-going, and £266,000 garages assumed impact in 2022/23



Key: on-going 2022/23 impact In-year

1ST Quarter Monitoring General Fund Appendix B

FEES and CHARGES Continued

Town centre

Income- Hoarding & scaffolding licencing plus land charge rental (compound) charges for March 21 - May 21

Allocated Reserves- Use of Regeneration reserve to offset increased in year staffing costs to support Regeneration projects

Allotments -Based on 91,506m2 lettable area at £0.60/m2 (fees and charges 2021/22), income higher than budgeted (**assume on-going**)

Recycling and Refuse Income- Budget for 2021/22 was reduced by £120k due to 2020/21 market prices for recycling. (2020/21 saw £140 per tonne dropped to £10/£20 per tonne plus £4.72 per tonne for removal. Rates have shown an increase during 2021/22 (£60, £70, £85/tonne Apr-Jun). These could be subject to change depending on various national economic factors. Projections have been based on similar levels of tonnages to 2020/21, and rates remaining around £80/tonne for plastics, £12/tonne for glass and between £160-220/tonne for paper - note, paper rates averaged £186/tonne in 2020/21. The HCC recycling credit rate has been confirmed as £51.42/tonne for 2021/22, from £49.92 in 2020/21- (**assume on-going**)

In-door market- Voids increasing from 27 to 30. New traders have been brought in but still a net loss (**in-year only**)

Garages- A number of garages have had asbestos related issues which has impacted on the number of lettable garages, it is anticipated this will continue into 2022/23. A paper

Other Changes £198,190



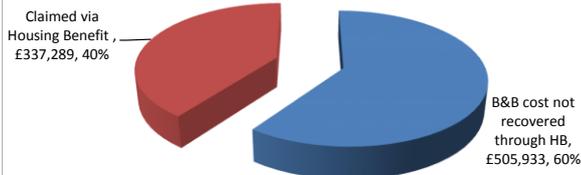
Development Control fees- Increase in costs associated with planning appeals partly offset by higher planning fees

Parks Routine Maintenance- Works to the overhead barriers at the entrances to park car parks is required and works at Ridlins and St Georges tennis courts required.

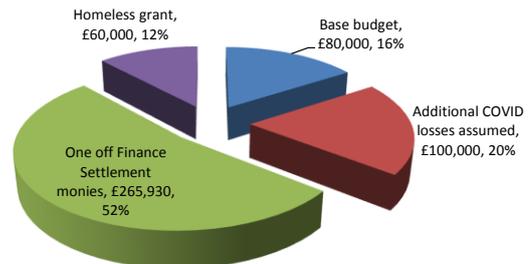
Use of Other Allocated Reserves- An additional £130,260 should have been reported as required as part of the 4th quarter closure report (relating to 2020/21 underspends)

Bed and Breakfast Homeless Pressure

Homeless Bed & Breakfast Costs (Net £505K projected)



Funded from



Currently there are **207 placements in Temporary Accommodation** and **75 of those cases are placed into bed and breakfast**, the latter causing a pressure on the general fund. There had been a budget of £180k for bed and breakfast use in 2020/2021 but due to increasing homeless presentations to the A authority, reduced prevention options, the pressures placed on Local Authorities under the Everyone In directive and the challenges of operating services throughout the pandemic, **SBC has the highest placement numbers in temporary accommodation to date.**

In normal circumstances, enforcement action taken by the income and tenancy services, would have allowed for a flow of properties to move households on from Temporary Accommodation and into settled accommodation, however the eviction ban has impacted this. There has been a 66% increase in placements in the last 3 years from 2018 to 2021 (an average of 16.5% increase per year). The main increase however did take place in financial year 2020/2021 due to the pandemic. This increase can also be attributed to the introduction of the Homelessness Reduction Act in 2018 which has caused cases to remain in temporary accommodation for a much more substantial period. **Based on projections for 2021/2022 a 10% increase in placements number is expected before the end of quarter 3 of this financial year. It is expected that bed and breakfast placements for this financial year will cause a pressure of £330k. In 2021/22 this can be met from one off finance settlement monies and £60k allocated from the homeless grant funding.**

Action taken:

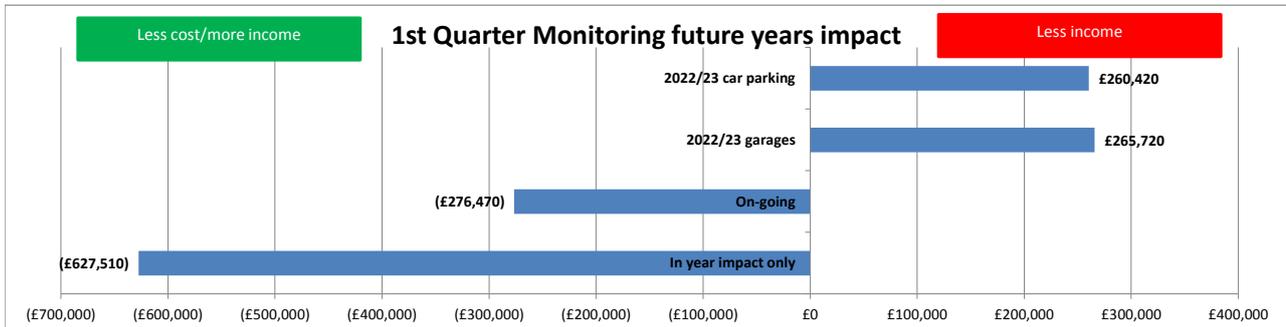
1. The temporary accommodation team are recruiting to a fixed term post to focus on Housing Benefit claims to ensure we are recouping available funds and liaising with Housing Benefit to speed up the claims process for cases placed.
2. Continue block book hotel accommodation until the end of this year in order to ensure access to the number of units required and at a preferential rate and the costing include these block bookings until end of December 2021.
3. The team are exploring additional funding via HCC currently
4. The team are exploring additional funding via HCC currently
5. Taking steps identified in the temporary accommodation action plan, including the provision of a pipeline of additional units coming on board over this financial year and financial year 2022/2023. Continuing to explore additional accommodation options including the repurposing of a supported living scheme pending re development and purchasing further units through open market acquisitions. Housing Development and Housing and Investment are working in partnership to identify future accommodation opportunities to reduce the need to use bed and breakfast.
6. The Team have been successful in obtaining in excess of £2m from fixed term funding grants during the pandemic and beyond for accommodation provision and revenue support to date and we will continue to source external funding opportunities where possible.

Taking into account information currently available to there is going to be a consistent ongoing demand for temporary accommodation throughout the financial year 2022/2023

1ST Quarter Monitoring General Fund Appendix B

Homeless continued . It is worth noting that although the team do not expect a further 16.5% increase in temporary accommodation placements next financial year, however it is pertinent to be aware of the relaxation of the eviction ban and the likely increase in clients being excluded from private sector tenancies as the courts begin to address the backlog of cases together, along with the current humanitarian crisis in Afghanistan which could cause pressure on Local Authorities for cases issued with recourse to public funds. If this recourse is issued at pace local authorities will be required to provide temporary accommodation; is an additional group, not currently accessing our services

Summary of impacts



Summary- There are some on-going budget savings of £276,470 but in the main these relate to price volatility in the recycling market and it is recommended that the level of income equalisation reserves is reviewed. In addition there are on-going concerns about future losses relating to garages and car park income. The level of losses relating to commercial income still needs to be assessed with an assumption in the 2021/22 budget of losses of £300K. Homeless costs remain a significant risk with £265K being met from one off finance settlement monies in 2021/22 and the risk around future homeless losses remains high and there is a real risk that while numbers may come down the cost of hotel rooms may increase significantly as the economy continues to open after COVID.

