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Daneshill House
Danestrete
Stevenage
Hertfordshire

15 February 2023

Dear Sir/Madam

Notice is hereby given that a meeting of the Stevenage Borough Council will be held in the Council Chamber, Daneshill House, Danestrete, Stevenage on Thursday, 23 February 2023 at 7.00pm and you are summoned to attend to transact the following business.

Yours faithfully



Matthew Partridge
Chief Executive

AGENDA

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

2. MINUTES - 25 JANUARY 2023

To approve as a correct record the Minutes of the meeting of the Council held on 25 January 2023.

Page Nos. 3 - 8

3. BOROUGH COUNCIL BY-ELECTION 2023

To advise Council of the results of the By-Election in Bedwell Ward held on 19 January 2023, together with the percentage turnout.

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4. GENERAL FUND AND COUNCIL TAX SETTING 2023/24 AND CAPITAL STRATEGY 2022/23 - 2027/28

To approve the Council's Final General Fund Budget 2023/24 and Capital Strategy for 2022/23 to 2027/28, and final proposals for the 2023/24 Council Tax and Council Tax Support Scheme.

[Note: Approval of the Council Tax Resolution set out in Appendix F is subject to confirmation of the precept figures for Hertfordshire County Council, which won't be available until after the County Council has met to determine this on 21 February 2023.]

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5. ANNUAL TREASURY MANAGEMENT STRATEGY INCLUDING PRUDENTIAL INDICATORS 2023/24

To approve the Treasury Management Strategy 2023/24, including the Prudential Code indicators.

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6. RESOLUTION TO EXTEND 6 MONTH RULE - SECTION 85 LOCAL GOVERNMENT ACT 1972

To consider a resolution to extend the 6 month attendance rule for Councillor Liz Harrington, in accordance with Section 85 of the Local Government Act 1972.

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STEVENAGE BOROUGH COUNCIL

COUNCIL MINUTES

Date: Wednesday, 25 January 2023

Time: 7.00pm

Place: Council Chamber, Daneshill House, Danestrete, Stevenage

Present: Councillors: Margaret Notley (Mayor), Julie Ashley-Wren, Sandra Barr, Philip Bibby CC, Stephen Booth, Lloyd Briscoe, Rob Broom, Jim Brown, Teresa Callaghan, Nazmin Chowdhury, Michael Downing, John Duncan, Bret Facey, Alex Farquharson, John Gardner, Richard Henry, Jackie Hollywell, Chris Howells, Wendy Kerby, Graham Lawrence CC, Mrs Joan Lloyd, Conor McGrath, Andy McGuinness, Sarah Mead, Maureen McKay, Lin Martin-Haugh, Adam Mitchell CC, Robin Parker CC, Claire Parris, Loraine Rossati, Graham Snell, Simon Speller, Jeannette Thomas, Anne Wells and Tom Wren.

Start / End Start Time: 7.00pm
Time: End Time: 8.30pm

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

The Mayor welcomed Councillor Conor McGrath to his first Council meeting following his success at the recent Bedwell Ward by-election. The Leader of the Council added his welcome and congratulated Councillor McGrath on his successful election.

Apologies for absence were received from Councillors Myla Arceno (Deputy Mayor), Adrian Brown and Baroness Taylor of Stevenage, OBE.

There were no declarations of interest.

2 **MINUTES - 14 DECEMBER 2022**

It was **RESOLVED** that the Minutes of the meeting of the Council held on 14 December 2022 be approved as a correct record and signed by the Mayor, subject to the following amendment:

- Minute 13 – Questions from Members to Committee Chairs/Portfolio Holders

Question (A) from Councillor Bret Facey re: fuel poverty in Stevenage - the addition as a new first sentence in the answer to Councillor Facey's supplementary question of the words:

“The Executive Portfolio Holder for Communities, Neighbourhoods and Co-operative Council confirmed that the Kenilworth Close Scheme would deliver a new community centre as part of its final phase, due to commence in late 2023/2024.”

3 TRIBUTES TO FORMER COUNCILLOR/ALDERMAN BRIAN HALL AND NICK PARRY (FORMER CHIEF EXECUTIVE)

The Mayor paid tribute to former Councillor / Alderman Brian Hall, who had served as Leader of the Council from 1968 to 2006, and who had passed away recently. In September 1996, he was made an Honorary Freeman, the highest honour that a Borough Council could award. He was awarded the title of Honorary Alderman in July 2007.

The Mayor had been joined by a number of Members and Officers at Brian's funeral on 17 January 2023. She commended Baroness Taylor for stepping forward to cover for the funeral Celebrant who had been stuck in traffic and was unable to attend the service.

The Leader of the Council and a number of other Members spoke in tribute to former Councillor / Alderman Hall.

The Mayor then paid tribute to Nick Parry, former Chief Executive of the Council, who had also passed away recently. Nick had started with SBC as Head of Planning, and subsequently became Director of Environmental Services. In 2005 he took on the role of Strategic Director (and Deputy Chief Executive). Within a few short years, Nick was appointed to the role of Chief Executive, a position he held until his retirement in 2015.

The Leader of the Council and a number of other Members spoke in tribute to Nick Parry.

The Council stood to observe a minute's silence in remembrance of former Councillor / Alderman Hall and Nick Parry.

4 FINAL HOUSING REVENUE ACCOUNT (HRA) BUDGET SETTING AND RENT REPORT 2023/24

The Council considered a report seeking approval to the Housing Revenue Account (HRA) Budget and Rent Setting for 2023/24.

In moving the motion, the Executive Member for Housing & Housing Development (Councillor Jeannette Thomas) advised that rent levels were usually set using the formula CPI +1%. For 2023/24 this would have resulted in an increase of 11.1%. However, along with other housing stock holding local authorities in Hertfordshire, the increase for 2023/24 would be 7%, in recognition of the current cost of living crisis and the cap set by the Government.

The Executive Member for Housing & Housing Development stated that the average 2023/24 rent for Low Start Shared Ownership (LSSO) properties would be £128.75; for social properties £110.78; and for affordable properties £180.65. Comparing 3-bed Council properties with the private sector showed that private sector rents were on average 114% higher (£283.78 compared to Council rents of £122.41).

The Executive Member for Housing & Housing Development commented that, unlike

rent levels, service charges were charged at actual or cost recovery levels. For 2023/24, they would be increased based on higher inflationary figures and changes in usage. 61% of tenants would have no increase, as they did not use the services, and 29% would have increases of below £2.50 per week. However, a significant minority were facing increases above this amount, with 6% facing an increase of over £20 per week. This was mainly due for those that were part of communal heating schemes, and the consequent additional costs of utilities. The current cost of living crisis and the increased cost of utility supplies had had a dramatic impact on services charges, and the Council would need to monitor/review these costs ongoing, and there remained the possibility of Government intervention as part of its Spring 2023 Budget

In seconding the motion, the Executive Member for Resources, Transformation & ICT (Councillor Mrs Joan Lloyd) advised that the 2023/24 projected HRA Budget would contain a surplus of £1.792Million. At the end of that year, the HRA's balance would be £29.170Million. This balance needed to be held to repay the borrowing that was required when the Government offered the Council the opportunity to purchase its housing stock in 2012; and also for borrowing associated with the Council's 30 year HRA Business Plan.

The Executive Member for Resources, Transformation & ICT advised that the utilities costs for 2022/23 had also risen, but were not known about when the budget was approved, and hence it was recommended that these increased costs/charges were passed on to tenants for the final 6 weeks of 2022/23.

The Executive Member for Resources, Transformation & ICT explained that borrowing of £10.2Million was planned for 2023/24 to fund the building of more new homes for those on the Council's waiting list, with further borrowing of £32.4Million in subsequent years. The borrowing would take place when the Chief Financial Officer considered the time would be right. Total cost of interest on all loans for 2022/23 and 2023/24 was forecast to be £7.3Million and £8.6Million, respectively. The growth and services pressures for 2023/24 totalled £2.458Million, as set out in the report

The Executive Member for Resources, Transformation & ICT confirmed that the Chief Financial Officer was content with the projected level of balances, and that the budget proposed was robust, whilst noting that for future years an updated HRA Business Plan would be developed later in the year.

The following points/questions were raised during the debate on the motion:

- a request for a report regarding the feasibility of a deposit scheme for tenants entering a new or refurbished Council property;
- future HRA budget reports should set out a breakdown of the number and type of homes owned by the Council within the background section;
- Paragraph 4.7.5 of the report – additional resource for fencing repairs and confirmation of what caused the backlog of works;
- Paragraph 4.7.6 – Tree Surveys for Tenanted Gardens – who would pay (the Council or the tenant) if works were required to trees in tenants' gardens?;
- Paragraph 4.7.13 – Repairs Complaints Officer – who would respond to

- Members' complaints on housing issues and how would the process operate?:
- Paragraph 4.7.16 – Damp and Condensation Customer Support Officer – why was the officer only being employed for 18 months, and did the Council wait for Government advice and the tragic case in Rochdale before addressing this issue?; and
 - Paragraph 4.17 – Consultation – what consultation had happened or would happen with Council tenants?.

The Executive Member for Housing & Housing Development agreed to provide a full written reply to the points/questions raised, but responded initially as follows:

- although she was unaware of such schemes being operated by any other social housing provider, she agreed to the request for a report on the feasibility of a tenants' deposit scheme, and requested that this report be submitted to the Community Select Committee;
- repairs on void properties were re-charged to the previous tenants, assuming that they could be found;
- during the Covid-19 pandemic, the Council was undertaking emergency housing repairs only (which excluded fencing), and this had contributed to the backlog of fencing repairs;
- No decision had yet been taken on the responsibility for paying for any work required to trees in gardens following the Tree Surveys;
- Stock Condition Survey information was used to inform work on Decent Homes and the Council's MRC Investment Programme;
- Damp and Condensation Customer Support Officer – a Team was put in place in 2017 after a thorough review by the Community Select Committee. Having attended a recent ARCH meeting, a significant number of other local authorities across the UK had damp and mould issues in their housing stock, and were struggling due to the lack of qualified staff available to cover all of the work required. This was also an issue for the private sector.

In reply to a Member's question regarding the £1.2Million figure for Corporate and Democratic Costs included in the Budget, the Strategic Director (CF) stated that these included the HRA's contribution towards the holding and service of committee meetings, the cost of which was apportioned between the HRA and General Fund budgets.

Upon the motion being put to the vote, it was **RESOLVED:**

1. That HRA rent on dwellings be increased, week commencing 3 April 2023 by 7% which is an average increase of £7.24 for social rents, £11.82 for affordable rents and £8.42 for Low Start Shared Ownership homes per week (based on a 52-week year). This has been calculated in line with the Government's change to rent policy announced in the Autumn Statement as set out in Paragraph 3.3 of the report.
2. That the 2023/24 HRA budget set out in Appendix A to the report be approved.
3. That the 2023/24 growth options, as set out in Section 4.7 of the report, be approved.

4. That the 2023/24 Fees and Charges, as set out in Appendix B to the report, be approved.
5. That the 2023/24 service charges be approved.
6. That the minimum level of reserves for 2023/24, as shown in Appendix C to the report, be approved.
7. That the Rent Increase Equalities Impact Assessments, appended to the report in Appendix D, be noted.
8. That the increase to the 2022/23 Working Budget of £1,436,500 to fund the pressures detailed at Paragraph 4.3 of the report, be approved.
9. That the increase in tenant service charges to recover increased utility costs for the last 6 weeks of 2022/23, as set out in Paragraph 4.3.5 of the report, be approved.
10. That it be noted that, due to the current volatility of the market, utilities charges will be kept under close review throughout 2023/24.
11. That the contingency sum of £400,000, within which the Executive can approve supplementary estimates, be approved for 2023/24 (increased from £250,000 for 2022/23), as detailed in Paragraph 4.16.5 of the report.

5 APPOINTMENT OF INTERIM MONITORING OFFICER

[Prior to the consideration of this item, Mr Simon Pugh (Interim Borough Solicitor) withdrew from the meeting.]

The Council considered a report seeking approval to the appointment of an Interim Monitoring Officer, in accordance with Section 5 of the Local Government and Housing Act 1989.

It was moved, seconded and **RESOLVED** that Mr Simon Pugh be appointed as the Council's Interim Monitoring Officer, with immediate effect and until further notice.

MAYOR

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Meeting: SPECIAL COUNCIL

Date: 23 FEBRUARY 2023

BOROUGH COUNCIL BY-ELECTION 2023

Author – Luke Fattorusso ext. 2174

Contributors – Luke Fattorusso ext. 2174

Lead Officer – Matt Partridge ext. 2516

Contact Officer – Luke Fattorusso ext. 2174

1. PURPOSE

To advise Council of the results of the By-Election in Bedwell Ward held on 19 January 2023, together with the percentage turnout.

2. RECOMMENDATIONS

That the results of the Bedwell Ward By-Election held on 19 January 2023 be noted.

3. DETAILS

Following the resignation of Councillor Matt Creasey, a By-Election was called to elect to the vacancy in Bedwell Ward. The By-Election was held on 19 January 2023. 1,564 postal votes were sent out, with 4 Polling Stations opened. The result of the By-Election was as follows

Turnout: 22.55%

<u>Candidate</u>	<u>Party</u>	<u>No. of Votes</u>
BERRY, Chris	Liberal Democrats	129
MCGRATH, Conor John	Labour and Co-operative Party	907 - Elected
WYATT, Matthew Paul	The Conservative Party Candidate	263

BACKGROUND DOCUMENTS

- Files – Bedwell Ward By-Election January 2023

APPENDICES

- None.

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Part 1



Agenda item: **4A**

Meeting COUNCIL

Portfolio Area RESOURCES TRANSFORMATION & ICT

Date 23 February 2023



DRAFT GENERAL FUND AND COUNCIL TAX SETTING 2023/24

KEY DECISION

Authors Clare Fletcher

Contributor Senior Leadership Team

Lead Officers Clare Fletcher | 2933

Contact Officer Clare Fletcher | 2933

1 PURPOSE

- 1.1 To consider the Council's draft 2023/24 General Fund Budget and draft proposals for the 2023/24 Council Tax and Council Tax Support scheme.
- 1.2 To consider the projected 2022/23 General Fund Budget

2. RECOMMENDATIONS

That the following proposals be recommended to Council on 23 February 2023:

- 2.1 The 2022/23 revised net expenditure on the General Fund of £11,368,750 is approved as set out in paragraph 4.12.1.
- 2.2 Members note the inclusion of the 2023/24 Fees and Charges of £325,840 including the 5% increase in market rents approved for inclusion at the December Executive, (Appendix B to this report), in the draft 2023/24 budget.

- 2.3 The draft General Fund Budget for 2023/24 of £12,463,780, with a contribution from balances of £572,268 and a Band D Council Tax of £232.31, (assuming a 2.99% increase) and as summarised in Appendix H.
- 2.4 The updated position on the General Fund Medium Term Financial Strategy (MTFS) as summarised in section 4.14 be noted.
- 2.5 The minimum level of General Fund reserves of £3,419,753, in line with the 2023/24 risk assessment of balances, as shown at Appendix C to this report, is approved.
- 2.6 The contingency sum of £400,000 within which the Executive can approve supplementary estimates, be approved for 2023/24, (reflecting the level of balances available above the minimum amount).
- 2.7 Approval of the 2023/24 Council Tax Support scheme as set out in section 4.4 to this report.
- 2.8 The 2023/24 Making Your Money Count (MYMC) options as set out in section 4.9 and Appendix A, totalling £1,341,999 and £32,502 (cost) for the General Fund and HRA respectively.
- 2.9 The Growth options included in section 4.10 are approved for inclusion in the 2023/24 General Fund (£73,150) and HRA (£56,892) budgets.
- 2.10 The pressures identified in sections 4.2 to this report are noted.
- 2.11 Members note for 2023/24 a £300,000 budget to pump prime Transformation has been included in the General Fund budget to support efforts to realise the savings targets as set out in section 4.7.
- 2.12 Members approve the use of the business rate gains only once they have been realised and ring fence their use to maintain the financial resilience of the Council.
- 2.13 The comments from Overview and Scrutiny as set out in section 4.18 be noted
- 2.14 That Members note the Equalities Impact Assessments appended to this report in Appendices D and E.
- 2.15 Key partners and other stakeholders are consulted and their views considered as part of the 2023/24 budget setting process.

That Council note that the Executive approved the following recommendation

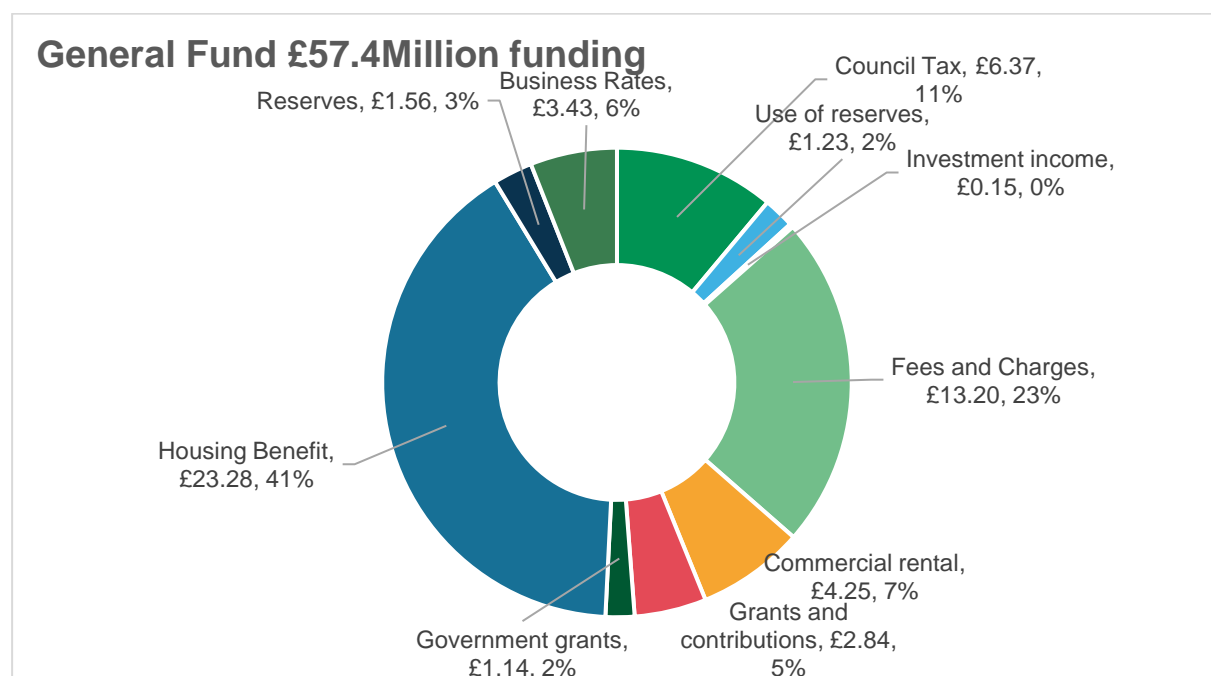
- 2.16 That the discretionary element of the funding for the Local Council Tax Top Up Scheme be awarded as set in paragraph 4.5.9 and any revisions to the scheme be delegated to the Strategic Director (S151 Officer) after consultation with the Portfolio Holder for Resources ICT and Transformation.