This page is intentionally left blank

Meeting: AUDIT COMMITTEE/ EXECUTIVE
/ COUNCIL

Agenda Item:

Portfolio Area: Resources

Date: 8 September / 15 September / 13
October



**ANNUAL TREASURY MANAGEMENT REVIEW OF 2020/21 INCLUDING
PRUDENTIAL CODE**

NON-KEY DECISION

Author	– Belinda White	Ext. 2515
Contributor	– Lee Busby	Ext. 2730
Lead Officer	– Clare Fletcher	Ext. 2933
Contact Officer	– Clare Fletcher	Ext. 2933

1 PURPOSE

1.1 To review the operation of the 2020/21 Treasury Management and Investment Strategy.

2 RECOMMENDATIONS

2.1 Audit Committee

That subject to any comments by the Audit Committee to the Executive, the 2020/21 Annual Treasury Management Review is recommended to Council for approval.

2.2 Executive

That subject to any comments made by the Executive, in addition to those made by the Audit Committee, the 2020/21 Annual Treasury Management Review is recommended to Council for approval.

2.3 Council

That subject to any comments from the Audit Committee and the Executive, the 2020/21 Annual Treasury Management Review be approved by Council.

2.4 The CFO recommends that the wording in Appendix C Table 1 Specified Investments Criteria be amended as set out in paragraph 4.2.6.5 in order to allow the use of the Enhanced Cash Funds included in Table 3 Treasury Limits.

3 BACKGROUND

3.1 Regulatory requirement

3.1.1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2020/21. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

3.1.2 During 2020/21 the minimum reporting requirements were that the Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 26/02/2020)
- a mid-year treasury update report (Council 16/12/2020)
- an annual review following the end of the year describing the activity compared to the strategy (this report).

3.1.3 The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

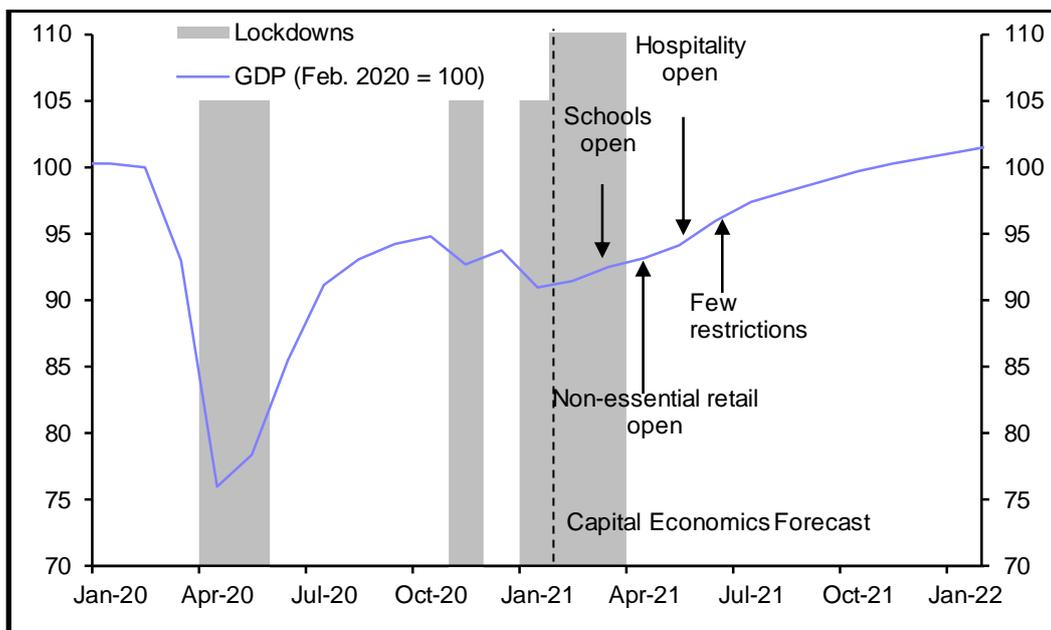
3.1.4 Officers confirm that they have complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit Committee and the Executive before they were reported to the Council.

3.2 The Economy and Interest rates in 2020/21 and current position

3.2.1 **Bank Rate.** Coronavirus and Brexit were both major factors impacting the UK economy in 2020/21. Having cut the Bank Rate to 0.10% in March 2020 in response to the coronavirus pandemic, the Monetary Policy Committee (MPC), embarked on a programme of Quantitative Easing (QE) (purchase of gilts so as to reduce borrowing costs throughout the economy by lowering gilt yields). The MPC then increased QE further in June and again in November to a total of £895bn. While Bank Rate remained unchanged for the rest of the year, financial markets were concerned that the MPC could cut Bank Rate to a negative rate; this was discounted at the February 2021 MPC meeting when it was established that commercial banks would be unable to implement negative rates for at least six months – by which time the economy was expected to be making a strong recovery and negative rates would no longer be needed.

3.2.2 **GDP.** The impact of coronavirus on UK GDP can be seen in the graph below. The first national lockdown in late March 2020 had a significant impact on an economy that was unprepared for such an eventuality. This caused an economic downturn that exceeded the one caused by the

financial crisis of 2008/09. A short second lockdown in November had a relatively small impact, and by the time of the third lockdown in January 2021, businesses and individuals had become more resilient in adapting to working in new ways. Despite it being a three month lockdown there was much less impact than during the first lockdown. The rollout of vaccines from November 2020, and the UK vaccine programme implementation, has given rise to expectations of a return to normality during the second half of 2021 and the resultant economic recovery.



3.2.3 Inflation. Average inflation targeting was the major change adopted by the Bank of England in terms of implementing its inflation target of 2%. The Bank’s forward guidance policy statement in August included that “it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably”. This means that, even if inflation rises to 2% in a couple of years’ time, no action is expected from the MPC to raise Bank Rate, until they can clearly see that inflation is going to be persistently above target if it does not raise Bank Rate. As such, no increase is expected before March 2024, possibly not for five years. Inflation has been well under 2% during 2020/21; it is expected to briefly peak at just over 2% towards the end of 2021, but this is forecast to be a short lived factor and therefore would not be a concern to the MPC.

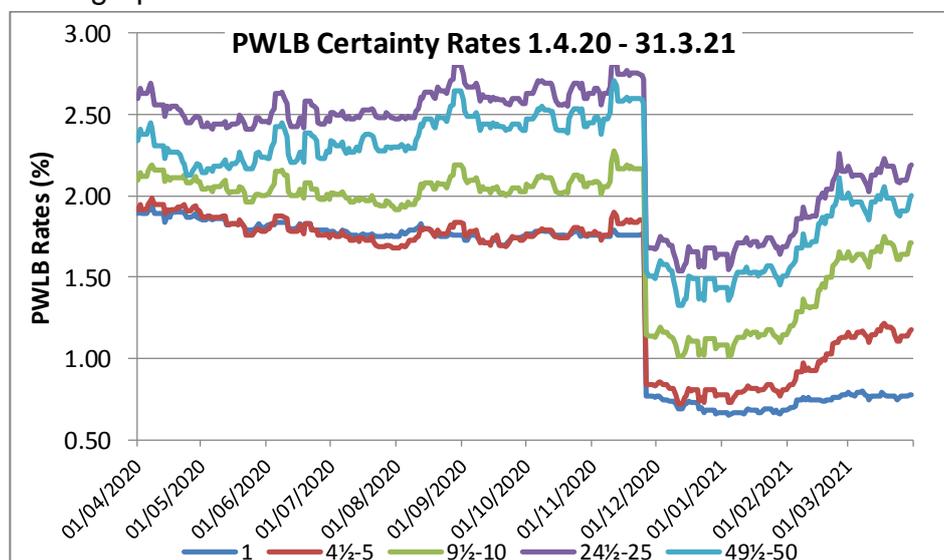
3.2.4 Covid support.

3.2.4.1 The Chancellor implemented repeated rounds of support to businesses via cheap loans and other measures, and protected jobs by paying for workers to be placed on furlough. Councils like Stevenage gave support to businesses affected by Covid. Stevenage gave £21Million in Business Rates Relief and £20Million Covid-related business grants during 2020/21.

3.2.4.2 This support was costly and the Government's budget deficit increased in 2020/21 and 2021/22 to date, with the Debt to GDP ratio now around 100%. The Budget on 3rd March 2021 increased fiscal support to the economy and employment during 2021 and 2022, followed by tax rises in the following three years to help to pay the cost for the pandemic. This aims to further strengthen the economic recovery from the pandemic and return government finances to a balanced budget on a current expenditure and income basis in 2025/26. This will stop the Debt to GDP ratio rising further.

3.2.5 **Brexit.** The UK left the European Union on 31 January 2020 and an exit deal was agreed between the UK and the EU just before the end of the transition period on 31 December 2020. The initial agreement with the EU only covered trade, so further work remains on the services sector where temporary equivalence has been granted in both directions between the UK and EU and needs to be formalised permanently. Trade agreements with some countries and trading blocs took effect from 1 January 2021. Other agreements are still under discussion with countries where trading agreements were in place before 1 January 2021, and the Government put in place a UK global tariff and is trading with other World Trade Organisation (WTO) members on WTO terms, while trade with eligible developing countries is taking place under the UK's Generalised Scheme of Preferences. Brexit is likely to lead to a long-term structural change in the UK economy, impacting areas such as trade, investment and immigration.

3.2.6 **PWLB borrowing rates** are based on gilt (UK Government bonds) yields through H.M. Treasury determining a specified margin to add to gilt yields. PWLB were fairly constant during 2020/21 until 26th November 2020. New investment guidance was issued by the Ministry of Housing, Communities and Local Government (MHCLG) on 26 November 2020 as a response to the consultation on the future lending terms of the PWLB. Along with the guidance was the reversal of the 1% rate rise instituted 19th October 2019 on General Fund borrowing. Borrowing in relation to HRAs had been granted an additional 1% certainty rate reduction during the period October 2019 to November 2020 to negate the 1% rise. Rates began to rise in the final quarter of the year, and the gap between the benchmark rates shown in the graph widened.



3.2.7 The target average borrowing rate in the HRA Business Plan (HRA BP) was 3.40% for 2020, rising to 3.70% in 2021 and 4.00% in 2022. New HRA borrowing of £4.010Million was taken externally in March 2020 at an average rate of 1.62% and in March 2021 a 20 year loan for £10Million was taken at 2.06%. The change in PWLB rates since the HRA BP was written can be seen in Table one. Despite volatility since the HRA BP was set, the current forecast rates remain lower than the original HRA BP forecasts of November 2020 and are in line with the current HRA budgets.

Table one: PWLB borrowing rates				
Rates* as at:	HRA BP	Mar-20	Mar-21	Aug-21
Years	Forecast Rate %	Actual Rate %	Actual Rate %	Forecast Rate %
5	1.63			1.12
10	1.95			1.45
15	2.28			1.69
17		1.60		1.75
20	2.46		2.06	1.80
25	2.52	1.72		1.82

* Rates include a 0.2% Certainty Rate reduction

3.2.8 There are alternatives to the PWLB for borrowing, for both the General Fund and the HRA, including the UK Municipal Bonds Agency. The UKMBA provides funding through three lending programmes. Current UKMBA trading levels in the market, inclusive of all fees, are lower than the PWLB Certainty rate at like maturities.

- Proportionally guaranteed, pooled loans of £1 million or more for maturities greater than one year.
- Standalone loans to a single local authority for £250 million or more for maturities greater than one year. These loans are outside of the proportional guarantee and are guaranteed solely by the borrower, who must obtain an external credit rating from one or more of the major credit rating agencies.
- Short term, pooled loans, outside of the proportional guarantee for maturities of less than one year.

4 TREASURY MANAGEMENT ACTIVITIES

4.1 OVERALL TREASURY POSITION AS AT 31 MARCH 2021

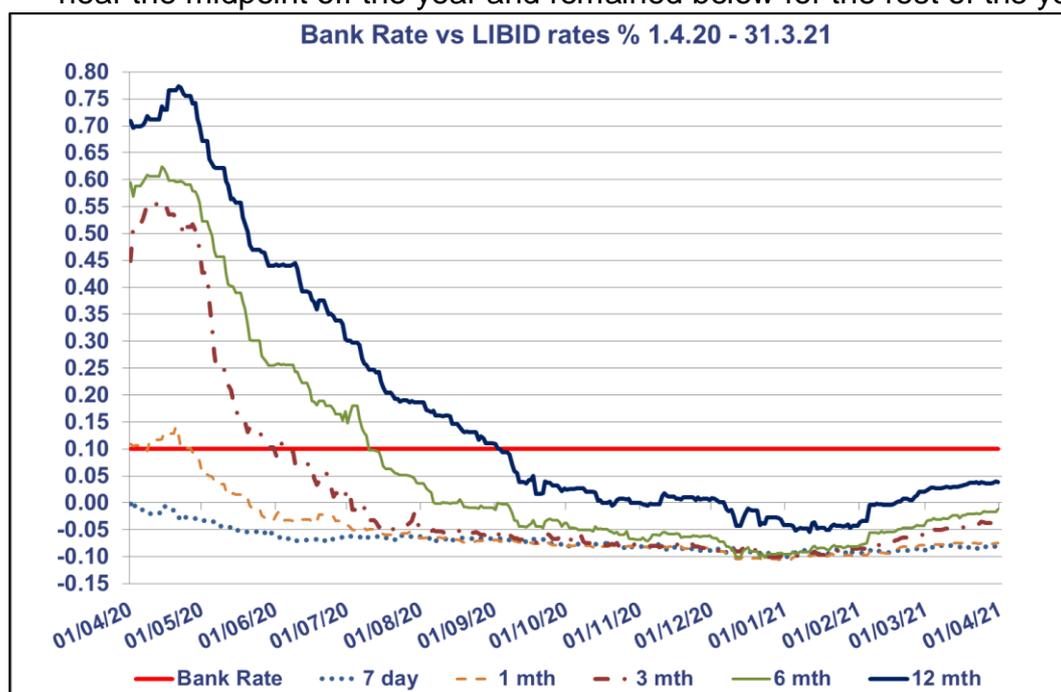
4.1.1 As at 31 March 2020 and 2021 the Council's treasury position was as follows:

Table two: Treasury Position						
	2019/20			2020/21		
	31 March 2020 Principal £'000s	Rate / Return %	Average Life (Yrs)	31 March 2020 Principal £'000s	Rate / Return %	Average Life (Yrs)
Total Borrowing	209,229	3.34	14.12	218,966	3.34	13.45
Capital Financing Requirement	244,027			266,962		
Over/(under) borrowing	(34,798)			(47,996)		
Investments Portfolio (see section 4.2.6)	54,072	0.98		69,700	0.65	

4.1.2 Investment balances increased year-on-year by £15.6 Million. The primary components of this were Covid grants to businesses and S31 Reliefs in advance, however Members should note that £8.5Million is due to be repaid to the Collection Fund relating to S31 reliefs in 2021/22. The balances include restricted use funds that can only be used to finance capital spend, money set aside as provisions and monies held on behalf of others including council tax and business rates provisions and advance payments (see paragraph 4.2.4.2).

4.1.3 During the year the average investment balance was £63.007 Million, earning interest of £406,682 and achieving an average interest rate of 0.65%. The comparable rate was -.083% (average 7-day LIBID rate). This compares with an original budget assumption of £491,520 investment interest based on average investment rate of 0.9%.

4.1.4 The following chart shows UK Bank Rate and LIBID (London Interbank Bid) rates in 2020/21. It can be seen that all LIBID rates fell below Bank Rate near the midpoint off the year and remained below for the rest of the year.



4.2 TREASURY MANAGEMENT STRATEGY 2020/21

4.2.1 The original 2020/21 Treasury Management strategy had projected Bank Rate of 0.75% at the start of the year, until the midpoint of 2020/21 when it was forecast to rise to 1.0% (and to 1.25% at the midpoint of 2021/22). The actual Bank Rate was 0.10% for the full financial year. The returns achievable on the Council's investments are currently modest based on the low Bank of England base rate and the risk appetite of the TM Strategy, which is compliant with the advice from the Council's treasury advisors, Link Asset Management.