3. BACKGROUND

- 3.1 This report is an update on the Council's Draft General Fund and Council Tax setting report 2023/24 presented to the January 2023 Executive. This report gives an update on the 2022/23 and 2023/24 budgets with regards to any further savings, growth or pressures. The General Fund Budget forms part of the Council's Budget and Policy Framework. Under Article 4 of the Constitution,

the Budget includes: the allocation of financial resources to different services and projects; proposed contingency funds; setting the council tax; the council tax support scheme; decisions relating to the control of the Council's borrowing requirement; the control of its capital expenditure; and the setting of virement limits

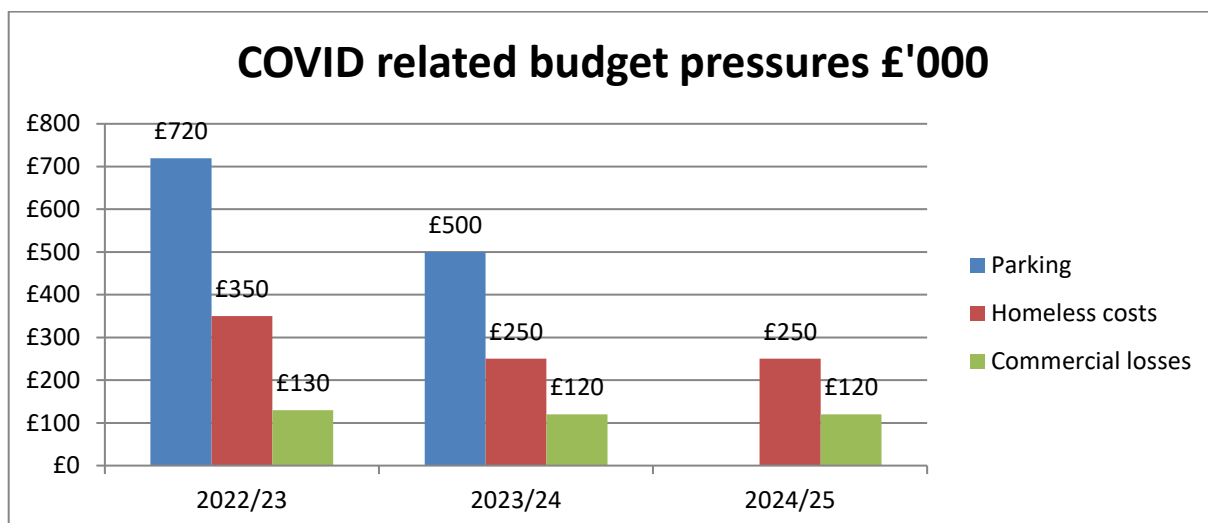
- 3.2 As set out in the previous budget reports to this Committee, the 2023/24 budget setting process has been undertaken during a very financially challenging period for the public sector as well as the broader national economy. The Council has weathered the operational and financial impacts of COVID during 2020/21-2021/22 which resulted in a net cost to SBC of circa £4Million, this cost was incurred whilst the Council continued to deliver the majority of its services and progressing a range of major regeneration and housing development projects. The financial position more recently has been exacerbated by the current significant financial challenge of the 'Cost of Living' crisis which has resulted in a dramatic increase in inflationary costs as set out in the September 2022 Executive Medium Term Financial Strategy (MTFS) report and again in the subsequent MYMC and Draft General Fund budget reports.
- 3.3 The January 2023 Executive budget report set out the provisional finance funding settlement which totalled £3.4494Million and was £106K more than the amount assumed in the MTFS. At the time of writing the February Executive report the final settlement had not been published. This report to Council has been updated to include those numbers, together with minor revisions to the allocated reserves and the final council tax resolution (including the County Council and Police and Crime Commissioner).
- 3.4 The original 2022/23 SBC General Fund net budget of £11.15Million (gross £57Million) is funded as set out in the chart below.



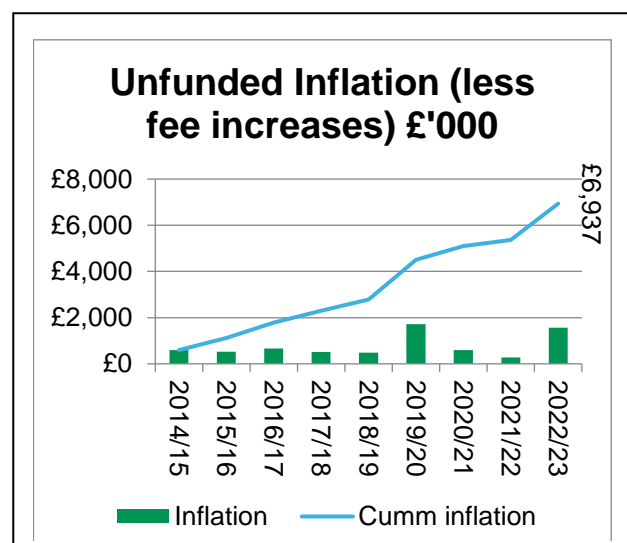
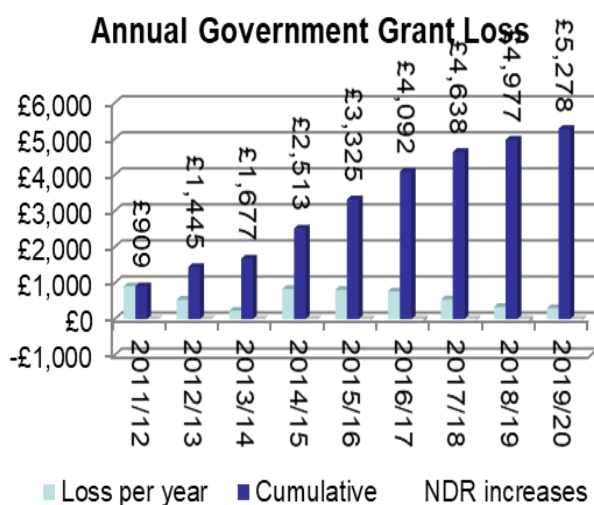
Note: government funding includes a £500K of Homeless funding, The income shown excludes HRA income (£7Million) as this has been treated reducing expenditure.

- 3.5 The 2022/23 budget shown above still included COVID related pressures for income loss (£850K) and additional costs (£350K) totalling £1.2Million. The September COVID MTFS (September 2022) assumptions are summarised in

the chart below. In addition to these assumptions, parking income losses have subsequently been reported to be a further £300K lower than the original budget.



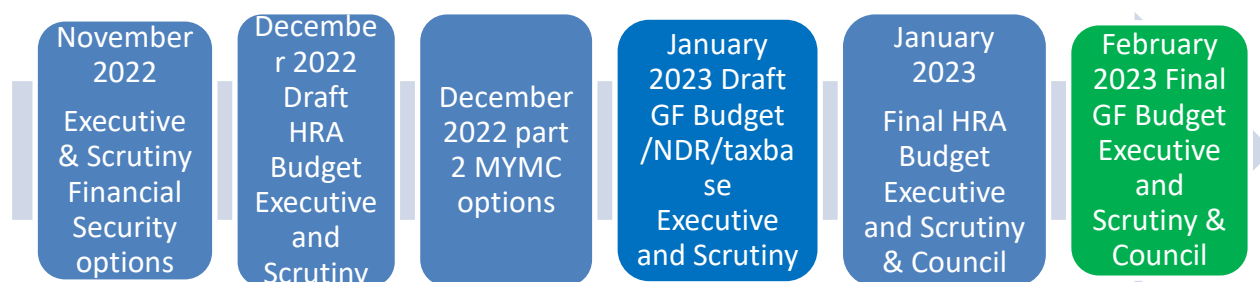
- 3.6 The ability to set a balanced budget and at the same time retain the same level of services has become harder due to the combined financial impacts of government grant reduction (£'000) and absorbing inflation (see below) of over £12Million.



- 3.7 New pressures, a move to less certainty over funding, government policy changes with a financial impact, COVID losses and now high inflation make it impossible for services to be funded at their previous levels. At the same time there has been a transition towards more inherent risk within local government funding, where resources can fluctuate significantly between years, such as new homes bonus or business rates and annual specific service grant awards.
- 3.8 The District Council's Network (DCN) have commented that the 2022 finance policy statement contained good news that all councils will be guaranteed an increase of at least 3% in their spending power next year. This announcement on top of the previously announced flexibility for district councils to raise council

tax by 3%, helped a little, but it still means that district councils face a real-term cuts in their spending power next year as inflation outstrips the new funding support. This comes at a time when demand for a range of important services, such as housing support and homelessness prevention, is rising. Income from fees and charges remains below pre-pandemic levels. District councils have warned that they faced a collective funding gap of at least £500Million in 2023-24. That's equivalent to almost 15% of their net budget. As noted above the new support only covers a small proportion of the gap.

- 3.9 Given the magnitude of savings required for 2023/24 a one year budget setting process has once again been adopted to help reduce the need for further erosion of services it is critical that the Transformation and the Co-operative Commercial insourcing Strategy along with the Council's services and assets are reviewed during 2023/24 to ensure the Council continues to be able to function and still deliver the required future years savings.
- 3.10 The Budget and Policy Framework Procedure Rules in the Constitution, prescribe the Budget setting process, which includes a consultation period. The timescale required to implement this process is outlined below.



4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Final Government Finance Settlement 2023/24

On 19 December 2022, the provisional local government finance settlement 2023/24 was received. The settlement was for two years and was based on the Spending Review 2021 (SR21) funding levels. The National Core Spending Power figures showed an increase of 9.4% for 2023/24 (provisional settlement 9.2%), however this includes assumptions about increases in council tax, which increases core spending power by 6.3% nationally (6% provisional settlement). The final settlement was received on 7 February 2023 and there is a small overall change with an increase in precept assumptions and an increase in rural service grant, service grant and income guarantee.

Finance Settlement	2022-23 £Million	2023-24 Prov. £Million	Var. £Million	2023-24 Final £Million	Var. £Million	% change
Settlement Funding Assessment	£14,882	£15,671	£789	£15,671	£0	
Under-indexing the business rates multiplier	£1,275	£2,205	£930	£2,205	(£0)	

Finance Settlement	2022-23 £Million	2023-24 Prov. £Million	Var. £Million	2023-24 Final £Million	Var. £Million	% change
Council Tax Requirement exc. parish precepts	£31,922	£33,838	£1,916	£33,928	£90	6.3%
New Homes Bonus	£556	£291	(£265)	£291	£0	
Services Grant	£822	£464	(£358)	£483	£19	
Grants rolled in (including council tax support)	£239	£0	(£239)	£0	£0	
Funding Guarantee	£0	£136	£136	£133	(£3)	
Rural Services Delivery Grant	£85	£85	£0	£95	£10	
Improved Better Care Fund	£2,140	£2,140	£0	£2,140	(£0)	
Social Care Grant	£2,346	£3,852	£1,506	£3,852	(£0)	
Market Sustainability and Fair Cost of Care Fund	£162	£0	(£162)	£0	£0	
ASC Mkt Sustainability and Improvement Fund		£562	£562	£562	£0	
Lower Tier Services Grant	£111	£0	(£111)	£0	£0	
ASC Discharge Fund		£300	£300	£300	£0	
Core Spending Power	£54,541	£59,544	£5,003	£59,661	£117	9.4%

4.1.3 The main points from the settlement are set out below:

- The lower Tier grant has not been continued into 2023/24, (Stevenage received £177,337 in 2022/23) and the 2023/24 Service Grant has been reduced for the Government's reversal of the Adult Social Care National Insurance (1.25%).
- The council tax referendum limit will be 3% or £5 on a Band D, whichever is the greater for local authorities, with social care authorities allowed an additional 2% social care precept unchanged from the provisional settlement.
- The government committed to an increase for Councils in business rates income in line with September CPI of 10.1% and the multiplier allowance only included a 3.74% increase, so there is a further increase required within the Under-Indexing Business Rates Multiplier funding of 6.26%.
- New Homes Bonus (NHB) 2023/24 allocations have been announced at £291Million, which represents a reduction of £265Million from the current year. There have been no technical changes to the scheme for next year, but with just a single year's new allocation made and no legacy payments (contributing to the year-on-year national reduction). The Stevenage NHB allowance for 2023/24 is £86,736 which is a one off payment).
- Top Up/Tariff Adjustments ((Negative Revenue Support Grant (RSG)) – As in previous years, the government has decided to eliminate the negative RSG amounts, this would have been a cost of £27,146 to the Council in 2023/24

4.1.4 A summary of the provisional and final settlement versus December 2022 MTFS assumptions are shown in the table below the settlement was £106,302 higher than estimated in the December MTFS with no net change between the provisional and final settlements.

	December MTFS	Provisional Settlement	Final	variance to Provisional
Business Rates	(£2,926,302)	(£ 2,770,756)	(£2,770,756)	£ 0
Under indexing	(£ 186,035)	(£ 454,589)	(£ 454,589)	£ 0
Total Business Rates	(£3,112,337)	(£ 3,225,345)	(£3,225,345)	£ 0
New Homes Bonus (NHB)	(£ 82,862)	(£ 86,736)	(£ 86,736)	£ 0
2022-23 Services Grant	(£ 88,669)	(£ 99,927)	(£ 104,040)	(£ 4,114)
3% guarantee		(£ 82,513)	(£ 78,399)	£ 4,114
Council Tax Support	(£ 104,350)			£ 0
Total	(£3,388,218)	(£ 3,494,520)	(£3,494,520)	£ 0

4.2 Pressures and Gains currently assumed in the General Fund 2023/24

4.2.1 The General Fund budget assumptions for 2023/24 now include growth pressures of £2.762Million and budget reductions of £287K, as set out below.

New Pressures	2023/24	Comments
Car Park income losses	£600,000	The November MTFS had losses of £700K for 2023/24 (with £200K already removed from the base budget), however based on current projections for 2022/23, next year's projection has been amended by £100K. The new Railway station MSCP will become operational in 2023/24 which is anticipated to improve income received.
Garage income losses	£200,000	2023/24 Income will continue to be impacted because of the asbestos issue in the garages, a report has been commissioned to consider what the next steps are for the affected sites.
Inflation pressures	£1,650,084	This is based on the latest projections for utilities and a 3% pay award. The figure shown is net of costs charged to the HRA.
REVISED Homeless costs	£160,000	The cost assumed in 2022/23 was £410K, It is assumed this cost will reduce (with new properties coming on stream), however the Cost-of-Living crisis may cause a surge in demand.
Borrowing costs	£77,310	Increase in borrowing costs for the General Fund based on higher interest rates (assumed 5.5%)

New Pressures	2023/24	Comments
Local Plan survey costs	£75,000	There is a need to complete further work over the next three years for the revised Local Plan. 2024/25 £125K (350K from local plan reserve), 2025/26 £100K. An equivalent amount has been drawn back from the NDR reserve to meet this pressure in both years.
Total Pressures identified	£2,762,394	
New Budget reductions	2023/24	Comments
Investment interest	(£287,005)	This is based on a 4% investment yield for 2023/24. This anticipated to reduce for 2024/25, however this will depend on market reaction to government policy, unchanged from the November 2022 estimate as higher interest rates had already been factored in.

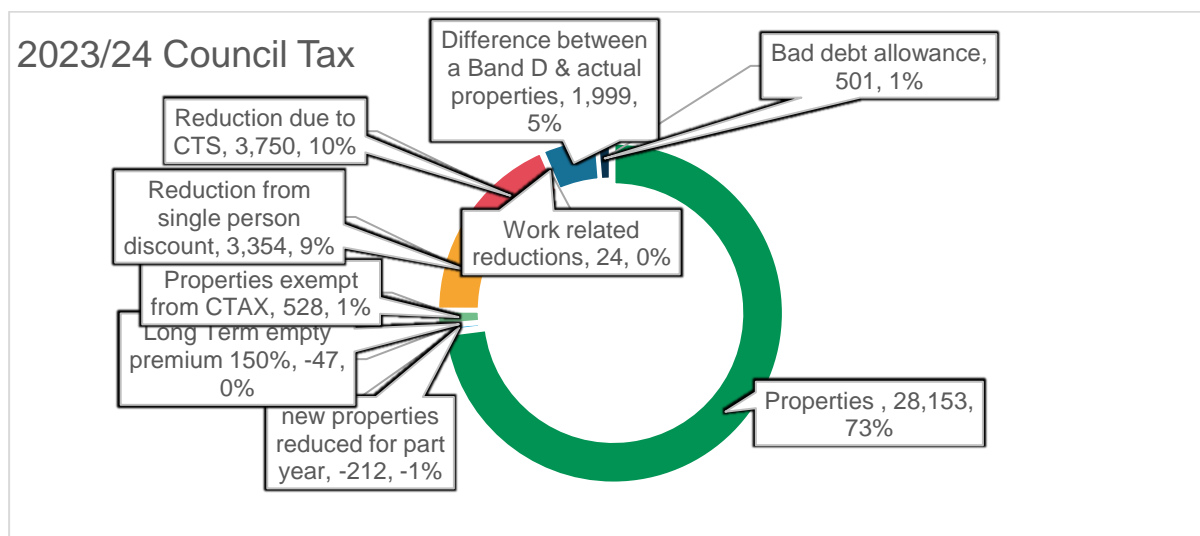
4.2.2 The need to find savings has been exacerbated by:

- Higher inflationary pressures 2022/23 pay award estimated at 2%, actual 5.67%, with a 3% pay award assumed for 2023/24 (previously 2%)
- Higher Utility costs which have increased from £1Million to over £2Million comparing the 2022/23 and 2023/24 original Budgets.