4.2.2 The impact of the European Union (EU) Referendum decision to leave the EU and the implications of this for the UK economy were uncertain when the strategy was set and, as described in paragraph 3.2.5, the agreements following the UK's departure from the EU are still being developed, so further updates of the Strategy may be required.

4.2.3 The Council's Capital Expenditure and Financing 2020/21.

4.2.3.1 In 2020/21 the Council spent £44.361 Million on capital projects (General Fund and Housing Revenue Account). The capital programme was funded from a combination of existing capital resources and an increase in borrowing (General Fund £0.791 Million, HRA £20.858 Million). External loans of £10.0 Million were taken out for the HRA during 2020/21. Table three details capital expenditure and financing used in 2020/21.

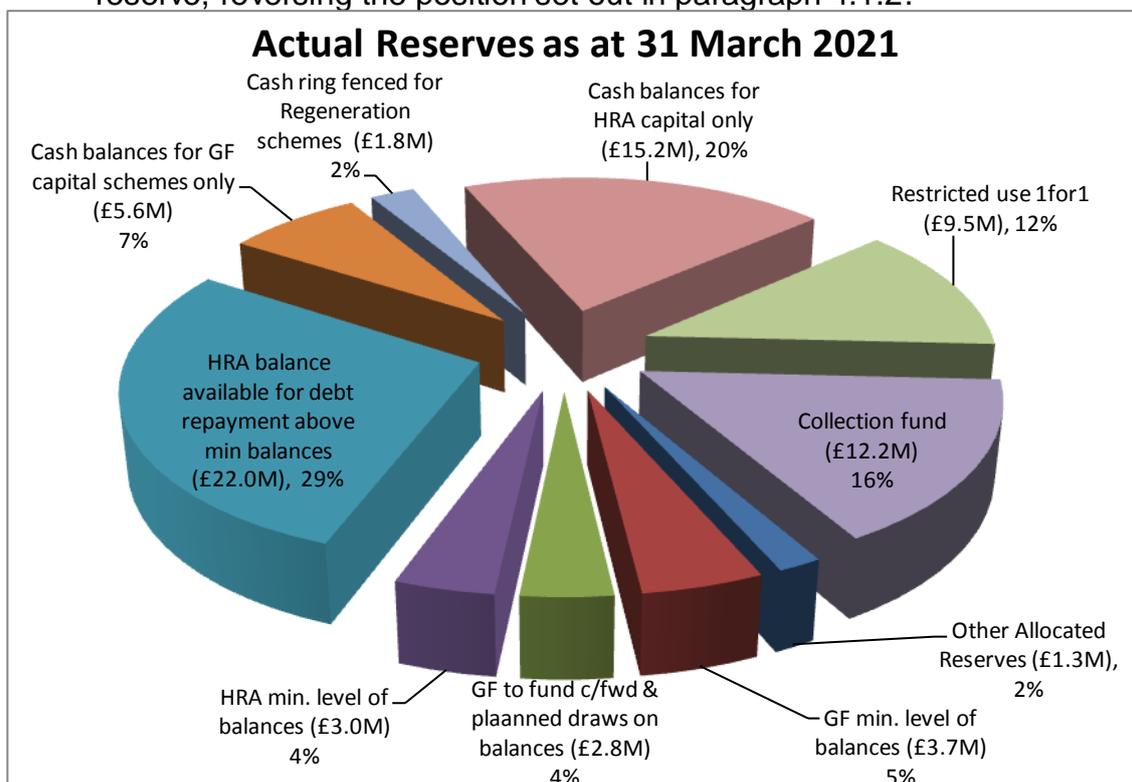
Table three : 2020/21 Capital Expenditure and Financing				
	2020/21	2020/21	2020/21	2020/21
	Original Estimate	Quarter 3 Working Budget	Actual	Variance Actual to Q3 Working Budget
	£'000	£'000	£'000	£'000
Capital Expenditure:				
General Fund Capital Expenditure	20,878	19,807	17,653	(2,154)
HRA Capital Expenditure	31,600	27,135	26,708	(427)
Total Capital Expenditure	52,478	46,942	44,361	(2,581)
Resources Available for Capital Expenditure:				
Capital Receipts	(10,111)	(9,320)	(9,343)	(23)
Capital Grants /Contributions	(16,095)	(12,589)	(10,687)	1,902
Capital Reserves	(283)	(246)	(116)	130
Revenue contributions	(367)	(354)	(237)	117
Major Repairs Reserve	(959)	(2,716)	(2,328)	388
Total Resources Available	(27,814)	(25,225)	(22,712)	2,514
Capital Expenditure Requiring Borrowing	24,664	21,717	21,649	(68)

4.2.3.2 The Treasury Management review of 2020/21 and Prudential Indicators have been updated to reflect changes to capital budgets which have been approved throughout the year. The actual capital expenditure for 2020/21 was reported to the Executive on 11 August 2021.

4.2.4 The Council’s overall need to borrow and Capital Financing Requirement

4.2.4.1 The Council’s underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR). It represents the amount of debt it needs to/has taken out to fund the capital programme (and includes both internal and external borrowing). The CFR is then reduced as debt repayments are made and Minimum Revenue Provisions (MRP – see also section 4.2.6) are made. A separate CFR is calculated for the General Fund and Housing Revenue Account and any transfers of assets (such as land or buildings) between the two accounts will impact on each fund’s CFR. The CFR will go up on the fund “receiving” the assets and go down (by the same amount) on the fund “giving” the asset.

4.2.4.2 Cash balances enable the Council to use internal borrowing in line with its Capital Strategy and Treasury Management Strategy. This position is kept under review taking into account future cash balances and forecast borrowing rates. The apportionment of General Fund and HRA cash balances on 31 March 2021 is shown in the following chart, but Members should note that these cash balances relate in part to the restricted use right to buy “one for one” receipts (£9.5Million) and balances relating to Council Tax and NNDR (£12.2Million), and that there is forecast drawing down of £9Million from the NNDR earmarked reserve and the S31 Grants NDR reserve, reversing the position set out in paragraph 4.1.2.



4.2.4.3 As at the 31 March 2021 the Council had total external borrowing of £218.966 Million. The debt repayment profile is shown in the following table:

Table four Maturity of Debt Portfolio for 2019/20 and 2020/21		
Time to maturity	31 March 2020 Actual £'000's	31 March 2021 Actual £'000's
Maturing within one year	263	263
1 year or more and less than 2 years	263	263
2 years or more and less than 5 years	263	500
5 years or more and less than 10 years	39,156	49,656
10 years or more	169,284	168,284
Total	209,229	218,966

4.2.4.4 The General Fund had external borrowing of £2.282 Million with the Public Works Loan Board (PWLB). The HRA had external borrowing of £216.684 Million all held with the PWLB, of which £21.773 Million relates to the Decent Homes programme, £7.763 Million from pre 2012, £4.010 Million taken out in 2019/20 and a new loan of £10.0 Million taken out in year. The remainder of £194.911 Million relates to self- finance the payment made to central government in 2012.

4.2.4.5 In addition to the PWLB borrowing, the General Fund also has loans from the Local Enterprise Partnership (LEP) in relation to regeneration activities. The schedule as at the 31 March 2021 is set out below. Discussions took place with the LEP regarding making these re-investible loans for further regeneration of the town, rather than needing to be repaid on the dates originally agreed. As indicated in the table, the current position is that only £209K of the £7.279 Million received to date has a fixed repayment deadline, of 31/03/22.