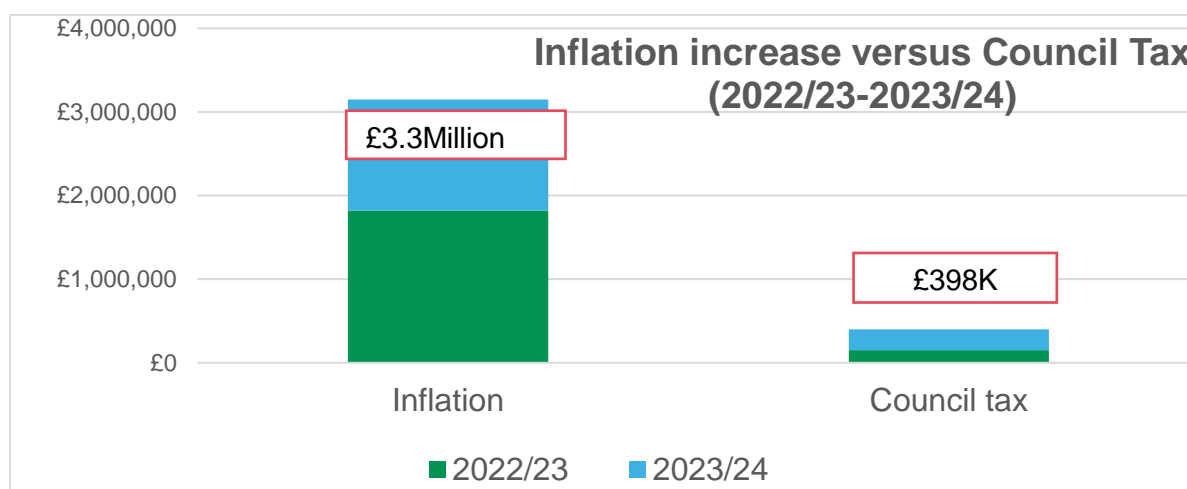
4.3 Council Tax

4.3.1 The Council Tax base report to the December 2022 Executive highlighted an increase in the tax base of 0.53% compared to 2022/23 and includes an increase of 5% in the CTS caseload, (compared to the October 2022 caseload) and known new housing developments.

4.3.2 The impact of discounts and reliefs on the gross tax base or number of properties in Stevenage is summarised in the chart below.



- 4.3.3 The January Draft budget report recommended that Members approve an increase of 2.99% for the Stevenage Borough Council share of the council tax which equates to an additional £223,575 of income. Under the referendum regulations, the County Council (HCC) can increase by 3% along with a further 2% for the Social Care precept and the Police and Crime Commissioner (PCC) can increase their share of council tax by up to £15 on a Band D.
- 4.3.4 The ability to increase council tax by a further 1% (by moving the referendum criteria from 2% to up to 3%) generates an additional £63,505, which falls significantly short of the inflationary pressures identified in this report. Members are recommended to approve a 2.99% increase in Council Tax as part of the savings to close the budget gap for 2023/24.



- 4.3.5 Members should note that SBC only retains a relatively small part of the overall Council Tax raised for the year. To illustrate this, taking a Band C property, (which is the biggest proportion of properties in Stevenage) the relative shares of council tax for a band C property including those proposed for 2023/24 are shown below, with SBC receiving the smallest share at 11.19%.

Authority	2022/23	2023/24*	Cost per week	Increase	Share
Hertfordshire County Council	£1,359.38	£1,427.23	£67.85	4.99%	77.34%
Stevenage Borough Council	£200.51	£206.50	£5.99	2.99%	11.19%
Police Crime Commissioner	£198.22	£211.56	£13.34	6.73%	11.46%
Total	£1,758.11	£1,845.29	£87.18	4.96%	100.00%

**subject to approval provisional figures for all preceptors*

4.3.6 An estimate of the 2.99% increase in council tax for Stevenage Borough Council is summarised in the table below.

Council Tax increase modelled for Stevenage Precept 2023/24				
Council Tax band	2022/23	2.99% increase	Total cost per year	Total cost per week
A	£150.38	£4.49	£154.87	£2.98
B	£175.44	£5.25	£180.69	£3.47
C	£200.51	£5.99	£206.50	£3.97
D	£225.57	£6.74	£232.31	£4.47
E	£275.70	£8.23	£283.93	£5.46
F	£325.82	£9.74	£335.56	£6.45
G	£375.95	£11.23	£387.18	£7.45
H	£451.14	£13.48	£464.62	£8.94

4.4 Council Tax Support

- 4.4.1 A local CTS scheme cannot be revised for at least one financial year. Billing Authority (such as SBC) must consider whether to revise or replace their scheme with another on an annual basis.
- 4.4.2 Any revision to a scheme must be made by the Council by the 11 March, immediately preceding the financial year in which it is to take effect and will require consultation with those affected. Additionally, consideration should be given to providing transitional protection where the support is to be reduced or removed.
- 4.4.3 The Council must, in the following order, consult with major precepting authorities, (i.e. Hertfordshire County Council and Police and Crime Commissioner (PCC) for Hertfordshire), publish a draft scheme in such manner as it thinks fit, and consult such other persons as it considers are likely to have an interest in the operation of the scheme. The CFO wrote to both precepting authorities regarding the proposal for 2023/24 and at the date of writing the PCC had responded .
- 4.4.4 The current **working age** scheme requires those all on maximum benefit only to pay 8.5% of their council tax bill for the year. This equated to £149.44 for a Band C council home in 2022/23 on the total bill (with an additional 25% discount for a single person) or £2.87 per week.
- 4.4.5 Members approved a resolution, within the 12 October 2022 Executive Council Tax Support report, to retain the existing scheme for 2023/24. Members are asked to approve the existing scheme uprated to reflect benefit changes for 2023/24.

4.5 Local Council Tax Top Up Scheme (Discretionary element)

- 4.5.1 On the 19 December 2022, the Government announced additional funding for local authorities to deliver support to households already receiving local Council Tax Support (LCTS), whilst also providing Councils with funds to determine a local approach to support other vulnerable households in their area.
- 4.5.2 Stevenage has been provisionally allocated £ 137,677. This is a combined figure for both the mandatory and discretionary element. The final figure will be confirmed as part of the final local government settlement. This is a cash limited allocated which will not be topped up, and unspent funds must be returned to the Government at the end of the scheme.
- 4.5.3 The funding is for the 2023-24 financial year. The guidance states “The Government expects local authorities to use the majority of their funding allocations to reduce bills for current working age and pension age Local Council Tax Support (LCTS) claimants by up to £25. Councils can use their remaining allocation as they see fit to support vulnerable households with council tax bills.”
- 4.5.4 The current LCTS caseload as at 1 December 2022 was 5,190 households. If all received the maximum £25 top up, it would leave just £7,927 for the discretionary scheme.
- 4.5.5 All Working age LCTS households will have a remaining liability in excess of £25, as they are required to pay 8.5% of their liability. As demonstrated below with a band A liability. This means they will all qualify for the maximum £25.00 award.

Property Type	2022/23 Annual charge	8.5% CTS
Band A	£1,318.59	£112.08
Band A with Single Person Discount	£988.94	£84.06

- 4.5.6 The Elderly caseload is subject to a national scheme for LCTS, and accordingly they have their entitlement calculated on 100% of their liability. Those households receiving maximum entitlement will therefore not have a residual balance to pay and also will therefore not receive the £25 top up. It is not possible at this point to identify how many households are in this category.
- 4.5.7 The Government guidance states that it is for local authorities to decide how to treat households that become eligible for LCTS during the financial year. The indicative funds available for the discretionary scheme (£7927) would enable 317 households who become eligible for LCTS during the year to receive the £25 top up.
- 4.5.8 The guidance goes on to say Councils will want to consider using a proportion of their allocation to establish their own local approach to helping economically vulnerable households with council tax bills.

- 4.5.9 The CFO recommends that the discretionary element of the funding for the Local Council Tax Top Up Scheme be awarded based on the proposals set out in the table below.

	Discretionary Scheme recommended for approval
A	In the first instance new LCTS cases awarded from 1 April 2023, with entitlement in 2023/24, (and not previously awarded funds from this or the main scheme), be awarded up to £25 in accordance with the main scheme allocation criteria, until the funding allocation is exhausted. Based on the difference between the LCTS award and the liability relevant to the same period as the award in 2023/24 year.
B	If are any funds remaining in March 2024, the balance be used on Council Tax hardship applications considered during the year until the allocation is exhausted.

4.6 Business Rates Income

- 4.6.1 The financial information setting out the revision to the 2022/23 forecast business rates and the estimate due for 2023/24 is set out in the NDR1 form which must be agreed by 31 January and was delegated to the CFO to complete.
- 4.6.2 The 2022/23 projections have been revised and show the actual SBC share of business rates has reduced by £2.5Million. However, the amounts required to be set aside for the 2017 rating list in the appeals provision can now be reduced, (with the new valuation list from 2023) and be returned to the Collection Fund. The original assumption was to set aside a further £2.2Million in year for appeals, however it is now estimated that £3.7Million can be returned to the Collection Fund. Appeals can take a number of years to be concluded and the revised provision is based on the level of appeals now outstanding, with a sum added for new appeals before the deadline for the 2017 list.

	NNDR 1 2022/23 £	Projection 2022/23 £	Var to NNDR 1 £
Gross Yield	(53,378,335)	(50,740,967)	2,637,368
Reliefs (mandatory/ discretionary)	4,818,762	4,619,583	(199,179)
S31	1,500,000	1,590,269	90,269
Bad Debt	500,000	500,000	0
Cost of Collection	110,758	110,758	0
Appeals	2,221,210	(3,715,625)	(5,936,835)
Total	(44,227,605)	(47,635,982)	(3,408,377)

- 4.6.3 Members should note the 2017 appeals adjustment is a one-off impact for 2022/23. Taking all the NDR adjustments into account, the net impact is a further £856K income gain due to the Council. The impact of this is spread across two financial years, because any changes to the levy and S31 grants are implemented in the year they relate too but amounts due from the Collection Fund are paid based on the original estimate and variations are returned to the General Fund in the following year as set out below.

	Compare 2022/23 Original v Projected			Changes required based on projection	
	NNDR 1 2022/23 £	Projection 2022/23 £	Var to NNDR 1 £	2022/23	2023/24
Net yield	(44,227,605)	(47,635,982)	(3,408,377)		
Stevenage share of yield	(17,691,042)	(19,054,393)	(1,363,351)		
Tariff	15,429,346	15,429,346	0		
Share net of tariff	(2,261,696)	(3,625,047)	(1,363,351)		(1,363,351)
S31 grant payable*	(1,618,319)	(1,822,930)	(204,611)	(204,611)	
Baseline Funding Level	(2,572,439)	(2,572,439)			
Gains before levy applied	(1,307,576)	(2,875,538)			
Gains applicable for levy	(953,326)	(2,375,895)		0	
Levy due 50%	476,663	1,187,948	711,284	711,284	
			0	0	
Retained Business Rates	(3,403,352)	(4,260,029)	(856,677)	506,674	(1,363,351)
Variance				506,674	(1,363,351)
					(856,677)

- 4.6.4 The 2023/24 estimates for business rates have also been calculated. However, Members should note that from the 1 April 2023 business rates have been subject to revaluation as a result of this there has been an increase in Stevenage rateable values by £20Million, meaning an increase in the gross yield before transitional relief or other mandatory or discretionary reliefs of 18.9%. This is likely to trigger further appeals, however at the current time it is difficult to predict what level that will be and they may take a number of years to go through the system.

Business Rates Due	2022/23 Projected	NNDR 1 2023/24 £
Gross Yield	(50,740,967)*	(62,596,456)
Reliefs (mandatory/ discretionary)	4,619,583	5,203,826
transitional Relief given		5,424,796
S31 reliefs	1,590,269	2,694,269
Transitional Relief repaid to Council		(5,424,796)
Bad Debt	500,000	500,000
Cost of Collection	110,758	107,645
Appeals provision	(3,715,625)	2,672,000
Total	(47,635,982)	(51,418,716)

*includes £2.5Million of prior year reductions

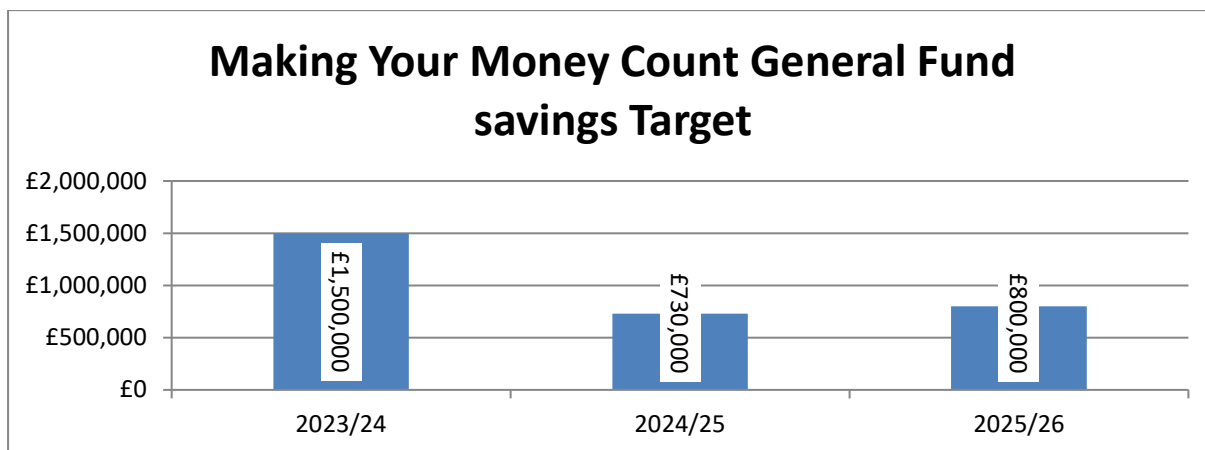
- 4.6.5 The amount due to the General Fund is summarised in the table below versus the draft budget assumptions. This shows an estimated increase in NDR income of £449K. The estimates for NDR have had to be calculated manually as the upgrade required to the benefit system could not be completed in time to meet the legal deadline for the NNDR 1 return and the sums included have been calculated using a level of prudence.

Stevenage Share	NNDR 1 2023/24 £
Stevenage share (40%)	(20,567,486)
Tariff	18,797,044
Share net of tariff	(1,770,442)
S31 grant payable	(2,233,191)
Baseline Funding Level	(2,770,756)
Gains before levy applied	(1,232,876)
Gains applicable for levy	(658,842)
Levy that would be due	329,421
Retained rates	(3,674,212)
Draft Budget:	
Baseline Funding Level	(2,770,756)
Allowance for under-indexing	(454,589)
Total Draft Budget	(3,225,345)
Increase above the Draft Budget	(448,866)

- 4.6.6 The NDR estimates have been incorporated into the February 2023 budget estimates and the additional gains have been transferred to the Business Reserve to support the General Fund's financial resilience as these gains cannot be relied on. Furthermore, there will be two considerations for 2023/24 gains, firstly the level of rateable value increases is likely to lead to further appeals for example ten of the largest business rated hereditaments receiving an increase of £1.8Million after transitional relief. Secondly, when the fair funding review is implemented and any reset of business rates, this will see those gains reduce, (by increasing the tariff payable by SBC).

4.7 The MYMC Savings Target to Find

- 4.7.1 The November 2022 MYMC report set out the increased savings target as a direct result of projected increases in utility and pay costs. The September 2022 MTFS report identified a total £2Million funding gap for 2023/24 but recognised the balance between the level of reserves held versus the ability to find large scale reductions. Accordingly, a target lower than the budget gap was recommended.



4.7.2 The MYMC savings target will need to be kept under constant review, due to the previously mentioned ongoing uncertainty surrounding local government finance and other economic pressures. The level of reserves required and therefore the level of savings to achieve is based on a risk assessment. Some of those more significant risks which could materialise and increase the need for further savings are summarised in the table below.

Expenditure and Income	Impacted by	Risk (to increase cost)
Inflation	Increases in utility costs continue to be in the order of 300% on gas and 150% on electricity in 2023/24 and beyond, currently the indication is up to £300K higher than the MTFS assumption	high
	The MTFS assumes a 3% pay award for 2023/24, a continuation of higher inflation may drive much higher pay negotiation outcomes. A 1% increase in the pay award equates to an additional £200K of costs.	high
	Projections for inflation of CPI at 10.1% (September) will exacerbate inflationary pressures in the General Fund and HRA for pay, goods and services.	high
Demand for services	There may be an increase for support services such as homeless and advice and this puts further pressure on the Council's budgets	high
Retention and Recruitment of staff	The reported ongoing challenge associated with recruiting and retaining staff in the current employment market may lead to the need to increase salary costs and a higher level of agency worker engagement to ensure service continuity.	high
Fees and Charges	The impact of COVID and new ways of working in addition to the Cost of Living Crisis may impact of the Council's fees and charges	high

Expenditure and Income	Impacted by	Risk (to increase cost)
	income which is required to support the funding of services.	
Core funding	New Homes Bonus although likely to be in place for 2023/24-2024/25 can fluctuate from year to year and has to exceed the threshold calculation.	high
	The Government reviews the base line funding for Council's, while there is insufficient time for 2023/24, this may be a way to reduce the cost of the Local Government in future years.	Medium
	Grant funding for new burdens is announced annually such as homeless or rough sleeper funding which makes recruitment and retention difficult on a permanent basis	high

4.8 The 2023/24 Making Your Money Count Options process for the General Fund and HRA.

- 4.8.1 The Council's Senior Leadership Team in recognising the scale of the savings required, agreed with the Executive Portfolio holders that a star chamber process would be held with all Assistant Directors, looking at;
- New surplus income streams
 - Opportunities for grant funding
 - Services provided for third parties recover all our costs and management time
 - What discretionary services could potentially be reduced or stopped
 - For all services what would a reduction in service feel like e.g. from gold standard to bronze (whilst ensuring that statutory services continue to be provided).
 - In addition, cross cutting areas such as training, post etc would be reviewed.
- 4.8.2 Executive portfolio holders met and considered the MYMC budget options included in the November 2022 MYMC report. Only one of those options presented was not recommended for consideration, which was a 50% reduction in Local Community Budgets totalling £30K.
- 4.8.3 Since the November 2022 Executive the Senior Leadership Team have considered further options to meet the £429,551 savings gap identified which were outlined within the December 2022 MYMC report.
- 4.8.4 At the January 2023 Executive Members approved the removal of the fireworks saving option (£18,000) and the Town Twinning savings option (£14,000) for the reasons set out in the report for one year and funded from the allocated

Business rates gain reserve. Accordingly, these options have been removed from the savings Appendix A. At the same time a review of all events in the Town to include fireworks will be undertaken during 2023/24 to inform the 2024/25 budget setting process.