Table Five: LEP Loans					
Loan Received	Site Assembly	Land Assembly	SG1	Total	Repayment Date
2015/16	762,488			762,488	208,795 by 31/03/22
2018/19	416,306			416,306	
2019/20		4,108,709		4,108,709	
2020/21		1,491,291	500,000	1,991,291	
Total	1,178,794	5,600,000	500,000	7,278,794	

4.2.4.6 The Council's CFR is one of the key prudential indicators and is shown in the following table.

Table Six : Capital Financing Requirement 2019/20 and 2020/21			
CFR Calculation	31-Mar-20	31-Mar-21	Movement in Year
	(£'000)	(£'000)	(£'000)
Opening Balance	233,796	244,026	
Closing Capital Financing Requirement (General Fund)	32,287	34,204	1,917
Closing Capital Financing Requirement (Housing Revenue Account)	211,739	232,597	20,858
Closing Balance	244,026	266,801	
Increase/ (Decrease)	10,392	22,775	22,775

4.2.4.7 The CFR for the HRA has increased by the capital expenditure financed by borrowing as set out in paragraph 4.2.4.1.

- 4.2.4.8 The General Fund's CFR has increased by £1.917 Million, due to;
- borrowing requirement of +£792K
 - new LEP loans of +£1.991 Million
 - less Minimum Revenue Provision (MRP) (see section 4.2.5) of -£276K
 - loan repayments made in year totalling -£590K

4.2.5 **Minimum Revenue Provision (MRP)**

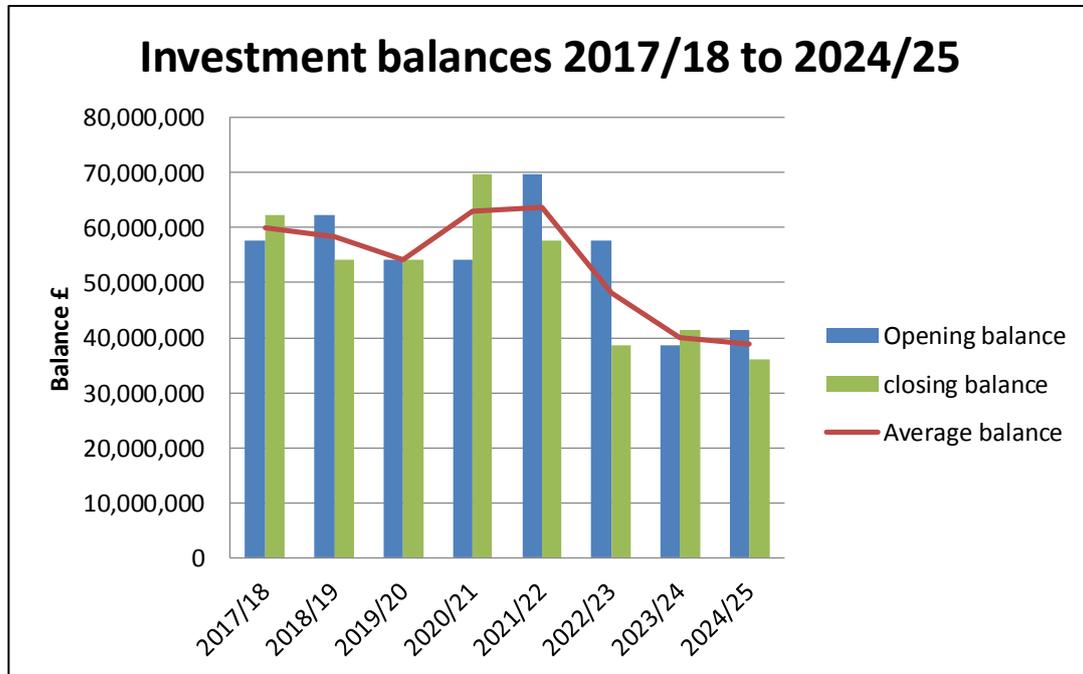
4.2.5.1 The Prudential Code, by which the Council has to make its borrowing decisions, requires the Council to demonstrate that borrowing is required and affordable. The MRP is a statutory requirement to ensure borrowing is affordable for the General Fund and does not apply to the HRA (the HRA affordability is determined in the HRA BP). The Council is required to make annual MRP based on its policy approved by Council as part of the Treasury Management Strategy. The calculation of MRP is based upon prior years' borrowing requirement (regardless of whether that borrowing was internal or external) and the life of the asset for which the borrowing was required.

- 4.2.5.2 The MRP charged to the General Fund in 2020/21 was £275,775, of which
- £35,119 is funded from investment property
 - £24,578 is funded by the Garage Improvements Programme
 - £157,621 is a net cost to the General Fund
 - £58,457 funded by principal loan repayments from Queensway*

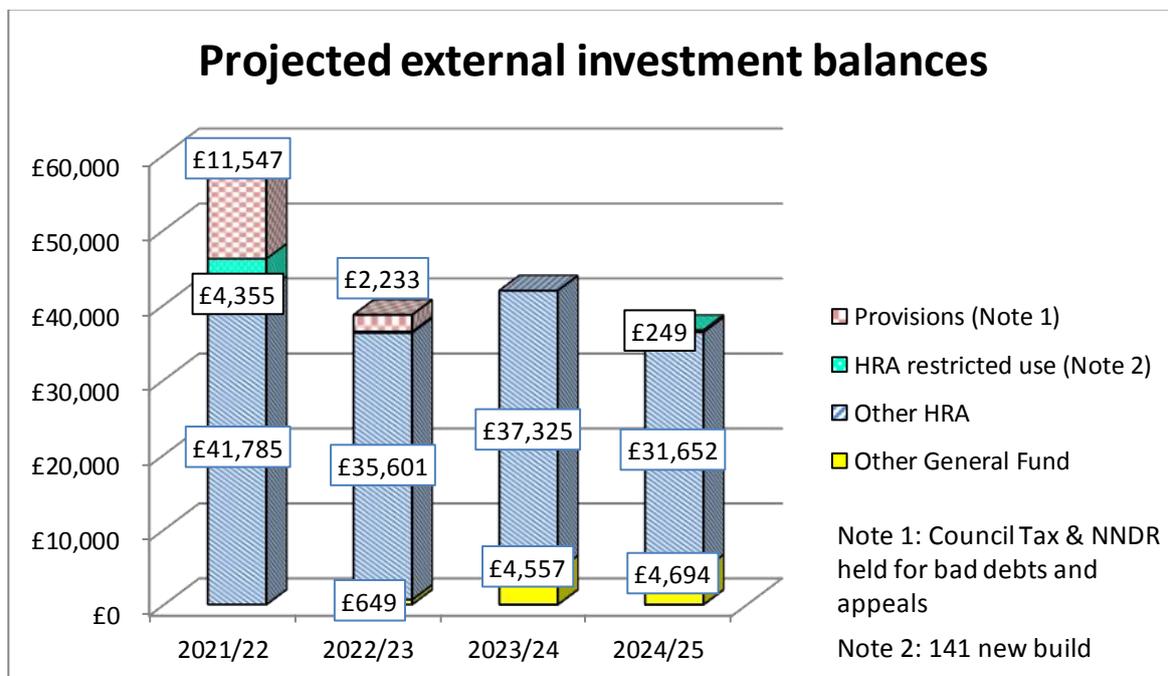
*this is included as an accounting technicality only, there is no MRP cost to SBC relating to this loan

4.2.6 **Cash Balances and Investment**

4.2.6.1 The restrictive use of a proportion of the cash balances set out in paragraph 4.2.4.2, plus the planned use of resources in line with the Council’s capital and revenue strategies, mean that these resources are not available for new expenditure. The following chart shows the historic level of balances and the projected position following the planned use to 2024/25.



4.2.6.2 The chart below shows the breakdown of the projected external investment balances.



4.2.6.3 In accordance with the Treasury Management Strategy approved by Council on 26 February 2020, the Council invests its surplus cash balances.

The policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data and counterparty limits dependant on level of cash balances held.