- 4.8.5 Regrettably due to the scale of the 2023/24 budget challenge and the difficulties and time spent in identifying a package of savings, there was not sufficient time and resources to meet with the Leaders Financial Security cross party group to consider the savings package proposed.

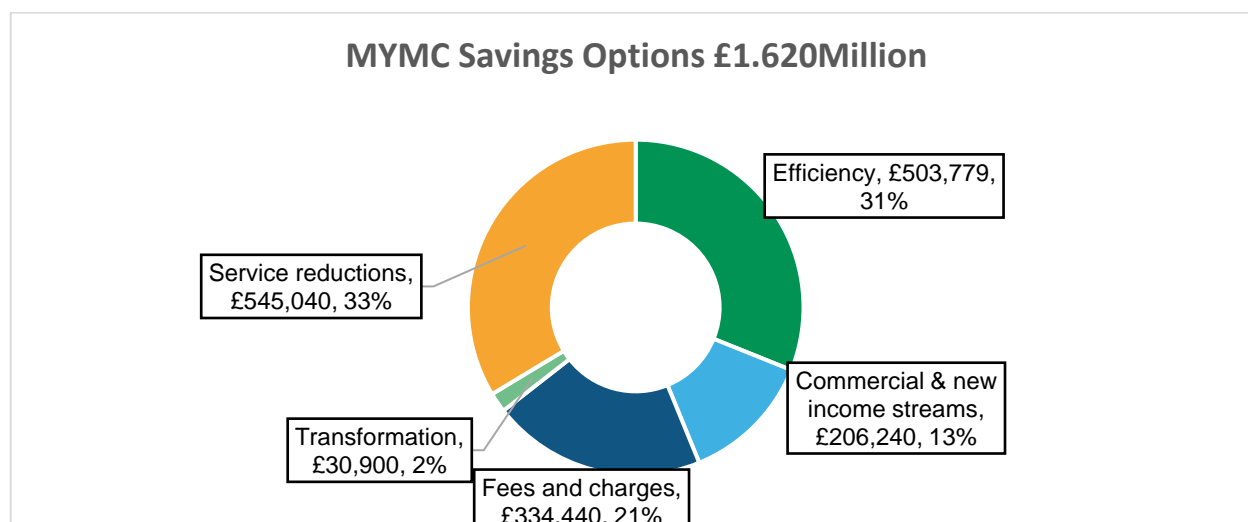
4.9 Making Your Money Count (MYMC) Savings

- 4.9.1 As already stated elsewhere in this report, the 2023/24 budget gap has been the most difficult financial challenge to address in over a decade following years of austerity grant funding reductions whilst at the same time the Council has had to absorb significant unbudgeted inflationary pressures. The position was further compounded by the impact of Covid which made the financial position more difficult, the Invasion of Ukraine and the Cost of Living crisis. This has meant that this Council along with many others has had to recommend service reductions in order to set a balanced budget.

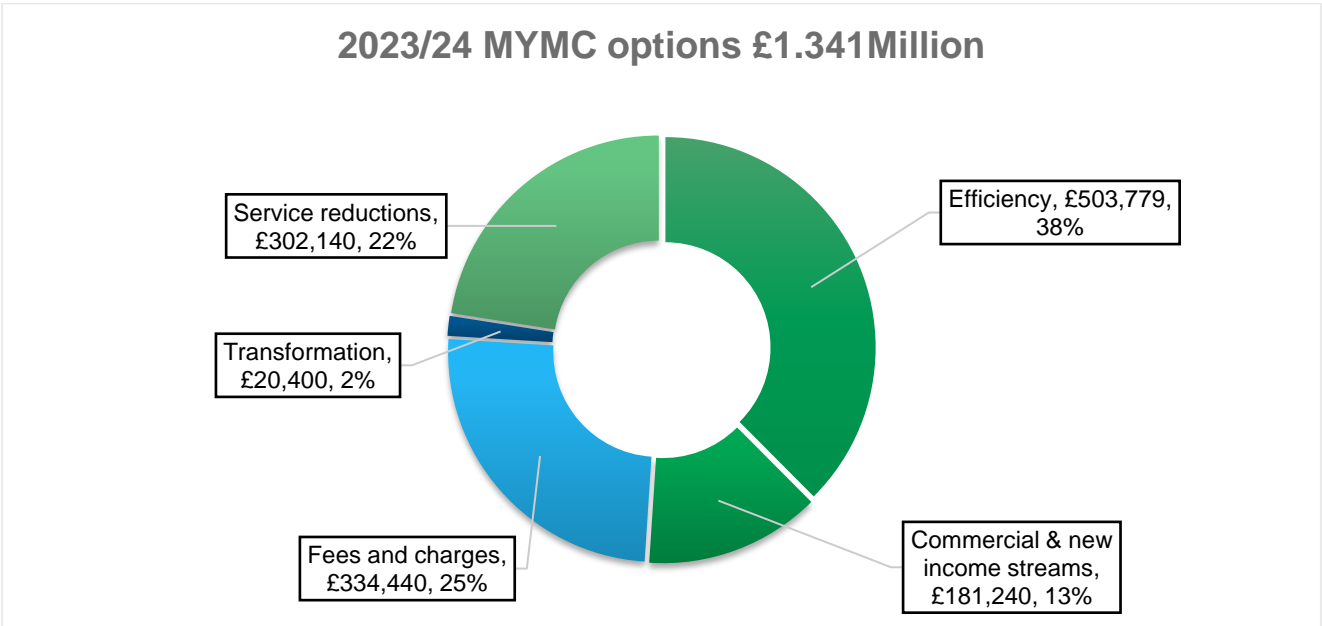
- 4.9.2 Finding £1.5Million plus of savings because of this heightened inflation, (compared to the original MYMC target of £830K) has proved to be difficult. The December MYMC report also identified a further increase in inflation pressures of circa £300K, potentially increasing the draw on balances to potentially £900K, versus the £563K assumed in the September 2022 report.

- 4.9.3 As stated in the January 2023 Draft budget report some of the options are not recommended lightly and represent a balance between having to increase an achievable level of fees whilst also needing to make service reductions to set the budget for next year. With no easy options left, the preferred approach was to look for some larger savings options in specific areas, in favour of making dozens of smaller cuts.

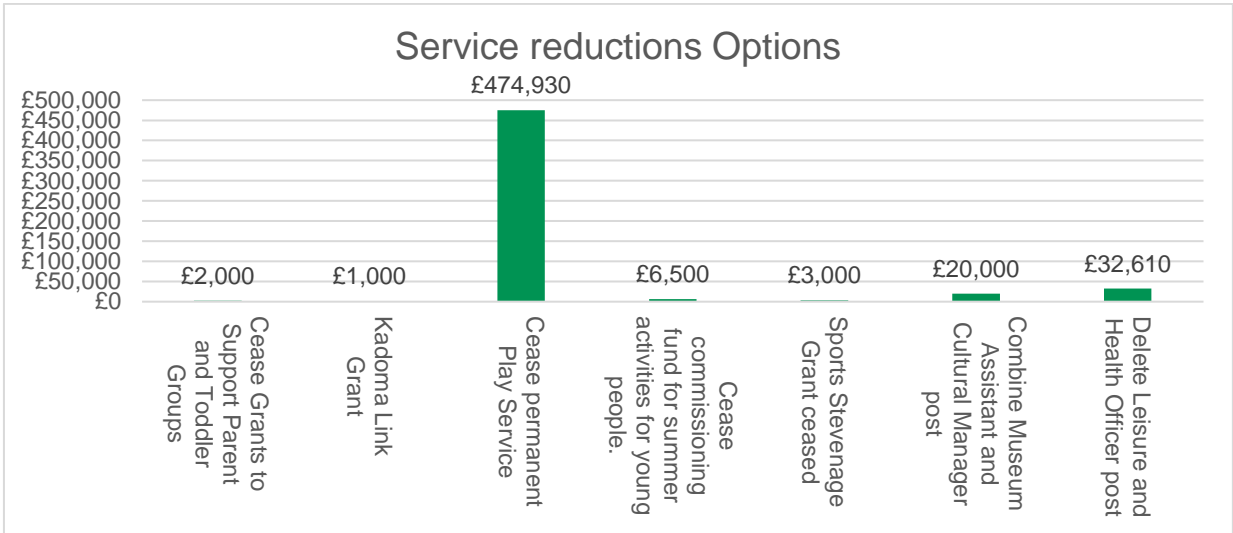
- 4.9.4 The total value of options now recommended for approval excluding those outlined in paragraph 4.8.4 is summarised in the chart below and total £1.620Million, (as a result of higher inflation).



4.9.5 However, a number of the options require an implementation time period and an assessment of this has been made and detailed in Appendix A and the realistic level for 2023/24 is summarised in the chart below.



4.9.6 The full year impact of service reductions total £545K or 33% of total options presented for approval and are summarised in the chart below.



4.9.7 The largest reduction relates to the play service. The cost of running the service is £451K before recharges which increases the cost to £601K (excluding depreciation costs) and equates to £566 per child, based on the 1,063 registered children. Since COVID the level of children attending the centres has reduced and in particular after school attendance. This may reflect the increased after Schools provision developed over recent years. Due to the cost of the service and the level of savings required it is recognised that the statutory responsibilities for children, education and health and wellbeing sit with the

County Council and the Borough Council is, regrettably, not in a financial position to provide this level of investment to maintain the service.

- 4.9.8 There are other staff related service reductions including the deletion of the Leisure and Health officer post. This would mean the Council will not be able to offer sports development and it also limits the Council's ability to run activities such as cycling and walking festivals along with supporting club development. The new Leisure contract does include an outreach service and this post is recommended for deletion noting that the new provision will commence from April 2023. For Members information there are two posts in the service and one is vacant.
- 4.9.9 There is one further staff impact related saving which is to combine a museum assistant post with the culture officer post to maintain a cultural focus and reduce costs thereby assimilating the museum cultural offer more closely with the wider town cultural offer.
- 4.9.10 The detail relating to the remaining non staff related budget options are set out in Appendix A and represent event based savings or grant funding reductions. These again are only recommended due to the financial position the Council finds itself in for the reasons that have previously been stated.
- 4.9.11 The options recommended for approval are estimated to impact on 15 posts and lead to a maximum of 11 redundancies with an estimated cost of £322K. The Council will always look to redeploy staff as a preference and there are a number of job opportunities identified in the Housing Revenue Account report to the January 2023 Executive. While the implementation costs may seem high, they are one off expenditure and the General Fund also has the additional business rate and Income Equalisations reserve monies available for one off spend.

Option	Staff Number	Likely redundancies	*Cost £	Note
Play Service	12	10	£322,000	1 Member of staff retiring and a further officer redeployed into a Community Development Officer role. Other redeployment options being considered
Sports Development	1	1	£0	Opportunity for redeployment
Combine Museum Assistant and Cultural Manager post	2	0	£0	Posts both vacant
Total	15	11	£322,000	

**Redundancy costs are known of £162K with the pension impact still to be advised by the pension fund.*

- 4.9.12 The Council's Transformation programme (update reported to the October 2022 Executive) is seen as the key option to seek to maintain as much as possible of the Council's remaining services by reducing the Council's financial footprint through the provision of more online services which will realise efficiency gains. This approach is deemed to be preferable to seeking year on year service cuts to meet the shortfall between funding and spend although it is likely that an element of year-on-year savings will still be required.
- 4.9.13 In addition, it is imperative that the Council can continue to function and deliver services which means there is a need to review its service offer and the assets held to help withstand further inflationary and unfunded pressures as Local Government continues to operate within a period of financial uncertainty.
- 4.9.14 To illustrate the financial pressures the Council faces the projections for utility and fuel costs for 2023/24 indicates that the total cost has risen from an original 2022/23 cost of £1Million to £2Million.
- 4.9.15 At the December 2022 Executive, Members approved a number of further lines of enquiry for officers to work through with a view to them potentially being brought back for consideration as part of a future savings package to ensure the on-going financial resilience of the Council, together with further Transformation options during 2023/24 to help meet the 2024/25 MYMC target.

4.10 Growth Options

- 4.10.1 The 2022 MTFS did include a small allowance (£75K) for priority growth and the bids remain unchanged from the January Draft budget report.

Description of Growth Proposal	Impact of Growth Proposal	£ General Fund	£ HRA
Climate Change Head of Service post	This post will help drive the further development and implementation of the Climate Change Strategy and investigate options for inward funding and strengthen the Council's ability to meet its climate change priorities	£41,115	£41,115
Commercial Sales Officer	This officer would increase the commercial income team to two and would actively strive to bring in new business and promote the Council's services. It is envisaged that this post would be self-funding beyond year two .	£32,035	£15,777
		£73,150	£56,892

4.11 Changes to the 2023/24 General Fund budget versus the September MTFS report

- 4.11.1 The General Fund budget is now projected to be £12.463Million with a draw on balances of £572K, versus the January 2023 General Fund projection of £10.723Million and a draw on balances of £664K. This is largely the impact of:
- Business Rate projections for 2022/23 and 2023/24 as set out in section 4.6
 - An increase in employer's superannuation costs

- A projected lower bed and breakfast costs, based on the new SBC properties coming on stream, however this demand led.

4.11.2 The General Fund budget is summarised in Appendix H and the movements between the September 2022 MTFS and the Draft February 2023 budget are summarised below.

Summary of 2023/24 budget movements	On-going	£	On-going £
Total Net budget reported September 2023		£10,397,053	
change between the September MTFS and January report:			
Salary inflation	Y	£61,423	£61,423
Contract and Utility inflation	Y	£355,166	£355,166
Local Plan costs required in 2023/24		£75,000	
Housing Benefit net costs (payments less subsidy reclaimed)	Y	£33,650	£33,650
Charges to the HRA	Y	(£34,777)	(£34,777)
New Homes Bonus- no assumption had been made in the September MTFS		(£86,736)	
Council tax support grant (now included in funding settlement)	Y	£104,350	£104,350
MYMC savings achieved £1.310Million versus £1.5Million target	Y	£189,501	£189,501
Use of NDR reserve		(£345,500)	
Other	Y	(£25,811)	(£25,811)
Total changes		£326,267	£683,502
Total Net budget reported January 2023		£10,723,320	
change between the January report:			
Reduction in MYMC options approved at the January Executive	Y	£32,000	
Increase in Revenue funding to capital for invest to save options	Y	£38,000	
Transfer to Business Rates Reserve for 2023/24 gains		£1,742,220	£0
Increase in pension employer's costs	Y	£102,890	£102,890
Increase in recharges to the HRA	Y	(£12,070)	(£12,070)
Reduction in homeless costs	to 24/25	(£150,000)	(£150,000)
Implementation costs now budgeted for 2023/24		£63,000	
Expenditure funded from Town Square Reserve		(£63,270)	
Other	part	(£12,310)	£7,690
Total Budget Movements February report		£1,740,460	(£51,490)
Updated General Fund 2023/24 net budget		£12,463,780	£632,012

4.12 2022/23 Budget changes

4.12.1 The January 2023 General Fund report for 2022/23 showed an increase of £760K to the working budget, however the revised movement is £191K, this is because the Business Rates allocated reserve has been used to fund the net increase of the 2022/23 NDR levy and movement in advance of the revised 2022/23 one off gains being realised in 2023/24, (see paragraph 4.63-4.64). A summary of the changes is detailed below.

Summary of 2022/23 budget movements	On-going	£	On-going £
Approved Working Budget		£11,177,690	
change to the working budget January report:			
Pay award costs above that in the budget	Y	£573,530	£573,530
Increase in Shared Revenue and Benefits costs due to pay award	Y	£33,450	£33,450
increase in Income for Shared ICT service due to increased pay award	Y	(£26,430)	(£26,430)
Increase in HRA recharges due to higher pay award	Y	(£120,160)	(£120,160)
Increase in implementation costs for MYMC options		£301,000	£301,000
Other	Y	(£660)	(£660)
Total changes		£760,730	£760,730
Total Net budget reported January 2023		£11,938,420	
change between the January report:			
Implementation costs now budgeted for 2023/24		(£63,000)	
Trf from Business rates for increased net levy and S31 costs paid in year		(£506,670)	
Total Budget Movements February report		(£569,670)	£0
All Budget movements		£191,060	
Updated General Fund 2023/24 net budget		£11,368,750	£760,730

Core Resources	2022-23 Working Budget	2022-23 Revised Working Budget	Variance £
Lower Tier Grant	(£117,682)	(£117,682)	£0
Service Grant	(£177,337)	(£177,337)	£0
Business Rates net of tariff and levy	(£1,785,034)	(£1,073,750)	£711,284
S31 grants NNDR	(£1,618,316)	(£1,822,927)	(£204,611)
(Return) /Contribution to Collection Fund (NDR) re 2021/22	£2,928,560	£2,928,560	£0
(Return) /Contribution to Collection Fund (NDR) re 2020/21	£816,665	£816,665	£0
Transfer from NNDR reserve	(£3,622,421)	(£3,622,421)	£0
Collection Fund Surplus (ctax)	(£50,090)	(£50,090)	£0
Council Tax	(£6,316,795)	(£6,316,795)	(£0)
Use of General Fund Balances	(£1,235,240)	(£1,932,974)	(£697,734)
Total	(£11,177,690)	(£11,368,750)	(£191,061)

4.12.2 There were also some movements between allocated reserves for expenditure funded from these balances which result in no net change to the General Fund budget, these related to the Insurance Reserve as shown below.

Other Allocated Reserve Movements	2022-23 £
Insurance Reserve:	
Return of insurance provision no longer required	(£25,398)
Reserve no longer required to fund capital expenditure projects	(£38,916)
Transfer balance to insurance reserve to fund insurance mitigation actions	£64,314

4.13 Level of Balances required for General Fund and projected balances

4.13.1 The January 2023 Draft Budget report assumed that the minimum level of balances required would be £3,419,753 as detailed in Appendix C and has remained unchanged.

4.13.2 The projected General Fund balances and council tax requirement are below.

General Fund Budget	2022/23 Estimate	2022/23 Projected	2023/24 Estimate
Net Expenditure	£11,151,760	£11,368,750	£12,463,780
(Use of)/ Contribution to Balances	(£1,055,629)	(£1,932,974)	(£ 572,268)
Budget Requirement	£10,096,131	£ 9,435,776	£11,891,512
Lower Tier Grant	(£ 117,682)	(£ 117,682)	£ 0
Service Grant	(£ 177,337)	(£ 177,337)	(£ 104,041)
3 % guarantee grant	£ 0		(£ 78,399)
Total grant support	(£ 295,019)	(£ 295,019)	(£ 182,440)
Business Rates net of tariff and levy	(£1,785,034)	(£1,073,750)	(£1,441,022)
S31 grants NNDR	(£1,618,316)	(£1,822,927)	(£2,233,191)
Total in year business rates	(£3,403,350)	(£2,896,677)	(£3,674,213)
(Return) /Contribution to Collection Fund (NDR) re 2021/22 & 2022/23	£ 2,928,560	£ 2,928,560	(£1,535,040)
(Return) /Contribution to Collection Fund (NDR) re 2020/21	£ 816,665	£ 816,665	£ 86,839
Transfer from NNDR reserve	(£3,776,102)	(£3,622,421)	£ 0
Collection Fund Surplus (ctax)	(£ 50,090)	(£ 50,090)	(£ 46,290)
Council Tax Requirement	£ 6,316,795	£ 6,316,795	£ 6,540,369
Council Tax Base	£28,004	£28,004	£28,153
Council Tax Band D	£225.57	£225.57	£232.31
Council Tax Band C	£200.51	£200.51	£206.50

4.14 Medium Term Financial Strategy General Fund Summary

4.14.1 The MTFS modelling has been updated to reflect the contents of this report and is summarised below.

General Fund balances £'000	2022/23	2023/24	2024/25	2025/26	2026/27
Opening Balance	(£6,907)	(£4,974)	(£4,402)	(£3,949)	(£3,827)
In Year	£1,933	£572	£453	£122	(£55)
Closing Balance	(£4,974)	(£4,402)	(£3,949)	(£3,827)	(£3,882)
Minimum balances	(£3,471)	(£3,519)	TBD	TBD	TBD
Closing Balance versus minimum level	(£1,503)	(£883)			

()=more balances than the minimum level

4.14.2 The February MTFS had a 2023/24 draw on balances of £572K however, the latter includes:

- NDR reserves have been utilised to fund the delay in introducing MYMC options and the cost of the Local Plan studies.
- New Home Bonus income of £86K which is not guaranteed.

4.14.3 The MTFS does require on-going savings with the added pressure of significant further inflation risks and uncertainty about future funding and there continues to be a draw on General Fund balances to 2026/27.

4.14.4 In addition to General Fund balances, there are two further allocated reserves which are available to support the Fund's financial resilience and the increase in business rates has increase the level of those reserves which could be used if inflationary pressures increase further and allow for a phased implementation of savings. The CFO recommends they are held for this purpose.

4.14.5 This means the total balances available to the General Fund are shown below, which represents 12% of the estimated gross original budget for 2023/24.

Reserves £'000	Closing 2021/22	Use	Closing 2022/23	Use	Closing 2023/24
General fund	(£6,907)	£1,933	(£4,974)	£572	(£4,402)
Income equalisation Reserve	(£258)	(£200)	(£458)	£50	(£408)
Gains (NNDR)	(£1,017)	£362	(£655)	(£1,568)	(£2,223)
Total Available to support the GF	(£8,182)	£2,095	(£6,087)	(£946)	(£7,033)
% of net budget	77%		54%		56%
% of GF gross expenditure	14%		11%		12%

4.14.7 The General Fund has additional reserves allocated for specific purposes which are summarised below, the ICT reserve balance has been adjusted since the February 2023 Executive report.

Reserves £'000	Opening 2021/22	Use	Closing 2021/22	Use	Closing 2022/23	Use	Closing 2023/24
NHB reserve	(£469)	(£10)	(£479)	£227	(£253)	£253	£0
Transformation Reserve	(£330)	(£176)	(£506)	£230	(£276)	£276	£0
Homeless reserve	(£370)	(£175)	(£544)	£0	(£544)	£0	(£544)
Planning Delivery	(£65)	£3	(£62)	(£77)	(£139)	£0	(£139)
Queensway Car Park monies	£0	(£39)	(£39)	(£43)	(£82)	(£43)	(£125)
Town square reserve	(£1,017)	£368	(£649)	£40	(£609)	£63	(£546)
Regeneration Reserve	(£746)	£366	(£380)	£166	(£214)	£68	(£146)
Insurance reserve	(£76)	£11	(£65)	(£10)	(£75)	£0	(£75)
ICT reserve	£0	(£316)	(£316)	£75	(£241)	£0	(£241)
Town centre	(£81)	£39	(£42)	£14	(£28)	£0	(£28)
New Leisure	£0	(£363)	(£363)	£363	£0	£0	£0
New Commercial Property repair reserve	£0	(£41)	(£41)	£0	(£41)	£0	(£41)
Capital reserve	(£1,328)	£1,284	(£44)	£44	£0	£0	£0
Total Allocated for use	(£4,482)	£949	(£3,532)	£1,030	(£2,502)	£618	(£1,885)

4.14.8 This includes monies relating to:

- Planning Delivery £139K, required to support the surveys for the Local Plan, with a further £75K included in the budget.
- Queensway Car Park Monies, this is the income from the Queensway Limited Liability Partnership (LLP) for parking income, this money has been ringfenced to support the fit out of future commercially tenancies on Queensway North.
- Homeless grant £544K. The amount required for 2023/24 is still to be assessed
- Town Square Reserve £546K, monies held to support the assets acquired for regeneration purposes.

4.15 Chief Finance Officer's Commentary

4.15.1 The Chief Finance Officer is the Council's principal financial advisor and has statutory responsibilities in relation to the administration of the Council's financial affairs (Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988). This commentary is given in light of these statutory responsibilities.

4.15.2 The Council has evolved its budget strategy to meet multiple challenges as set out in this report and the financial strategy to deal with this is the 'Making Your Money Count' (MYMC) strand of 'Future Town Future Council'.

4.15.3 Officers regularly update the MTFS to ensure that a clear financial position for the Council can be demonstrated over the next five years. This medium term view of the budget provides a mechanism by which future 'budget gaps' can be identified allowing for a measured rather than reactive approach to reducing net

expenditure. The MYMC year round approach to identifying budget options means that work is on-going throughout the year to bridge the gap.

4.15.4 The Council has taken significant steps over recent years to balance its budget but as yet does not meet the principle aim of the MTFS to: 'achieve an on-going balanced budget until by 2024/25 by ensuring inflationary pressures are matched by increases in fees and income or reductions in expenditure'.

4.15.5 The impact of COVID and now the Cost of Living crisis has increased financial risk as illustrated by the significant rise in inflation projected during this and the next financial year. This has been a very difficult budget to set, particularly the balance between the need to increase fees and charges when the economy is still recovering from COVID and may now be in the throes of a recession versus other measures. The sheer size of the inflationary pressures faced by the Council have resulted in the need to find a bigger savings target than those which were initially planned. This has been fuelled by the reduction in government funding and council tax increases not meeting in year inflation. The financial resilience measures taken/for approval which increase the security of the Council's position, are:

- A risk assessment of balances to ensure general reserves held take account of increased risk from potential recessionary pressures.
- The income equalisation reserve (£408,000 by 31 March 2023) which can be returned to the General Fund if fees and charges are lower than projected.
- Reduce the use of reliance on Revenue Contributions to Capital (RCCO) by identifying sites for disposal and using capital receipts rather than revenue (September 2020 MTFS report).
- Identification of a sufficient level of on-going MYMC options to ensure General Fund balances remain above or at the minimum level required for 2023/24 and the continued work on lines of enquiry for potential savings as noted in the November 2022 and December 2022 Executive MYMC reports.
- The December 2022 MYMC report also identified and recommended that there is a need to review physical assets held and services provided to ensure that the Council can continue to be financially resilient.
- Use of any business rate gains only when realised and ring fenced to maintain the financial resilience of the General Fund and thereafter FTFC priorities. The projected balance as at 31 March 2023 is projected to be £655,813.
- A transformation programme to deliver savings from 2023/24 onwards, with a further report to the Executive in 2023.

4.15.6 There is a draw on balances in 2024/25 of £453,151 which is fuelled by utility inflation, with a contribution to balances projected in 2026/27, however there is a significant draw on balances through the MTFS period and a need to deliver savings through the MTFS timeframe.

4.15.7 The current projections of balances and the measures the Council has taken to date, and as set in this report, meant that the level of balances projected are

sufficient to set the 2023/24 budget, if the options included in the report are approved.

- 4.15.8 While delivering one of the most difficult budgets, the Council is also continuing with its ambitious programme with the Council looking to redevelop and regenerate the town centre and at the same time improve the housing market in Stevenage. Both these priorities come with the risk of potentially needing to invest more resources. There is a ring-fenced reserve for Regeneration and further estimates of resources have been included in the General Fund MTFS.

4.16 Contingency Sums

- 4.16.1 The Executive will recall that a Contingency Sum needs to be determined by the Council as part of the Budget and Policy Framework in order to avoid the need for Council to consider all supplementary estimates during the course of the year. This contingency sum constitutes an upper cumulative limit during the financial year within which the Executive can approve supplementary estimates, rather than part of the Council's Budget Requirement for the year. A sum of £400,000 is proposed for 2023/24, which remains unchanged from the current year, however due regard will need to be given to breaching minimum balances.

4.17 Consultation

- 4.17.1 The 2021/22 Residents survey shows that resident's preferences with regards to achieving budget savings are firstly to reduce costs through the provision of more on line services. This was ranked the highest (out of five options in 2021 and 2017) with 41%. This first rate ranking has increased from 2017 and supports the Transformation programme as a method to reduce costs and improve efficiency / productivity.

Please tell us your order of preference for each of the following options by ordering them 1 to 5	2021 rank	2017 rank	1st
Reduce time and money spent on paperwork by interacting with more residents and customers online	1	1	41%
Increase income from fees and chargeable services, to keep the council's element of Council Tax as low as possible	2	3	24%
Spend less by reducing or cutting the services that you tell us are not a priority	3	2	16%
Make money by selling more of our services to residents and customers	4	5	9%
Increase our element of Council Tax (for example from 51p per day to 55p per day)	5	4	10%

- 4.17.2 The 2021 residents' survey asked residents whether the council tax represented value for money. While strongly disagree has increased (from 7% to 15%), overall 52% up from 46% agree it represents value for money as shown in the chart below.

	Responses	2021	2017	2015	2013	2011
To what extent do you agree or disagree that the Council Tax paid to Stevenage Borough Council provides good value for money?	Strongly agree	16%	10%	7%	6%	6%
	Tend to agree	36%	36%	39%	39%	40%
	Neither	18%	30%	30%	35%	33%
	Tend to disagree	10%	17%	18%	17%	16%
	Strongly disagree	15%	7%	6%	5%	5%
	Don't know (DNRO)	4%				
	Summary: Agree	52%	46%	46%	45%	46%
	Summary: Disagree	26%	24%	24%	22%	21%

4.17.3 The Council will be seeking the views of service users as part of the consultation on the savings proposed and the Communication Team is devising an on-line questionnaire regarding the Council's saving proposals. In addition, the financial issues the Council faces have been set out in a media communication campaign so that residents and businesses understand why the Council is facing budgetary as well as how it is seeking to respond.

4.18 Comments from overview and Scrutiny

4.18.1 Overview and Scrutiny met to consider the Draft budget proposals on the 24 January, a question was asked about the Council's proposed council tax increase and the amount set by the government before a referendum must be held. The CFO referred to the referendum limit of 3% or £5.00 on a band D council tax bill for District or lower tier Authorities. This was an increase of 1% compared to the 2022/23 limit and raises an additional £63,500 in council Tax income.

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 The report deals with Council finances and as such all implications are contained in the main body of the report.

5.1.2 Savings options are required to follow the Budget and Policy Framework as set out in Paragraph 3.10. Fees and charges require a report to the Executive and are included for note and to give the complete range of budget reductions for 2023/24.

5.2 Legal Implications

5.2.1 The Council is required to set a balanced budget each year. The Local Government Finance Act 1992 requires the Council to estimate revenue expenditure and income for the forthcoming year from all sources, together with contributions from reserves, in order to determine a net budget requirement to be met by government grant and council tax.

- 5.2.2 The Borough Solicitor has considered and confirmed that the Council has the necessary statutory powers to provide & charge for services as detailed under this report. This will be kept under review.

5.3 Policy Implications

- 5.3.1 The report deals with Council policy and as such all implications are contained in the main body of the report.

5.4 Staffing and Accommodation Implications

- 5.4.1 The 2023/24 budget options include staff implications, and these are summarised in paragraph 4.9.11. All the options are subject to consultation and the financial outcomes assumed may change because of that consultation taking place.
- 5.4.2 In compliance with SBC's Organisational Change Policy any proposals involving potential redundancies will be fully consulted on with the trade unions and affected staff for a minimum 30-day consultation period, and again may therefore change depending on the outcomes of the consultation process.
- 5.4.3 Officers will continue to work in an open and transparent way with the trades unions, and will provide them with the information required, in accordance with statutory requirements and best employment practice, as soon as this is available. The trades unions will be provided with all relevant information in accordance with the Council's legal obligations.
- 5.4.4 Wherever possible staff who find themselves in a redundancy situation will be redeployed to a suitable alternative post. If that redeployment results in the staff affected moving into a lower-graded, post pay protection will apply for a 12-month period.

5.5 Equal Opportunities Implications

- 5.5.1 In carrying out or changing its functions (including those relating to the provision of services and the employment of staff) the Council must comply with the Equality Act 2010 and in particular section 149 which is the Public Sector Equality Duty. The Council has a statutory obligation to comply with the requirements of The Act, demonstrating that as part of the decision-making process, due regard has been given to the need to:
- Remove discrimination, harassment, victimisation and any other conduct that its unlawful under this Act
 - Promote equal opportunities between people who share a protected characteristic and those who do not
 - Encourage good relations between people who share a protected characteristic and those who do not.
- 5.5.2 These duties are non-delegable and must be considered by Council when setting the Budget in February 2023.

- 5.5.3 To inform the decisions about the Budget 2023/24 officers have prepared Equality Impact Assessments (EqIAs) for service-related savings proposals. They must consider appropriate evidence and the findings of consultation with various stakeholders to inform the decision by Council in February 2023. Where there is a potentially negative impact, officers have included information and identify actions to mitigate the impact as far as possible. These EqIAs are summarised and attached in **Appendix D** with further information on the process to date and planned activity. EqIAs for future years' savings will be presented alongside the draft Budget for the relevant year.
- 5.5.4 An overarching EqIA has been developed and is also included in Appendix D. This considers the collective impact of the Budget on people with protected characteristics.
- 5.5.5 As well as considering the impact on service delivery and equality, an EqIA concerning all strands of potential discrimination will be required by the Head of Paid Service on proposed redundancies and restructures per savings proposal and as a whole. It is proposed that this will be produced alongside the required restructure consultation documents as it is only at this stage that the actual impact on staff will start to be known. As the proposals will be delivered over a range of different timescales, the whole, i.e. combined EqIA, will be reviewed periodically with the Council's Strategic Leadership Team. All staff impacts are summarised at **Appendix E**.
- 5.5.6 The staff EQIA recognises that the options identified in Appendix A impact adversely on older staff members.

5.6 Risk Implications

- 5.6.1 There are risk implications to setting a prudent General Fund budget if the Financial Security options identified in Appendix A are not achieved and crucially if future options are not found to meet the targets outlined in the report.
- 5.6.2 There are a number of risks that have been identified and these are set out in the report.

5.7 Climate Change Implications

- 5.7.1 The Council declared a climate change emergency in June 2019 with a resolution to work towards a target of achieving net zero emissions by 2030. The Transformation programme and the digital on-line agenda will contribute to reducing the Council's carbon footprint. The report also recommends an option to strengthen leadership in this area to help drive development and delivery of the climate change strategy.