- 4.2.6.4 There were no breaches to this policy in 2020/21 with the investment activity during the year conforming to the approved strategy. The Council had no liquidity difficulties and no funds were placed with the Debt Management Office (DMO) during 2020/21, demonstrating that counterparty limits and availability for placing funds approved in the TM Strategy were working effectively. It is possible that surplus funds borrowed during 2021/22 will be placed in the DMO temporarily, if PWLB borrowing rates are advantageous and cash balances due to the timing of taking out new loans would breach other counterparty limits.
- 4.2.6.5 The Specified and Non-Specified Investment Criteria (Appendix C) are also being reviewed with regards to other options available but not currently being utilised. Although included in the Treasury Limits (table 3), the Specified Investments (table 1) needs to be amended to allow Money Market Funds that are instant access or with notice periods of up to one year. Enhanced Cash Funds allow access to better rate money but typically have a notice period of up to three days. The CFO deems this a low risk investment therefore the change to the criteria is recommended.

4.2.7 Other Prudential Indicators

- 4.2.7.1 The treasury management indicators for 2020/21 onwards have been updated based on the updated Capital Strategy approved by Council in February 2021 and subsequently updated in the 3rd quarter capital update reported to Executive in March 2021 and the 4th quarter (Outturn) capital update reported to Executive in August 2021.
- 4.2.7.2 The **net borrowing position** for the Council as at 31 March 2021 was **£149.266Million** (total external borrowings/loans of £218.966Million less total investments held of £69.700Million).
- 4.2.7.3 The **operational boundary** and **authorised limit** refers to the borrowing limits within which the treasury team operate. A temporary breach of the operational boundary is permissible for short term cash flow purposes however a breach of the authorised limit would require a report to Council. **There were no breaches of either limit in 2020/21.**
- 4.2.7.4 The **ratio of financing costs** to net revenue stream is equal to General Fund interest costs divided by the General Fund net revenue income from Council tax, Revenue Support Grant and retained business rates. The 2020/21 indicator is **4.27%**.
- 4.2.7.5 The full list of treasury prudential indicators is shown in Appendix A and has been updated for the 2020/21 outturn position and the revised 2021/22 capital programme.

4.3 OTHER ISSUES

4.3.1 Operational and Authorised Borrowing Limits

4.3.1.1 General Fund limits will be reviewed if necessary in the Mid-Year 2021/22 Treasury Management Strategy, due to go to Executive and Audit Committee in November 2021 and Council in December 2021.

4.3.1.2 HRA limits will be revisited as part of the HRA BP review to be reported to Executive in November 2021.

4.3.2 **Property Funds and Commercial Strategy.** As reported in the most recent Treasury Management Strategy, approved by Council in February 2021, Commercial investments (including investment properties), which are entered into primarily for gain by earning a positive net financial return are no longer permitted in the Capital Strategy, in order to access PWLB rates. Therefore this activity, and the borrowing requirement for it, are no longer included in the Prudential Indicators set out in Appendix A.

4.3.3 **UK Sovereign rating and investment criteria.** The UK sovereign rating could come under continued pressure from the impact of COVID and / or following the post-Brexit trade agreements agreed and their impact on the UK economy. The Council's investment criteria only use countries with a rating of AA- or above. Moody's UK Sovereign rating is Aa3 (AA-equivalent), the same as Fitch, while Standard & Poor's has it rated at AA. The UK rating remains exempt from the sovereign rating investment criteria so in this event if it were to result in the UK being downgraded below AA- it would not impact on the Council's ability to invest with UK institutions. Other investment criteria will be considered in this event to ensure security of funds for the Council.

4.3.4 **Queensway Properties LLP.** In December 2018 the Council entered into a 37 year agreement with Aviva to facilitate the regeneration of Queensway in the town centre. A separate legal entity, Queensway Properties LLP, was incorporated to manage the rental streams and costs associated with the scheme. The Council's treasury management team offered its services to the LLP to manage and invest its surplus cash flows through a service level agreement. No investment activities were undertaken on their behalf during 2020/21 (or at all to date).

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 This report is of a financial nature and reviews the treasury management function for 2020/21. Any consequential financial impacts identified in the Capital strategy and Revenue budget monitoring reports have been incorporated into this report.

5.1.2 During the financial year Officers operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy

Statement and in compliance with the Council's Treasury Management Practices.

5.2 Legal Implications

- 5.2.1 Approval of the Prudential Code Indicators and the Treasury Management Strategy are intended to ensure that the Council complies with relevant legislation and best practice.
- 5.2.2 The changes to PWLB borrowing arrangements as per paragraph 4.3.2, prohibiting access to PWLB where Council's retain commercial investments within their Capital Strategy, have been addressed and these activities removed.

5.3 Risk Implications

- 5.3.1 The current policy of minimising external borrowing only remains financially viable while cash balances are high and the differentials between investment income and borrowing rates remain. Should these conditions change the Council may need to take borrowing at higher rates which would increase revenue costs.
- 5.3.2 There remains uncertainty on the long-term implications of exiting the EU on the UK economy and borrowing rates. Officers monitor interest rate forecasts to inform the timing of borrowing decisions.
- 5.3.3 The Council's Treasury Management Strategy is based on limits for counterparties to reduce risk of investing with only a small number of institutions.
- 5.3.4 The thresholds and time limits set for investments in the Strategy are based on the relative ratings of investment vehicles and counter parties. These are designed to take into account the relative risk of investments and also to preclude certain grades of investments and counterparties to prevent loss of income to the Council.

5.4 Equalities and Diversity Implications

- 5.4.1 This report is technical in nature and there are no implications associated with equalities and diversity within this report. In addition to remaining within agreed counterparty rules, the council retains the discretion not to invest in countries that meet the minimum rating but where there are concerns over human rights issues. Counterparty rules will also be overlaid by any other ethical considerations from time to time as appropriate.
- 5.4.2 The Treasury Management Policy does not have the potential to discriminate against people on grounds of age; disability; gender; ethnicity; sexual orientation; religion/belief; or by way of financial exclusion. As such a detailed Equality Impact Assessment has not been undertaken.

5.5 Climate Change Implications

- 5.5.1 The council's investment portfolio is sterling investments and not directly in companies. However the TM team continue to review the use of Money Market funds to ensure, where possible, money market funds that invest in environmentally sustainable companies are used. In this way the TM team aligns with the Councils ambition to attempt to be carbon neutral by 2030.

BACKGROUND PAPERS

- BD1 Treasury Management Strategy including Prudential Code Indicators 2020/21 (Council 26 February 2020)
- BD2 Mid-year Treasury update (Council 16 December 2020)

APPENDICES

- Appendix A Prudential Indicators
- Appendix B Investment and Borrowing Portfolio
- Appendix C Specified and Non-Specified Investment Criteria