BACKGROUND DOCUMENTS

BD1 General Fund Medium Term Financial Strategy (2022/23-2026/27)

BD2 Making Your Money Count November Executive
BD3 Making Your Money Count (part 2) December Executive
BD4 Draft Council Tax and General Fund Budget

APPENDICES

Appendix A General Fund and HRA Budget Options
Appendix B Fees & Charges GF (for note)
Appendix C Risk Assessment of Balances
Appendix D Equalities Impact Assessment
Appendix E Staff Equalities Impact Assessment
Appendix F Robustness of Estimates
Appendix G Council Tax Resolution
Appendix H Summary General Fund Budget

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APPENDIX A											General Fund full year savings	General Fund 2023/24	HRA full year savings	HRA £
										For Approval				
										Efficiency	£503,779	£503,779	-£46,962	-£46,962
										Commercial	£170,340	£145,340	£4,860	£4,860
										Fees and Charges	£334,440	£334,440		
										New Income Stream	£35,900	£35,900		
										Transformation	£30,900	£20,400	£14,100	£9,600
										Reduction	£545,040	£302,140	0	0
										Total	£1,620,399	£1,341,999	-£28,002	-£32,502
Ref No	Name of Service	Description of Savings Proposal	Implementati on costs	Budget 2022/23	Ongoing (Y/N)	Statutory Function (Y/N)	Impact of Saving Proposal on Public/ Customers/ Staff/ Members/Partnerships etc. (include any impact on key corporate programmes/performance indicator measures) .	Capital / Investment (Y/N)	Potential Timing (put the date you estimate it will be implemented, consider any consultation required)	£ General Fund Full year saving	General Fund pro-rata for 2023/24	HRA full year savings	£ HRA Year 1	
2023/24 Efficiency Options														
S1	Policy and Performance	Efficiency savings	£0	£36,190	Y	N	Efficiency saving from unused budgets within cost centres	N	1st January 2023	36,190	36,190	0	0	
S2	ICT Service Desk	Switching the current ICT Service Desk offer to a cloud-based solution moving away from prem	£0	£24,650	3 Years	N	There is further opportunity to share the costs with other service areas i.e. Facilities / Finance / HR which are being investigated.	N	1st April 2023	2,253	2,253	1,213	1,213	
S3	Print Room and floor Printers	Due to the closing of the print room, there is a saving on equipment rental charges.	£0	£62,990	Y	N	Removal of 2 printers in the print room, along with other equipment - results in a saving on the annual rental costs and associated click charges for the 2 printers	N	1st April 2023	27,953	27,953	9,318	9,318	
S4	Software	Decommission eBase software application	£0	£8,000	Y	N	eBase application has only a few remaining uses. Looking at other solutions and stop eBase.	N	1st April 2023	2,912	2,912	1,568	1,568	
S5	Software	Ceasing AD Manager Software	£0	£8,300	Y	N	Consider the use of Powershell to manage our Active Directory and save the AD Manager license fee.	N	1st April 2023	728	728	392	392	
S6	Software	Migrate Intranet to Office365	£0	£31,320	Y	N	Use Office 365 for the staff Intranet and save the 'Invotra' license.	N	1st April 2024	0	0	0	0	
S7	Comms & Marketing	Reduce centralised advertising budget to current forecast spend of £35,000	£0	£59,150	Y	N	Reducing the centralised budget whilst still having enough money for adverts / marketing and outsourcing costs. Budget is needed for outsourcing video requests and additional graphics jobs that cannot be delivered by the current small team.	N	1st April 2023	19,803	19,803	4,347	4,347	
S8	Revenues & Benefits	Delete two vacant housing benefit posts (43% of £61k)	£0	£61,000	Y	N	Within the Shared Revenue & Benefits service there are two vacant housing benefit posts that can be deleted following a review of the service	N	1st April 2023	26,230	26,230	0	0	
S9	Corporate	Reversal of Social Care NI Levy of 1.25%, subject to legislation	£0	£151,000	Y	N	In April 2023, National Insurance (NI) contributions for both employees and employers increased by 1.25% to support the funding of Social Care. The government has announced this will be reversed from 6 November 2022. November 2022.	N	1st April 2023	120,800	120,800	30,200	30,200	
S10	Human Resources	Review of decentralised departmental training budgets	£0	£132,000	Y	N	From a review of training budgets from previous years, there's a small proportion of budget that is not spent each year.		1st April 2023	10,000	10,000	0	0	
S11		Review of income lines	£0	£0	Y	N	Review of allotment, fishing income budgets	N	1st April 2023	12,000	12,000	0		
S32	Car Parks	Review of car park business rates	£0	£805,230	Y	N	A review of car park rates (based on costs and income on spaces) is estimated to be £82K lower with an assumption included of £167K, however this will not be know until the facility is rated.	N	1 April 2023	82,910	82,910	0	0	
S34	Domestic Abuse Service	review of costs and use of service	£0	£185,500	Y	N	A review of SADA additional posts to be funded from external income and the HRA share on review is 4 out of 5 cases.	N	1 April 2023	162,000	162,000	-94,000	-94,000	
TOTAL			£0	£1,565,330						£503,779	£503,779	-£46,962	-£46,962	

STEVENAGE BOROUGH COUNCIL

MAKING YOUR MONEY COUNT OPTIONS 2023/24

For Approval	full year savings	General Fund 2023/24	HRA full year savings	HRA £
Efficiency	£503,779	£503,779	-£46,962	-£46,962
Commercial	£170,340	£145,340	£4,860	£4,860
Fees and Charges	£334,440	£334,440		
New Income Stream	£35,900	£35,900		
Transformation	£30,900	£20,400	£14,100	£9,600
Reduction	£545,040	£302,140	0	0
Total	£1,620,399	£1,341,999	-£28,002	-£32,502

Ref No	Name of Service	Description of Savings Proposal	Implementati on costs	Budget 2022/23	Ongoing (Y/N)	Statutory Function (Y/N)	Impact of Saving Proposal on Public/ Customers/ Staff/ Members/Partnerships etc. (include any impact on key corporate programmes/performance indicator measures) .	Capital / Investment (Y/N)	Potential Timing (put the date you estimate it will be implemented, consider any consultation required)	£ General Fund Full year saving	General Fund pro-rata for 2023/24	HRA full year savings	£ HRA Year 1
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2023/24 Commercial in-sourcing Strand

S12	Comms & Marketing	Advertising on digital boards	£0	£0	Y	N	To enter into agreement, to lease time for adverts to be shown on the two digital boards within the Town Centre	N	1st April 2023	4,100	4,100	900	900
S13	Comms & Marketing	Funding of Chronicle from advertising using up to 4 pages	£0	£0	Y	N	To rent out space within the Chronicle publication (on a quarterly basis) to fund the cost of the production of this. Estimate that four pages of advertising should cover this cost	N	1st April 2023	18,040	18,040	3,960	3,960
S14	Various	Fees and Charges increases approved at the November Executive.	£0	£0	Y	Y & N	The annual fees and charges exercise been carried out to establish that the Council is recovering its costs / are competitive against other councils or competitors and have no detrimental impact on the usage of the service. Appendix B	N	1st April 2023	270,940	270,940	0	0
S15	Various	New income streams as reviewed by Commercial and Investment Working Group	£23,000	£0	Y	N	This includes new cemetery charges (Appendix C November MYMC report), Skips (Appendix D November report), Charging for businesses using the Council's parks recommended for approval - £100 per outdoor fitness licence (per annum).	Y	1st April 2023	35,900	35,900	0	0
S15A	Indoor Market rents	Increase indoor market rents by 5%	£0	£386,000	Y	N	There has been an estimated increase in utilities of £180K and the December Executive recommended that a below inflation increase is implemented	Y	1st April 2023	19,000	19,000		
S16	Estates	To move Stevenage Direct Services out of Shephallbury depot and to relet commercially, assumed £40K of works to Hampson Park depot	£40,000		Y	N	This will require the grounds team moving some of their stored items to Hampson Park depot. A capital bid has been included in the Draft Capital Strategy).	Y	1 June 2023	100,000	75,000	0	0
S17	Corporate	Increase 2023/24 Council Tax by 2.99%	£0		Y	N	The increase if Members agree to increase council Tax to 2.99% as set out in the Autumn statement. This would add £6.74 per year to Band D bill for 2023/24	N	1st April 2023	63,500	63,500	0	0

STEVENAGE BOROUGH COUNCIL

MAKING YOUR MONEY COUNT OPTIONS 2023/24

For Approval	full year savings	General Fund 2023/24	HRA full year savings	HRA £
Efficiency	£503,779	£503,779	-£46,962	-£46,962
Commercial	£170,340	£145,340	£4,860	£4,860
Fees and Charges	£334,440	£334,440		
New Income Stream	£35,900	£35,900		
Transformation	£30,900	£20,400	£14,100	£9,600
Reduction	£545,040	£302,140	0	0
Total	£1,620,399	£1,341,999	-£28,002	-£32,502

Ref No	Name of Service	Description of Savings Proposal	Implementati on costs	Budget 2022/23	Ongoing (Y/N)	Statutory Function (Y/N)	Impact of Saving Proposal on Public/ Customers/ Staff/ Members/Partnerships etc. (include any impact on key corporate programmes/performance indicator measures) .	Capital / Investment (Y/N)	Potential Timing (put the date you estimate it will be implemented, consider any consultation required)	£ General Fund Full year saving	General Fund pro-rata for 2023/24	HRA full year savings	£ HRA Year 1
S31	Insurance	To charge an admin fee to the commercial tenants and leaseholders for providing the insurance cover and to deal with any insurance claims	£0	£0	Y	N	It is not feasible to charge to leaseholders as they are already receiving high admin charges to cover these types of works. However, discussed with legal and estates and there is nothing to stop us from charging commercial tenants an admin fee for this service. Undertaken a brief exercise to work out the admin charge to be around £16 per tenant	N	Start from the current renewal process 1 October 2022	3,000	3,000	0	0
S35	Commercial	Filming income	£0	£0	Y	N	The Council has a filming policy which generates income, while this is difficult to predict , a base line budget of £10K is considered achievable	N	1 April 2023	10,000	10,000	0	0
S37	On street parking	Extend on street parking period from 6PM to 8PM	£4,700	£0	Y	N	A trial will implemented for an extension to on-street parking periods from 1 April 2023. It is not clear whether additional income will be generated and once the initial trial period has concluded any savings will be incorporated into the 2023/24 budget and contribute to the 2024/25 MYMC target	N	1 April 2023	0	0	0	0
S36	Commercial	Advertising income	£0	£0	3 years	N	New advertising income streams now secured.	N	1 April 2023	16,200	16,200	0	0
			£67,700	£386,000						£540,680	£515,680	£4,860	£4,860

2023/24 Transformation Options			
S18	Payroll	Review payroll service delivery	£0 £84,750
S19	Human Resources	Cease contract for sickness reporting (goodshape service) and build in-house option	£0
			£0 £84,750

S18	Payroll	Review payroll service delivery	£0	£84,750	Y	N	review levels of responsibilities, systemisation, and processes (reducing deductions from pay)	N	1st April 2023	9,900	9,900	5,100	5,100
S19	Human Resources	Cease contract for sickness reporting (goodshape service) and build in-house option	£0		Y	N	Development of the HR system is required, to deliver an in-house offer, the saving is 50% in 2023/24 to allow the improvements to take place.	N	1 October 2023	21,000	10,500	9,000	4,500
			£0							£30,900	£20,400	£14,100	£9,600

STEVENAGE BOROUGH COUNCIL

MAKING YOUR MONEY COUNT OPTIONS 2023/24

For Approval	full year savings	General Fund 2023/24	HRA full year savings	HRA £
Efficiency	£503,779	£503,779	-£46,962	-£46,962
Commercial	£170,340	£145,340	£4,860	£4,860
Fees and Charges	£334,440	£334,440		
New Income Stream	£35,900	£35,900		
Transformation	£30,900	£20,400	£14,100	£9,600
Reduction	£545,040	£302,140	0	0
Total	£1,620,399	£1,341,999	-£28,002	-£32,502

Ref No	Name of Service	Description of Savings Proposal	Implementati on costs	Budget 2022/23	Ongoing (Y/N)	Statutory Function (Y/N)	Impact of Saving Proposal on Public/ Customers/ Staff/ Members/Partnerships etc. (include any impact on key corporate programmes/performance indicator measures) .	Capital / Investment (Y/N)	Potential Timing (put the date you estimate it will be implemented, consider any consultation required)	£ General Fund Full year saving	General Fund pro-rata for 2023/24	HRA full year savings	£ HRA Year 1
2023/24 Discretionary (Reduce Options)													
S20	Leisure	Cease Grants to Support Parent and Toddler Groups	£0	£2,000	Y	N	This fund has not been accessed since before Covid. It has not been promoted since and the client group would tend to fit more with Children's Services and Family Centres at HCC.	N	1st April 2023	2,000	2,000	0	0
S21	Civic Events	Kadoma Link Grant	£0	£1,000	Y	N	Annual Grant to maintain Kadoma Link. Grant has been drawn in 2022/23. Early notice on future years will enable group to explore other forms of fundraising.	N	1st April 2023	1,000	1,000	0	0
S23	Play Service	Cease permanent Play Service	£323,000	£427,550	Y	N	Due to the level of savings required and the level of subsidy per child (1,063 registered). The service has 12 employees- and there is an estimated one off cost of £323K. Post COVID the after school club attention has reduced and the summer play numbers have not been as high as pre the pandemic. The cost per child subsidy is £566 and not sustainable in the current financial climate.	Y	Likely to be summer 2023 (full year saving shown)	384,930	192,465	0	0
S38	Play Service	Close play centre buildings and commercially let or demolish dependent on stock condition surveys (building costs shown)		£59,000	Y	N	There are circa £50K of building costs that could be reduced and rental assumed of £30K based on a commercial let, these savings cannot be removed from the budget until the implementation of the new play offer. Savings may be higher but are not yet tested and the play equipment at the sites will need maintaining	N	1 October 2023	90,000	45,000	0	0
S24	Community Development	Cease commissioning fund for summer activities for young people.	£0	£6,500	Y	N	This is an upper tier function. This fund was historically a fund for commissioning youth provision over the summer holidays in conjunction with the Youth Council. It has not been accessed since before Covid.	N	1st April 2023	6,500	6,500	0	0
S26	Leisure	Subscription for Visit Herts - for the next three years, this can be funded through the UKSPF	£0	£5,110	N	N	Visit Herts Service Level Agreement to support Destination Management Organisation for Hertfordshire. To date limited focused benefit for Stevenage but impact may be felt reputationally and in any future destination management plans if was to cease permanently.	N	1st April 2023	5,000	5,000	0	0
S27	Leisure	Sports Stevenage Grant ceased	£0	£3,060	Y	N	Grant that supports Sports Stevenage and maintaining Hall of Fame website. There may be some reputational risk in terms of those advocating Stevenage's sporting heritage.	N	1st April 2023	3,000	3,000	0	0
S28	Leisure	Combine Museum Assistant and Cultural Manager post	£0	£20,000	Y	N	This proposal is based on deleting a museum assistant post and combining the Cultural Officer post assuming a more integrated museum/cultural officer function and maintaining some capacity to deliver on the cultural strategy.	Y	1st April 2023	20,000	20,000	0	0

STEVENAGE BOROUGH COUNCIL

MAKING YOUR MONEY COUNT OPTIONS 2023/24

STEVENAGE BOROUGH COUNCIL MAKING YOUR MONEY COUNT OPTIONS 2023/24									For Approval	full year savings	General Fund 2023/24	HRA full year savings	HRA £
									Efficiency	£503,779	£503,779	-£46,962	-£46,962
									Commercial	£170,340	£145,340	£4,860	£4,860
									Fees and Charges	£334,440	£334,440		
									New Income Stream	£35,900	£35,900		
									Transformation	£30,900	£20,400	£14,100	£9,600
									Reduction	£545,040	£302,140	0	0
									Total	£1,620,399	£1,341,999	-£28,002	-£32,502
Ref No	Name of Service	Description of Savings Proposal	Implementati on costs	Budget 2022/23	Ongoing (Y/N)	Statutory Function (Y/N)	Impact of Saving Proposal on Public/ Customers/ Staff/ Members/Partnerships etc. (include any impact on key corporate programmes/performance indicator measures) .	Capital / Investment (Y/N)	Potential Timing (put the date you estimate it will be implemented, consider any consultation required)	£ General Fund Full year saving	General Fund pro-rata for 2023/24	HRA full year savings	£ HRA Year 1
S29	Leisure	Delete Leisure and Health Officer post	£0	£32,610	Y	N	This would reduce capacity to deliver on the Healthy Stevenage Strategy and reduce sports development function to signposting only.	Y	1st June 2023	32,610	27175	0	0
TOTAL			£323,000	£556,830						£545,040	£302,140	£0	£0
			£390,700	£2,592,910						£1,620,399	£1,341,999	-£28,002	-£32,502

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FEES AND CHARGES -RECOMMENDED FEE INCREASES FOR 2022/23									
APPENDIX B FEES AND CHARGES									
			2021/22 Fees for reference						
Service	Fees and Charges for 2022/23	2021/22 FEE	2022/23 FEE	Increase £	% Increase	2023/24 Proposed Fee	Increase £	% Increase	Budget Increase (from fee proposals)
Car Parks									
New Town:	7am-7pm (6am-7pm at St Georges only) :								
Short Stay (Westgate/Forum/St G)	Mon-Saturday up to 30 Mins (St Georges & Westgate only)	£0.50	£0.50	£0.00	0.00%	£1.00	£0.50	100.00%	
	Mon-Saturday up to 1 hour	£1.80	£2.00	£0.20	11.11%	£2.00	£0.00	0.00%	
	Mon-Saturday up to 2 hours	£2.60	£3.00	£0.40	15.38%	£3.00	£0.00	0.00%	
	Mon-Saturday up to 3 hours	£3.30	£3.50	£0.20	6.06%	£4.00	£0.50	14.29%	
	Mon-Saturday up to 5 Hours	£4.00	£4.50	£0.50	12.50%	£5.00	£0.50	11.11%	
	Mon-Saturday Over 5 Hours (St Georges)	£5.00	£5.50	£0.50	10.00%	£6.00	£0.50	9.09%	
	Mon-Saturday Over 5 Hours (Forum/Westgate)	£7.50	£8.50	£1.00	13.33%	£9.00	£0.50	5.88%	
	Sunday	£2.20	£2.50	£0.30	13.64%	£2.50	£0.00	0.00%	
	Night Parking 7pm to 7am (6am for St G)	£2.00	£2.00	£0.00	0.00%	£2.00	£0.00	0.00%	
									£33,890
Long stay	Mon-Fri entry before 8.30am to 7pm	£8.00	£8.50	£0.50	6.25%	£9.00	£0.50	5.88%	
(Swingate/Daneshill/Southgate)	Mon-Fri entry after 8.30am to 7pm	£5.00	£5.50	£0.50	10.00%	£6.00	£0.50	9.09%	
	Mon-Sat 6am-7pm (Southgate Only)	£5.00	£5.50	£0.50	10.00%	£6.00	£0.50	9.09%	
	Saturday 6am - 6pm	£5.00	£5.50	£0.50	10.00%	£6.00	£0.50	9.09%	
	Sunday	£2.20	£2.50	£0.30	13.64%	£2.50	£0.00	0.00%	
	Night Parking (7pm to 6am or 6pm - 6am)	£2.00	£2.00	£0.00	0.00%	£2.00	£0.00	0.00%	
Total Long Stay									£21,000
Railways	Mon-Fri 4am to 4am	£9.00	£9.50	£0.50	5.56%	£10.00	£0.50	5.26%	
Railways	Saturday	£7.20	£7.60	£0.40	5.56%	£8.00	£0.40	5.26%	
Railways	Sunday	£6.80	£7.20	£0.40	5.88%	£7.50	£0.30	4.17%	
Total Railways									£30,500
Season Tickets	New Town (price per month)	£89.00	£91.00	£2.00	2.25%	£94.50	£3.50	3.85%	
	Blue Badge Holders (Season Ticket, price per Annum)	£44.00	£50.00	£6.00	13.64%	£52.50	£2.50	5.00%	
	Rail (price per month)	£160.00	£165.00	£5.00	3.13%	£169.00	£4.00	2.42%	
Season Tickets SubTotal									£11,660
New Town GRAND TOTAL									£97,050

FEES AND CHARGES -RECOMMENDED FEE INCREASES FOR 2022/23									
APPENDIX B FEES AND CHARGES									
			2021/22 Fees for reference						
Service	Fees and Charges for 2022/23	2021/22 FEE	2022/23 FEE	Increase £	% Increase	2023/24 Proposed Fee	Increase £	% Increase	Budget Increase (from fee proposals)
Season Tickets	up to two hours	£1.50	£1.80	£0.30	20.00%	£1.90	£0.10	5.56%	
	up to three hours	£1.90	£2.40	£0.50	26.32%	£2.60	£0.20	8.33%	
	More than three hours	£2.70	£3.00	£0.30	11.11%	£3.20	£0.20	6.67%	
	<u>Saturday 4pm-Monday 6am</u>	Free	Free			Free	#VALUE!	#VALUE!	
	Old Town (price per month)	£46.00	£50.00	£4.00	8.70%	£53.00	£3.00	6.00%	
Old Town GRAND TOTAL									£9,000
Car Parks:	Business Tokens/ Commercial Income	Various				various			£5,000
Loss of income due to price increase		8.50%							-£9,900
TOTAL "All Off Street Car Parks"									£101,150

FEES AND CHARGES -RECOMMENDED FEE INCREASES FOR 2022/23

APPENDIX B FEES AND CHARGES

		2021/22 Fees for reference								
Service	Fees and Charges for 2022/23	2021/22 FEE	2022/23 FEE	Increase £	% Increase	2023/24 Proposed Fee	Increase £	% Increase	Budget Increase (from fee proposals)	
On Street Parking										
Town Centre	up to 30 mins	£0.60	£1.00	£0.40	66.67%	£1.00	£0.00	0.00%		
	Up to 1 Hour	£1.80	£2.00	£0.20	11.11%	£2.00	£0.00	0.00%		
	Up to 2 Hours	£2.70	£3.00	£0.30	11.11%	£3.00	£0.00	0.00%		
	Up to 3 Hours	£3.50	£4.00	£0.50	14.29%	£4.00	£0.00	0.00%		
	Up to 4 Hours	£4.50	£5.00	£0.50	11.11%	£5.00	£0.00	0.00%		
	Up to 5 Hours	£6.00	£11.00	£5.00	83.33%	£11.00	£0.00	0.00%		
	Over 5 hours	£10.00	£11.00	£1.00	10.00%	£11.00	£0.00	0.00%		£0
Corey's Mill Lane	up to 1 hr £1.50 up to 2 hrs £2.50 up to 3 hrs (max stay) £4.00 (correct for 22/23 Fin year)	£1.10/ £1.70 /£2.20	£1.50/ £2.50 /£4.00	Various		No change	£0.00	0.00%	£0	
On Street Parking Total										£0
Street Naming/Numbering										
Various Options, some examples shown here	First Dwelling Numbering	£105.00	£109.00	£4.00	3.81%	£118.00	£9.00	8.26%		
	Next ten dwellings (per dwelling)	£56.00	£58.00	£2.00	3.57%	£63.00	£5.00	8.62%		
	Naming of new street	£212.00	£220.00	£8.00	3.77%	£240.00	£20.00	9.09%		
	Commercial numbering first unit	£278.00	£288.00	£10.00	3.60%	£312.00	£24.00	8.33%		
	Commercial numbering further units	£139.00	£145.00	£6.00	4.32%	£155.00	£10.00	6.90%		£500

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FEES AND CHARGES -RECOMMENDED FEE INCREASES FOR 2022/23											APPENDIX B FEES AND CHARGES										
											2021/22 Fees for reference										
Service		Fees and Charges for 2022/23		2021/22 FEE	2022/23 FEE	Increase £	% Increase	2023/24 Proposed Fee	Increase £	% Increase	Budget Increase (from fee proposals)										
External Works (e.g. Other LAs)																					
Examples of Hourly Charge out rate for staff time (VAT to be added)		Engineering Services Manager		£63.10	£66.25	£3.15	4.99%	£70.75	£4.50	6.79%	£350										
		Principal Engineer		£58.30	£61.25	£2.95	5.06%	£65.50	£4.25	6.94%											
		Traffic & Parking Enforcement Manager		£55.00	£57.75	£2.75	5.00%	£61.50	£3.75	6.49%											
		Engineer		£43.50	£45.70	£2.20	5.06%	£48.50	£2.80	6.13%											
		Inspector		£41.20	£43.25	£2.05	4.98%	£46.00	£2.75	6.36%											
Town Centre Charges																					
Street Hoarding Licences		Hoarding/Scaffold Licence (per week/100m run) (changing to per 50m from 22/23)		£48.00	£50.00	£2.00	4.17%	£50.00	£0.00	0.00%	£1,170										
		Application Fee		n/a	n/a	n/a	n/a	£100.00	new	new											
		Crane Licence		£2,187.00	£2,187.00	£0.00	0.00%	£2,350.00	£163.00	7.45%											
		Skip Licence (per fortnight)		£41.00	£42.00	£1.00	2.44%	£44.00	£2.00	4.76%											
Licensing (Hoardings)																					
		H Bar Marking Application fee		£30.00	£31.00	£1.00	3.33%	£33.00	£2.00	6.45%	£1,500										
		H Bar Marking Fee		£85.00	£88.00	£3.00	3.53%	£95.00	£7.00	7.95%											
		Parking Bay Suspension (5 bays/wk)		£200.00	£210.00	£10.00	5.00%	n/a													
		Parking Bay Suspension (per additional bay)		£5.00	£6.00	£1.00	20.00%	n/a													

FEES AND CHARGES -RECOMMENDED FEE INCREASES FOR 2022/23									
		2021/22 Fees for reference							
Service	Fees and Charges for 2022/23	2021/22 FEE	2022/23 FEE	Increase £	% Increase	2023/24 Proposed Fee	Increase £	% Increase	Budget Increase (from fee proposals)
Parking Permits (e.g. Burymead) (selected example charges shown)	First Permit	£56.00	£56.00	£0.00	0.00%	£56.00	£0.00	0.00%	
	Second Permit	£82.00	£82.00	£0.00	0.00%	£82.00	£0.00	0.00%	
	Third Permit	£108.00	£108.00	£0.00	0.00%	£108.00	£0.00	0.00%	
	Fourth Permit	£134.00	£134.00	£0.00	0.00%	£134.00	£0.00	0.00%	
	20 visitor vouchers	£15.00	£15.00	£0.00	0.00%	£15.00	£0.00	0.00%	
Garages:	Standard Garage (Category A)	£12.05	£12.50	£0.45	3.73%	£13.25	£0.75	6.00%	
	Standard Garage (Category B)	£11.85	£12.25	£0.40	3.38%	£12.85	£0.60	4.90%	
	Standard Garage (Category C)	£11.45	£11.70	£0.25	2.18%	£12.00	£0.30	2.56%	
	Premium Sized Garages	£15.00	£15.60	£0.60	4.00%	£16.50	£0.90	5.77%	
	Road Facing Garages	£13.70	£14.25	£0.55	4.01%	£15.10	£0.85	5.96%	
Garages Total									£135,000

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Prices shown are "NET" of VAT. Housing Tenants generally do not pay VAT but other customers do pay VAT, meaning the actual weekly increase for a Category A garage would be 60p. Around 2/3rd of all customers do pay VAT.

FEES AND CHARGES -RECOMMENDED FEE INCREASES FOR 2022/23									
APPENDIX B FEES AND CHARGES									
			2021/22 Fees for reference						
Service	Fees and Charges for 2022/23	2021/22 FEE	2022/23 FEE	Increase £	% Increase	2023/24 Proposed Fee	Increase £	% Increase	Budget Increase (from fee proposals)
Markets:		various				5.00%		0.00%	£19,000
Markets Total									
Bulky Waste:									
Page 55	3 Items	£45.00	£48.00	£3.00	6.67%	£48.00	£0.00	0.00%	
	6 Items	£75.00	£78.00	£3.00	4.00%	£78.00	£0.00	0.00%	
	7 Items	n/a	£88.00	n/a	n/a	£88.00	£0.00	0.00%	
	8 Items	n/a	£97.00	n/a	n/a	£97.00	£0.00	0.00%	
	9 Items	n/a	£106.00	n/a	n/a	£106.00	£0.00	0.00%	
	10 Items	n/a	£115.00	n/a	n/a	£115.00	£0.00	0.00%	
	Cancellation Fee	£11.00	£11.00	£0.00	0.00%	£11.00	£0.00	0.00%	
Bulky Waste Total									
Trade Refuse:									
	Increase in fees to cover additional increase in disposal costs (example of pricing shown, 1100 litre bin)	£22.25	£23.25	£1.00	4.49%	£23.25	£0.00	0.00%	£0
Skips:									
	Increase in fees to cover additional increase in disposal costs (example of pricing shown 6yard skip)	£294.00	£305.00	£11.00	3.74%	£325.00	£20.00	6.56%	£1,170
Increase disposal cost of waste for Trade, Clinical, Skips and Transfer Station:				-£18,000					
Cemeteries:		various				various (see additional tab) : average 7%		7.00%	£12,000
Cemeteries New Chargeable services		n/a		Various (see additional tab) : new fees new					
Cemeteries Total									

FEES AND CHARGES -RECOMMENDED FEE INCREASES FOR 2022/23											APPENDIX B FEES AND CHARGES										
				2021/22 Fees for reference																	
Service		Fees and Charges for 2022/23		2021/22 FEE	2022/23 FEE	Increase £	% Increase	2023/24 Proposed Fee	Increase £	% Increase	Budget Increase (from fee proposals)										
Parks and Open Spaces:				various				various		6.00%	£5,000										
NEW CHARGE FOR OUTDOOR FITNESS LICENCE (cost p.a)				n/a		n/a £100.00 new new £1,400															
Parks and Open Spaces Total																					
Allotments:		Price per M ² per year		£0.60	£0.77	£0.17	28.33%	£0.82	£0.05	6.49%											
		100M ² per year		£60.00	£77.00	£17.00	28.33%	£82.00	£5.00	6.49%											
		250M ² per year		£150.00	£192.50	£42.50	28.33%	£205.00	£12.50	6.49%											
Allotments Total														£3,300							

FEES AND CHARGES -RECOMMENDED FEE INCREASES FOR 2022/23									
APPENDIX B FEES AND CHARGES									
			2021/22 Fees for reference						
Service	Fees and Charges for 2022/23	2021/22 FEE	2022/23 FEE	Increase £	% Increase	2023/24 Proposed Fee	Increase £	% Increase	Budget Increase (from fee proposals)
Fishing	Adult Day Ticket	£8.20	£8.50	£0.30	3.66%	£9.00	£0.50	5.88%	
	Junior Day Ticket	£6.15	£6.35	£0.20	3.25%	£7.00	£0.65	10.24%	
	Night Fishing	£18.40	£19.00	£0.60	3.26%	£22.00	£3.00	15.79%	
	2nd or 3rd Rod - cost per additional rod	n/a	n/a	n/a	n/a	£5.00	new	new	
Fishing Total									£470
Planning:	<u>Major development</u>								
	100+ residential units, 6000+sqm of commercial /change of use or where the site is 3ha+ PER 100 units /6000sqm/3ha or part of.	£3,800	£3,990	£190.00	5.00%	£4,230	£240.00	6.02%	
	Bespke hourly service for '100+ residential units, 6000+sqm of commercial /change of use or where the site is 3ha+ PER 100 units /6000sqm/3ha or part of	n/a	£192	new	new	£204	£12.00	6.25%	
	25-99 residential units, 2001-5999sqm of commercial /change of use or where the site is 1ha-3ha.	£3,800	£3,990	£190.00	5.00%	£4,230	£240.00	6.02%	
	Bespke hourly service for 25-99 residential units, 2001-5999sqm of commercial /change of use or where the site is 1ha-3ha.	n/a	£192	new	new	£204	£12.00	6.25%	
	Development requiring an EIA if not within the above categories	£3,700	£3,885	£185.00	5.00%	£4,118	£233.00	6.00%	
	Bespoke hourly service for Development requiring an EIA if not within the above categories	n/a	£185	new	new	£197	£12.00	6.49%	
	<u>Other Major Developments</u>								

FEES AND CHARGES -RECOMMENDED FEE INCREASES FOR 2022/23									
APPENDIX B FEES AND CHARGES									
			2021/22 Fees for reference						
Service	Fees and Charges for 2022/23	2021/22 FEE	2022/23 FEE	Increase £	% Increase	2023/24 Proposed Fee	Increase £	% Increase	Budget Increase (from fee proposals)
Page 58	Provision of 10-24 dwellings or where the site is between 0.5ha and 1ha.	£2,250	£2,360	£110.00	4.89%	£2,502	£142.00	6.02%	
	Bespoke hourly service for Provision of 10-24 dwellings, 1001sqm to 2000sqm, or where the site is between 0.5ha and 1ha	n/a	£113	new	new	£120	£7.00	6.19%	
	Change of use or provision of 1001sqm - 2000sqm of commercial floor space or on a site with an area exceeding 1ha.	£2,250	£2,360	£110.00	4.89%	£2,502	£142.00	6.02%	
	<u>Minor Development</u>								
	Single dwelling/replacement dwelling	£225	£236	£11.00	4.89%	£250	£14.00	5.93%	
	Bespoke hourly service for Single dwelling/replacement dwelling	n/a	£68	new	new	£73	£5.00	7.35%	
	2-5 dwellings	£445	£467	£22.00	4.94%	£495	£28.00	6.00%	
	Bespoke hourly service for 2-5 dwellings	n/a	£68	new	new	£73	£5.00	7.35%	
	6-9 dwellings	£1,150	£1,205	£55.00	4.78%	£1,278	£73.00	6.06%	
	Bespoke hourly service for 6-9 dwellings	n/a	£68	new	new	£73	£5.00	7.35%	
	Change of use of buildings/new commercial buildings with a floor space between 0-500sqm or on a site with an area up to 0.5ha.	£225	£236	£11.00	4.89%	£251	£15.00	6.36%	
	Bespoke hourly service for Change of use of buildings/new commercial buildings with a floor space between 0-500sqm or on a site with an area up to 0.5ha	n/a	£68	new	new	£73	£5.00	7.35%	
	Change of use of buildings/new commercial buildings with a floor space between 501sqm and 1000sqm or on a site with an area between 0.5ha and 1 ha	£740	£777	£37.00	5.00%	£824	£47.00	6.05%	
	Bespoke hourly service for Change of use of buildings/new commercial buildings with a floor space between 501sqm and 1000sqm or on a site with an area between 0.5ha and 1 ha	n/a	£68	new	new	£73	£5.00	7.35%	
	<u>Householder</u>								
	Domestic extensions, conservatories etc. and alterations to residential properties. (WITH SITE VISITS)	£80	£225	£145.00	181.25%	£225.00	£0.00	0.00%	

FEES AND CHARGES -RECOMMENDED FEE INCREASES FOR 2022/23									
APPENDIX B FEES AND CHARGES									
			2021/22 Fees for reference						
Service	Fees and Charges for 2022/23	2021/22 FEE	2022/23 FEE	Increase £	% Increase	2023/24 Proposed Fee	Increase £	% Increase	Budget Increase (from fee proposals)
Page 59	Domestic extensions, conservatories etc. and alterations to residential properties. (WITHOUT SITE VISITS)	n/a	£175	new	new	£175.00	£0.00	0.00%	
	Specialist Advice								
	Works to listed buildings Developments affecting a conservation area	£159	£163	£4.00	2.52%	£173	£10.00	6.13%	
	Advertisements								
	Per Site	£80	£188	£108.00	135.00%	£200	£12.00	6.38%	
	Assistant Director								
	Costs per hour for the Assistant Director to attend meetings.	n/a	£271	new	new	£288	£17.00	6.27%	
	New Planning Fees from 2023/24								
	Direct Application Fee	n/a	n/a	n/a	n/a	£48.00	new	new	£2,000
	Enquiry Fee			£10.00					
	Deed Novation/Variation			£2000 + Legal fees (variable)					
Planning Total									
Hackney Carriages:		various	various			various	£0.00	0.00%	£0

FEES AND CHARGES -RECOMMENDED FEE INCREASES FOR 2022/23									
APPENDIX B FEES AND CHARGES									
			2021/22 Fees for reference						
Service	Fees and Charges for 2022/23	2021/22 FEE	2022/23 FEE	Increase £	% Increase	2023/24 Proposed Fee	Increase £	% Increase	Budget Increase (from fee proposals)
Env Health & Licensing:	Housing Act 2004								£500
	Licence for Houses in Multiple Occupation (HMO)	£750	£775	£25.00	3.33%	£830	£55.00	7.10%	
	Service of Housing Act Notices	£395	£410	£15.00	3.80%	£430	£20.00	4.88%	
Env Health & Licensing:	Food Premises	various							£860
Page 60	Destruction Certificate	£136	£139	£3.00	2.21%	£150	£11.00	7.91%	
	Health Certificate	£111	£114	£3.00	2.70%	£120	£6.00	5.26%	
Env Health & Licensing:	Licensing including: Acupuncture, street trading etc.	various							£3,450
Local Land Charges	Residential Property (Con 29)	£65.40	£68.00	£2.60	3.98%	£73.40	£5.40	7.94%	
VAT is PAYABLE on these fees (fees shown is GROSS of VAT) Integra Code = RC110	Residential Property (LLC1) NO VAT	£17.50		£0.70	4.00%	£19.65	£1.45	7.97%	
	Commercial Property and Areas of Land (Con 29)	£85.20		£3.40	3.99%	£95.60	£7.00	7.90%	
	Commercial Property and Areas of Land (LLC1) NO VAT	£22.80		£0.90	3.95%	£25.55	£1.85	7.81%	
	Con29O Enquiry Q4 and additional parcels of land	£12.00		£0.50	4.17%	£13.50	£1.00	8.00%	
	Con29O Enquiry Q5-21 (each)	£6.00		£0.25	4.17%	£6.75	£0.50	8.00%	
	Con29O Enquiry Q22	£24.00		£0.95	3.96%	£26.90	£1.95	7.82%	
	Additional Enquiry	£13.08		£0.52	3.98%	£14.65	£1.05	7.72%	£1,800
Housing General Fund:	Careline Alarm- private (Shortfall funded from General Fund)	various							

<div> <div>FEES AND CHARGES -RECOMMENDED FEE INCREASES FOR 2022/23</div> <div>APPENDIX B FEES AND CHARGES</div> </div>										
			2021/22 Fees for reference							
Service	Fees and Charges for 2022/23	2021/22 FEE	2022/23 FEE	Increase £	% Increase	2023/24 Proposed Fee	Increase £	% Increase		Budget Increase (from fee proposals)
										£325,840

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APPENDIX C : RISK BASED ASSESSMENT OF THE LEVEL OF GENERAL FUND BALANCES 2023/24