This page is intentionally left blank

Appendix A		2020/21 Treasury Management Outturn								
Treasury Management Prudential Indicators										
	2020/21	2020/21	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25		
Capital Expenditure (Based on Capital Strategy Outturn 2020/21):	Original February 2020	Revised Mid year review 20-21	Revised Final Cap Feb 21 Exec	Actual	Revised Cap Outturn Aug 21 Exec					
	£000	£000	£000	£000	£000	£000	£000	£000		
General Fund	20,429	35,271	20,878	17,653	20,296	20,251	26,127	14,795		
HRA	50,384	34,057	31,600	26,708	58,263	57,209	37,186	28,818		
Total	70,813	69,328	52,478	44,361	78,559	77,460	63,314	43,613		
Ratio of financing costs to net revenue stream:	Original February 2020	Revised Mid year review 20-21	Revised Final Cap Feb 21 Exec	Actual	Revised Cap Outturn Aug 21 Exec					
	%	%	%	%	%	%	%	%		
General Fund Capital Expenditure	6.43%	8.17%	4.14%	4.27%	4.90%	5.38%	6.26%	6.91%		
HRA Capital Expenditure	18.68%	15.93%	15.84%	15.19%	16.79%	17.30%	17.52%	16.57%		
General Fund: Net revenue stream is the RSG, NNDR grant and Council Tax raised for the year.										
HRA: The net revenue stream is the total HRA income shown in the Council's accounts from received rents, service charges and other incomes. The ratio of financing costs to net revenue stream reflects the high level of debt as a result of self financing.										
Authorised Limit for external debt	Original February 2020	Revised Mid year review 20-21	Revised Final Cap Feb 21 Exec	Actual	Revised Cap Outturn Aug 21 Exec					
	£000	£000	£000	£000	£000	£000	£000	£000		
Borrowing - General Fund	73,544	49,918	34,343	34,343	51,372	57,298	58,511	57,612		
Borrowing - Queensway residential		15,000	15,000	15,000	15,000	15,000	15,000	15,000		
Borrowing - HRA	247,627	245,474	245,474	245,474	270,144	285,784	297,764	297,764		
Total	321,171	310,392	294,817	294,817	336,515	358,082	371,275	370,376		
The authorised limit in that it is the level up to which the Council may borrow without getting further approval from Full Council. The Council may need to borrow short term for cash flow purposes, exceeding the operational boundary. The authorised limit allows for £8m headroom above the Operational Boundary (£2m General Fund and £6m HRA), which is in addition to our capital plans.										
Operational Boundary for external debt	Original February 2020	Revised Mid year review 20-21	Revised Final Cap Feb 21 Exec	Actual	Revised Cap Outturn Aug 21 Exec					
	£000	£000	£000	£000	£000	£000	£000	£000		
Borrowing - General Fund	71,544	47,918	32,343	32,343	49,372	55,298	56,511	55,612		
Borrowing - Queensway residential		15,000	15,000	15,000	15,000	15,000	15,000	15,000		
Borrowing - HRA	241,627	239,474	239,474	239,474	264,144	279,784	291,764	291,764		
Total	313,171	302,392	286,817	286,817	328,515	350,082	363,275	362,376		
The operational boundary differs from the authorised limit in that it is the level up to which the Council expects to have to borrow. The Council may need to borrow short term for cash flow purposes, exceeding the operational boundary. The operational boundary allows for £7m headroom in addition to our capital plans (£5m General Fund and £2m HRA) plus the additional borrowing facility that may be drawn down by the Housing WOC.										
Gross & Net Debt	Original February 2020	Revised Mid year review 20-21	Revised Final Cap Feb 21 Exec	Actual	Revised Cap Outturn Aug 21 Exec					
	£000	£000	£000	£000	£000	£000	£000	£000		
Gross External Debt - General Fund	20,752	17,353	2,525	2,282	13,201	19,570	23,351	23,351		
Gross External Debt - HRA	235,033	230,487	230,487	216,684	246,231	261,871	273,851	273,851		
Gross External Debt	255,785	247,840	233,012	218,966	259,432	281,441	297,203	297,203		
Less Investments	(47,240)	(60,629)	(62,399)	(69,700)	(59,121)	(40,078)	(42,885)	(41,199)		
Net Borrowing	208,545	187,211	170,613	149,266	200,311	241,363	254,318	256,004		
The Gross External Debt is the actual debt taken out by the Council plus any relevant long term liabilities. The Gross External Debt should not exceed the Operational										
The Net Borrowing is defined as gross external debt less investments. The net borrowing requirement may not, except in the short term, exceed the total capital financing requirement in the preceding year, plus the estimates of any additional financing.										
Capital Financing Requirement	Original February 2020	Revised Mid year review 20-21	Revised Final Cap Feb 21 Exec	Actual	Revised Cap Outturn Aug 21 Exec					
	£000	£000	£000	£000	£000	£000	£000	£000		
Capital Financing Requirement GF	45,544	42,918	27,343	34,204	44,372	50,298	51,511	50,612		
Capital Financing Requirement HRA	239,627	237,474	237,474	232,597	262,144	277,784	289,764	289,764		
Total Capital Financing Requirement	285,171	280,392	264,817	266,801	306,515	328,082	341,275	340,376		
The Capital Financing Requirement (CFR) reflects the amount of money the Council would need to borrow to fund its capital programme. This is split between the Housing Revenue Account CFR (HRACFR) and the General Fund CFR (GFCFR).										

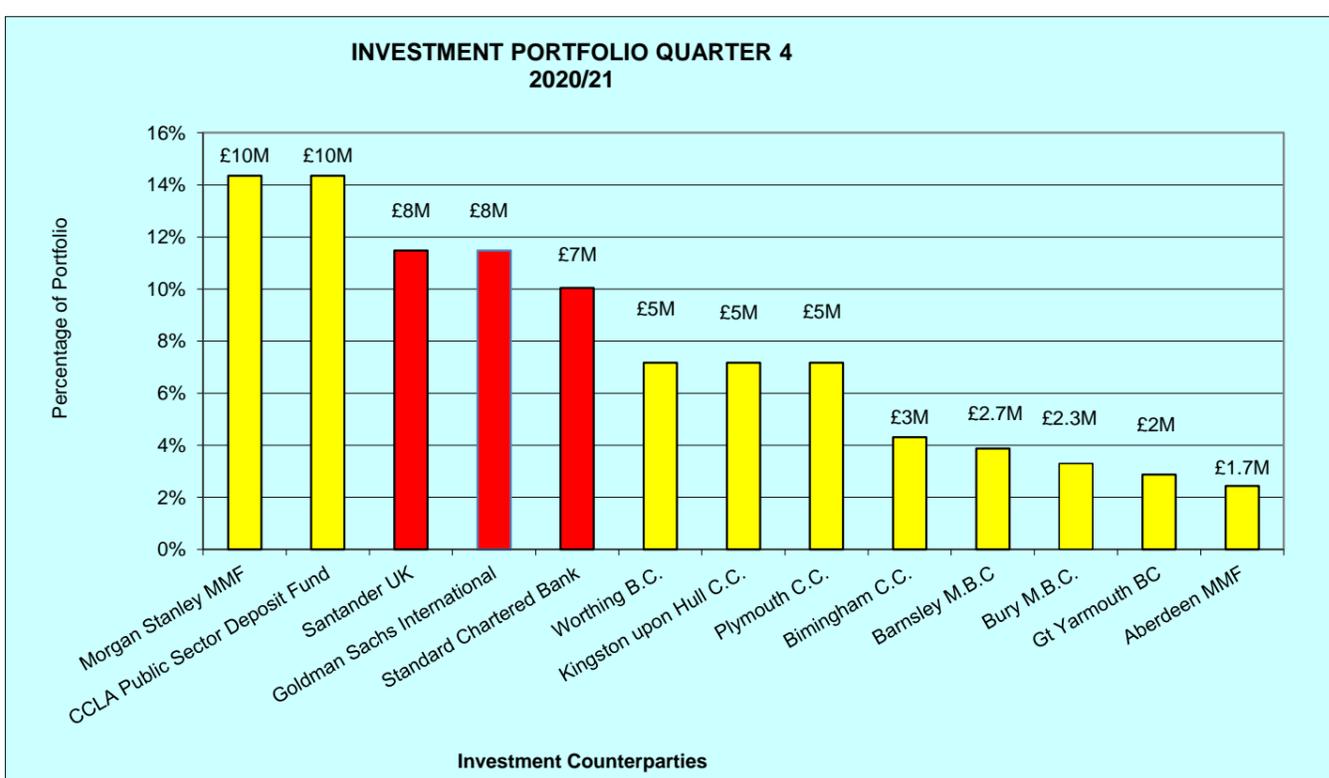
This page is intentionally left blank

INVESTMENT PORTFOLIO QUARTER 4 (31st March 2021)

Appendix A

Average interest rate - 2019/20	0.98%
Average interest rate - 2020/21	0.65%
Bank of England Bank Rate	0.10%