Potential Risk Area	Comments including any mitigation factors		
Income from areas within the base budget where the Council raises "Fees and Charges"	Potential risk that the budgeted level of income from activities where the Council is charging for services will not be achieved. This is anticipated largely to be as a result of the downturn in economy and cost of living crisis, but could also be as a result of poor weather, new competition. All "fees and charges" income is reviewed as part of the monthly/quarterly budget monitoring process. All budgets are profiled over the year based upon previous experience.		
		Calculated Risk	
Specific Areas	Estimated Income	Likelihood Percentage	Balances Required
Parking Income* (on street/off-street)	£4,769,531	4.0%	£190,781
Development Control Income	£429,330	4.0%	£17,173
Recycling Income	£749,960	2.5%	£18,749
Garages	£3,641,290	1.0%	£36,413
Trade Refuse & Skips	£1,134,140	2.5%	£28,354
Indoor Market	£457,580	10.0%	£45,758
Commercial Property Income	£3,703,240	5.0%	£185,162
Cost of Living losses arising from a lower fees and charges in excess of budgeted for			£500,000
Total			£1,022,390

* The council has a parking account which identifies how parking fees are spent on parking and related costs

Potential Risk Area	Comments		
Demand Led Budgets	Potential risk that spending on parts of the budget where the Council has a legal duty to provide the service increases significantly (including as an impact of Covid-19). Individual budgets reviewed as part of the monthly budget monitoring process. All budgets are profiled over the year based upon previous experience and so any variances should show up during the year.		
		Calculated Risk	
Specific Areas	Estimated Exposure	Likelihood Percentage	Balances Required
Housing Benefit maximum risk based on not meeting threshold for Local Authority errors.	£180,000	40%	£72,000
Loss of Business Rates yield	£3,225,345	maximum loss (7.5%)	£241,901
Lower S31 Grants than anticipated which means the NNDR yield would be higher but would not be returned to the General Fund until 2023/24.	£815,229	5%	£40,761
Increase in bad debts as a economic changes impacting on charging for services	£152,000	100%	£152,000
There is an increased cost of Bed and Breakfast as a result of higher homelessness due to cost of living crisis	£180,000	36%	£63,750
risk of capital works requiring funding as a result of rephasing/deferring works in the Capital Strategy	£250,000	50%	£125,000
Housing Benefit overpayment net income reduces and results in a pressure on the General Fund	£492,480	10%	£49,248
Total			£744,660

Potential Risk Area	Comments including any mitigation factors		
Changes since budget was set	Potential risk that things change since the budget estimates were made and the estimates are then under budgeted for.		
		Calculated Risk	
Specific Areas	Estimated Exposure	Likelihood Percentage	Balances Required
Transitional Vacancy Rate 4.5%	£744,705	5.00%	£37,235
Less staff time charged to capital than budgeted	£686,490	10.00%	£68,649
REVISED: pay award is higher than budgeted for 1%	£21,277,040		£197,897
Contractual inflation 1% increase	£9,742,307	1.00%	£37,184
Utility and fuel inflation usage/costs increase	£1,780,149	10.00%	£178,015
Borrowing costs will be higher than estimated on new borrowing in Capital Strategy	£77,315	1% increase in borrowing costs for the garage programme	£22,037
Total			£541,018

Potential Risk Area	Comments including any mitigation factors		
Other Risks	Potential risk that savings options will not be realised as a result of delay or unforeseen circumstances.		
		Calculated Risk	
Specific Areas	Estimated Exposure	Likelihood Percentage	Balances Required
Savings Options	£1,310,500	13.50%	£176,917
Total			£176,917

Potential Risk Area	Comments including any mitigation factors		
Estimated balances required for any over spend or under -recovery of expenditure and income	This calculation replaces the calculation based on Net Expenditure		
		Calculated Risk	
Specific Areas	Estimated Exposure	Likelihood Percentage	Balances Required
Gross Income (excludes specific income listed above)	£33,581,875	1.50%	£503,728
Gross Expenditure (excludes specific expenditure listed above)	£28,735,985	1.50%	£431,040
Total			£934,768

Level of Balances Assumed in General Fund Based on risk £3,419,753

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MAKING YOUR MONEY COUNT (MYMC) 2023/24 - Appendix D

Overall Equality Impact Assessment (EqIA) of MYMC Savings Proposals

Equality at Stevenage Borough Council

1. Stevenage Borough Council is committed to promoting equality, diversity and inclusion across its services, workforce and local community. To demonstrate its commitment to the identification and mitigation of discrimination and inequality, the Council will complete and publish Equality Impact Assessments (EqIA) when there is a new or revised policy, procedure, function, or where there is a withdrawal of service. For more information about the Council's commitment to advancing equalities please refer to the Equality, Diversity & Inclusion Policy (2022-26).
2. We want to deliver services that are fair, accessible and open to everyone who needs them. Equality Impact Assessments (EqIAs) are an important part of the process in ensuring that our intention is translated into action. They help to ensure that decisions are made in a fair, transparent and accountable way, considering the needs and the rights of different people in the community.
3. Based on the protected characteristics under the Equality Act 2010, the Equality Impact Assessment considers the impact on the following groups when making decisions, updating policies and starting new projects:
 - Age
 - Disability
 - Gender reassignment
 - Marital status
 - Pregnancy and maternity
 - Race
 - Religion or belief
 - Sex
 - Sexual orientation.
4. Although non-statutory, the Council has chosen to adopt the Socio-Economic Duty. Council's elected members and officers are required to consider the impact of their decisions on people who are less fortunate because of their social/economic background.
5. EqIAs also help the Council to demonstrate compliance with the requirements of the Public Sector Equality Duty (Section 149 of the Equality Act 2010). The Duty states that a public authority must, in the exercise of its functions, have due regard to the need to:
 - eliminate discrimination, harassment, victimisation and any other conduct that is unlawful under this Act
 - advance equality of opportunity between people who share a protected characteristic and those who do not
 - foster good relations between people who share a protected characteristic and those who do not

Making Your Money Savings Count Proposals 2023/24

6. Prior to their consideration at Executive in December 2022, all savings proposals were reviewed to determine any potential impact on Stevenage residents in terms of their protected characteristics under the Equality Act 2010. Some of these have no direct public impact and so have not been subject to any further EqlA.
7. Where a new change in policy, procedure, function, service or withdrawal of service is proposed, Assistant Directors and other appropriate managers have drafted Equality Impact Assessments.
8. This year there are four new proposals that may potentially have a positive, negative or disproportionate impact. These are:
 1. Closure of 3 Play schemes
 2. Removal of the Leisure & Health Development Officer post
 3. Annual increase of fees and charges (including off-street parking and garages)
 4. Increase of Council Tax
9. The increase in fees/charges and Council Tax will have a negative impact across all protected characteristic groups. For the purposes of this report and to avoid duplication, actions by the Council to mitigate this impact are included in the socio-economic section of the report.
10. The potential impact of these proposals is summarised over the following pages and will inform the recommendations made at Executive in December 2022 and Council in January 2023. Action to further analyse or mitigate the impact on people with particular protected characteristics is identified where appropriate.
11. It should be noted that EqlA's are working documents and new equality impacts may be identified throughout the planning and implementation stages of the revised policy, procedure, function, service. To ensure that these changes are captured, EqlAs will be updated, and appropriate mitigations considered accordingly.
12. The following further activity will take place:
 - January 2023 - Consideration of this document at Council meeting, alongside the budget proposals
 - Ongoing review and update of EQIA's and impact as proposals are further developed and implemented throughout 2023/24, including consultation and engagement as appropriate.

Summary of potential impacts identified as a result of budget proposals

Protected characteristic	Local/National Information	Summary potential impact(s)	Mitigating action(s)	Responsible officer
Age	Stevenage has a slightly younger population when compared with Hertfordshire and England, with an increase in the 2021 census of 4.6% in people aged 15 to 64 years, and an increase of 7.7% in children aged less than 15 years, since 2011.	<p>1. Children and young people are the main users of the Play Service and so removal of service is more likely to impact them.</p> <p>2. The reduction in one post supporting sports development and health promotion work is more likely to impact support activities targeting children and younger people, such as support for the Young People's Health Hub</p>	<p>1A. To help mitigate the negative impact, the Council will continue to provide children activity sessions as part of its existing Museum offering. The council will continue to promote these sessions through its various social media channels and wider comms activities. There are also a number of independent providers in the area which provide children activity services for a small fee. The Council will develop a list of providers by which to signpost existing users of the Play service.</p> <p>2. Young People's Healthy Hub and direct support for Sport's Clubs (including a significant number of Youth Sport's Clubs across the town and recent Basketball activities) will not be serviced in the same way, but through different partnering arrangements such as with Herts Sports Partnership or through the new Active Communities Service.</p>	<p>1A. Culture, Wellbeing & Leisure Services Manager</p> <p>2. Culture, Wellbeing & Leisure Services Manager</p>

	<p>The 2021 census shows that there has been an increase of 15.4% in people aged 65 years and over</p> <p>ONS data confirms that under 30s and over 65s have lower than average incomes, with ages in between having higher than average incomes</p>	<p>3. Support for activities targeting older people, such as local walking festivals will be reduced in terms of direct officer support.</p> <p>4A. Under 30's and over 65's may be disproportionality impacted by the increase in off-street parking and may be more vulnerable to socio-economic impacts (see socio-economic section below).</p> <p>B. Under 30's and over 65's lower than average income combined with an increase in off-street parking charges may negatively impact access to businesses, shops and leisure services</p> <p>5. The garage price increase might impact the elderly who are on pension credit and could affect young people on low incomes.</p>	<p>3. A dedicated activities Co-Ordinator will remain across supported housing. The new Active Communities Service delivered by the leisure operator will include older inactive people with health conditions as part of its programme.</p> <p>4A. See socio-economic impacts section below.</p> <p>B. it is believed that many people accessing these businesses already use the bus rather than drive, so the potential impact will be minimal, however feedback on the application of the charges will be closely monitored in the lead up to and following implementation.</p> <p>5. See socio-economic impacts section below.</p>	<p>3. Culture, Wellbeing & Leisure Services Manager</p> <p>4A. See socio-economic impacts section below.</p> <p>B. Parking Management Officer</p> <p>5. See socio-economic impacts section below.</p>
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Disability	<p>In 2011, 7.5% of Stevenage residents who were 16-64 years of age had a disability which limited their day-to-day activities.</p> <p>The Office for National Statistics (ONS) show that disabled workers earn on average £1.93 per hour less than non-disabled employees (a gap of over £3,500 per year based on a 35-hour week). The</p>	<p>1. Children and young people with disabilities who are users of the Play Service are likely to be impacted through any reduction in service.</p> <p>2. The disability pay gap means that disabled people may be more vulnerable to socio-economic impacts and are more likely to be impacted by the increase in off-streets parking and garage charges (see socio-economic section below).</p> <p>3. The garage price increase might impact on people who are on disability allowance.</p>	<p>1A. To help mitigate any impact, the Council will continue to provide children activity sessions as part of its existing Museum offering. The council will continue to promote these sessions through its various social media channels and wider comms activities. There are also a number of independent providers in the area which provide children activity services for a small fee. The Council will develop a list of providers by which to signpost existing users of the Play service.</p> <p>2. See socio-economic impacts section below.</p> <p>3. With the launch of Digital Lettings, potential garage licensees can bid for garages. Garages will normally be</p>	<p>1A. Culture, Wellbeing & Leisure Services Manager</p> <p>2. See socio-economic impacts section below.</p> <p>3. Assistant Director – SDS and Garages Manager</p>
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	disability pay gap – the difference between median pay for disabled employees and non-disabled employees – was 13.8% in 2021.		allocated in date order from the waiting list; however the Council reserves the right to give priority to anyone who is registered disabled upon providing evidence of a blue badge. In exceptional circumstances a case will be reviewed and decided on its merits.	
Gender reassignment		No differential impacts directly related to people having this characteristic have been identified as a result of these proposals.		
Marital status		No differential impacts directly related to people having this characteristic have been identified as a result of these proposals.		
Pregnancy and maternity		No differential impacts directly related to people having this characteristic have been identified as a result of these proposals.		
Race	In 2019, Office of National Statistics (ONS) figures showed the ethnicity pay gap in England and Wales – the difference in pay between white British and minority ethnic employees – had narrowed to its smallest level since 2012 – 2.3%, down	1. People from ethnic minorities may be more vulnerable to socio-economic impacts and are more likely to be impacted by the increase in off-streets parking charges (see socio-economic section below).	1. See socio-economic impacts section below.	1. See socio-economic impacts section below.

	<p>from its recent high of 8.4% in 2014.</p> <p>Health inequalities data supplementing the Joint Strategic Needs Assessment for Equality & Diversity demonstrates the need for future consideration of race and ethnicity in regard to health and wellbeing.</p>	<p>2. Reduction of this post may negatively impact any future work planned to focus on this protected characteristic as part of community programming.</p>	<p>2. There is no current sports development/health promotion underway which targets this protected characteristic as part of the reduced role. The new Active Communities Service will consider targeting this protected characteristic as part of its approach to community programming.</p>	<p>2. Culture, Wellbeing & Leisure Services Manager</p>
Religion or belief		<p>No differential impacts directly related to people having this characteristic have been identified as a result of these proposals.</p>		
Sex	<p>In 2021, the UK's gender pay gap rose from 14.9% to 15.4% (Office for National Statistics, ONS, 2021). This means that, on average, women earn just over 15% less than men per hour.</p>	<p>1. Women may be more vulnerable to socio-economic impacts and are more likely to be impacted by the increase in off-streets parking charges (see socio-economic section below).</p>	<p>1. See socio-economic impacts section below.</p>	<p>1. See socio-economic impacts section below.</p>

	<p>The number of women who participate in any kind of sport or physical activity in England is slowly and steadily increasing in recent years. As of 2021, approximately 17.5 million women participate at least twice a month at any intensity or duration a slight decrease from 17.78 million women in 2020 (www.statista.com).</p>	<p>2. Through the Herts Sport Partnership, women in Stevenage are encouraged to participate in This Girl Can activities. The reduction of the post will impact the council's role in servicing and supporting activity and bidding to further funding rounds.</p>	<p>2. The new Active Communities Service will consider targeting this protected characteristic as part of its approach to community programming.</p>	<p>2. Culture, Wellbeing & Leisure Services Manager</p>
Sexual Orientation		<p>No differential impacts directly related to people having this characteristic have been identified as a result of these proposals.</p>		
Socio-economic	<p>According to the 2019 English Index of Multiple Deprivation, Stevenage continues to be the most deprived authority in</p>	<p>1. Reducing play services may negatively impact lower income families.</p>	<p>1. To help mitigate the negative impact, the Council will continue to provide children activity sessions as part of its existing Museum offering. The council will continue to promote these sessions through its various social media channels and wider comms activities. There are also a number of independent providers</p>	<p>1 & 2. Culture, Wellbeing & Leisure Services Manager</p>

	<p>Hertfordshire. Of this, Bedwell is the most deprived ward in Town.</p>	<p>2. The reduction in leisure and health post reduces the service available in terms of council-led delivery and facilitation of health and wellbeing initiatives and direct sports development support. This impact will be felt in neighbourhoods with highest health inequalities, which correlate with socio-economic conditions.</p> <p>3. Any increase in off-street parking fees is likely to impact most on those who are already at socio-economic disadvantage due to protected characteristic (for the purposes of this assessment - Disability, Race or Gender). This could mean that parking becomes unaffordable for some people if prices increase significantly.</p>	<p>in the area which provide children activity services for a small fee. The Council will develop a list of providers by which to signpost existing users of the Play service.</p> <p>2. The new Active Communities Service will be targeted in neighbourhoods experiencing the highest health inequalities and therefore new provision will be delivered as part of this contract.</p> <p>3A. The proposed price rise is very low with an increase of between 20 - 50p per hour, this represents an overall increase of less than 10% across current charges. Feedback on the application of the charges will be closely monitored in the lead up to and following implementation.</p> <p>B. At the same time, the town centre is well served by other modes of transport while fees in the vicinity of the hospital would remain significantly cheaper than those offered by the hospital car parks (and therefore clearly below the market</p>	<p>3A. Assistant Director Planning & Regulatory</p> <p>3B. Parking Management Officer</p>
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		<p>4. The garage price increase might impact the elderly who are on pension credit, young people on low incomes and disabled residents impacted by the disability pay gap.</p> <p>5. Fee increases and charges are reviewed annually by the Council to ensure that the cost of providing the service is met. Examples of where the council has discretion to increase fees and charges include (but are not limited to): Cemeteries; Fishing; Allotments; Env Health inspection; Planning; Bulky Waste.</p>	<p>rate). This potential impact may be lessened as more than half of households in the bottom income quartile do not have a car. It is often the case that protected characteristics correlate with lower rates of car ownership.</p> <p>4. Holding a garage license is a discretionary service and residents use them for parking their cars or for storage purposes. If the resident becomes unable to afford the current tier of garages, they will be able to bid on a lower tier, cheaper garage through Digital Lettings. Prices and locations will be clearly displayed and applicants will be measured against set criteria to award the garage, in a similar way to the management of the manual waiting list.</p> <p>5. To help mitigate any negative impacts on residents the Council is able to offer concessions to those who are eligible. Eligibility is dependent on the service but typically will include residents in receipt of a means tested benefit. Please see the Council's Concessionary Policy (2015) for further information on the Council's approach to setting concessions.</p>	<p>4. Assistant Director - SDS</p> <p>5. Strategic Director (Finance & Estates)</p>
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		<p>6. An increase of council tax by 2.99% would add £6.74 per year to Band D bill for 2023/24.</p>	<p>6. To help mitigate any negative impacts on residents the Council will continue to offer financial assistance through the Council Tax Reduction Scheme. Residents who are eligible to apply include those who have:</p> <ul style="list-style-type: none"> • low income or claiming benefits (including Universal Credit) • have dependent children • ill or disabled • caring for someone • State Pension age • bereaved • pregnant or have recently had a baby • less than £16,000 in savings • savings are over £16,000, but this money was from a compensation payment or a Prisoner of War payment or you are on Pension Credit Guarantee. <p>The scheme will be communicated to residents through customer-facing support services, as well as through existing information, advice and guidance provided by partners such as Citizens Advice. The Council will also publicise the scheme through its website and social media channels.</p>	<p>6. Strategic Director (Finance & Estates)</p>
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Other	Increased parking charges may promote modal shift away from using cars, leading to improved public health through reduced air pollution and increased physical activity.
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Appendices

[Appendix A – Equality Impact Assessment \(EqIA\) Play Services](#)

[Appendix B – EqIA Leisure & Health Development Officer](#)

[Appendix C – EqIA Off Street Parking Price Changes](#)

[Appendix D – EqIA Garages Price Changes](#)

Appendix A – Equality Impact Assessment (EqIA) Play Service

What is being assessed?	Play Service	What are the key aims of it?	The permanent closure of 3 play