<u>Borrower</u>	<u>Nation</u>	<u>Sovereign Rating (Fitch)</u>	<u>Amount £'s</u>	<u>From</u>	<u>To</u>	<u>Rate %</u>
Money Market Funds (Instant Access)						
Morgan Stanley	UK	AA-	10,000,000			0.03
CCLA Public Sector Deposit Fund	UK	AA-	10,000,000			0.05
Aberdeen MMF	UK	AA-	1,700,000			0.01
95 Day Notice						
Standard Chartered Bank	UK	AA-	7,000,000			0.36
Fixed Term Deposit						
Birmingham C.C.	UK	AA-	3,000,000.00	15-Apr-20	14-Apr-21	1.15
Gt Yarmouth BC	UK	AA-	2,000,000.00	16-May-18	17-May-21	1.45
Santander UK	UK	AA-	8,000,000.00	31-Dec-20	30-Jun-21	0.30
Goldman Sachs International	UK	AA-	8,000,000.00	14-Jan-21	14-Jul-21	0.10
Barnsley M.B.C	UK	AA-	2,700,000.00	15-Sep-17	15-Sep-21	0.98
Kingston upon Hull C.C.	UK	AA-	5,000,000.00	28-Sep-20	27-Sep-21	0.32
Plymouth C.C.	UK	AA-	5,000,000.00	30-Nov-20	29-Nov-21	0.25
Worthing B.C.	UK	AA-	5,000,000.00	05-Dec-19	06-Dec-21	1.50
Bury M.B.C.	UK	AA-	2,300,000.00	18-May-20	18-Nov-24	2.00
			69,700,000			



LOAN PORTFOLIO QUARTER 4 (31st March 2021)

Decent Homes Borrowing

<u>Lender</u>	<u>Type</u>	<u>Rate %</u>	<u>Amount £'s</u>	<u>From</u>	<u>To</u>	<u>Life of Loan</u>
PWLB	Fixed Rate/Maturity	4.75	2,000,000	04/03/2010	04/03/2035	25 years
PWLB	Fixed Rate/Maturity	4.28	1,800,000	25/05/2010	25/05/2035	25 years
PWLB	Fixed Rate/Maturity	4.24	963,000	17/08/2010	17/08/2035	25 years
PWLB	Fixed Rate/Maturity	4.65	3,000,000	25/03/2010	25/09/2035	25 1/2 years
PWLB	Fixed Rate/Maturity	1.72	510,000	25/03/2020	25/03/2045	25 Years
PWLB	Fixed Rate/Maturity	1.60	3,500,000	25/03/2020	25/03/2037	17 years
PWLB	Fixed Rate/Maturity	2.06	10,000,000	30/03/2021	30/03/1941	20 years
			21,773,000			

Self Financing Borrowing

<u>Lender</u>	<u>Type</u>	<u>Rate %</u>	<u>Amount £'s</u>	<u>From</u>	<u>To</u>	<u>Life of Loan</u>
PWLB	Fixed Rate/Maturity	2.92	500,000	28/03/2012	28/03/2026	14 years
PWLB	Fixed Rate/Maturity	3.01	8,000,000	28/03/2012	28/03/2027	15 years
PWLB	Fixed Rate/Maturity	3.08	8,700,000	28/03/2012	28/03/2028	16 years
PWLB	Fixed Rate/Maturity	3.15	9,600,000	28/03/2012	28/03/2029	17 years
PWLB	Fixed Rate/Maturity	3.21	10,600,000	28/03/2012	28/03/2030	18 years
PWLB	Fixed Rate/Maturity	3.26	11,000,000	28/03/2012	28/03/2031	19 years
PWLB	Fixed Rate/Maturity	3.30	16,000,000	28/03/2012	28/03/2032	20 years
PWLB	Fixed Rate/Maturity	3.34	17,500,000	28/03/2012	28/03/2033	21 years
PWLB	Fixed Rate/Maturity	3.37	17,600,000	28/03/2012	28/03/2034	22 years
PWLB	Fixed Rate/Maturity	3.40	17,300,000	28/03/2012	28/03/2035	23 years
PWLB	Fixed Rate/Maturity	3.42	15,300,000	28/03/2012	28/03/2036	24 years
PWLB	Fixed Rate/Maturity	3.44	21,000,000	28/03/2012	28/03/2037	25 years
PWLB	Fixed Rate/Maturity	3.46	18,200,000	28/03/2012	28/03/2038	26 years
PWLB	Fixed Rate/Maturity	3.47	19,611,000	28/03/2012	28/03/2039	27 years
PWLB	Fixed Rate/Maturity	3.48	4,000,000	28/03/2012	28/03/2040	28 years
			194,911,000			

Prudential Borrowing

<u>Lender</u>	<u>Type</u>	<u>Rate %</u>	<u>Amount £'s</u>	<u>From</u>	<u>To</u>	<u>Life of Loan</u>
PWLB	Fixed Rate/EIP	2.37	526,316	19/08/2013	19/02/2022	9 1/2 years
PWLB	Fixed Rate	2.29	1,755,950	19/03/2018	19/03/2028	10 years
			2,282,266			

Total Borrowing

218,966,266

This page is intentionally left blank

Appendix C
Specified and Non-specified Investment Criteria
(including Treasury Limits and Procedures)

2020/21 Treasury Management Outturn

Table 1

Specified Investments are sterling denominated with maturities up to maximum of one year and must meet the following minimum high credit quality criteria:

Investment Counterparty	Investment Instrument	Minimum High Credit Quality Criteria	Investment Duration
Banks or Building Societies	Overnight Deposit	Fitch: Short Term F1 and Long Term A and Moody, Standard & Poor, equivalent where rated, the lowest rating used where different OR	Maximum duration as per Treasury Advisor's (Capita's) colour coded Credit List, and less than one year
	Notice Account	Part-nationalised or Nationalised UK banking institutions	
	Short Term Deposit	(subject to regular reviews of government share percentage).	
Debt Management Office or UK Local Authority	Any deposit	No limit.	
Money Market Funds	Instant Access or with Notice	AAA rated	Instant Access or notice period up to one year

Table 2

Non-Specified Investment are sterling denominated with a maturity longer than one year but no longer than five years, and must meet the following criteria:

Investment Counterparty	Investment Instrument	Minimum High Credit Quality Criteria	Investment Duration
Banks or Building Societies	Any deposits with maturity up to a maximum of five years	Fitch: Short Term F1+ and Long Term AA- and Moody, Standard & Poor, equivalent where rated, the lowest rating used where different	Maximum duration suggested by Treasury Advisor's (Capita's) colour coded Credit List, and not in excess of five years
Debt Management Office or UK Local Authority		No Limit.	

Please Turn Over

Table 3 **Treasury Limits**

Investment Instrument	Cash balances less than £30Million	Cash balances higher than £30Million
	Limits	Limits
Variable Rate Investments (Excluding Enhanced Cash Funds)	Maximum holding £30M	Maximum holding 100%
Counterparty limits (to encompass all forms of investment)	Maximum £5M	Maximum £10M
Instant Access Or Overnight Deposit	Maximum holding 100%	
Fixed Rate less than 12 month maturity	Maximum holding 100%	
Fixed Rate more than 12 months to maturity (includes all types of Fixed Rate Investments i.e. Certificates of Deposits)	Maximum £5M	Maximum £10M
Money Market Funds - Traditional Instant Assess (Counterparty Limit per Fund)	Maximum £5M per MMF	Maximum £10M per MMF
	No limit on total cash held	
Enhanced Cash Funds	Maximum £3M	
Certificates of Deposits	Maximum £5M	
Property Funds	Maximum of £3M - No durational limit. Use would be subject to consultation and approval	

Procedures of Applying the Criteria and Limits	
	Before the Treasury Team makes an investment, the Team will follow the follow procedure to ensure full compliance with the Specified and Non-Specified Criteria and Treasury Limits:
1	Check that the Counterparty is on the Counterparty List (also known as Current Counterparty Report for Stevenage) produced by Link Asset Services (LAS), specifically meeting the Council's Specified and Non-specified Minimum High Credit Quality Criteria in the above Table 1 & 2. If it is not on the list, the Treasury Team will not invest with them.
2	If the Counterparty is on the list, then the Treasury Team refers to the Credit List produced by LAS in colour coding, to determine the maximum investment duration suggested for the deposit, as per the column of Suggested Duration (CDS Adjusted with manual override).
3	Refer to the Treasury Limits in the above Table 3 to ensure the amount invested complies with the Treasury Limits.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank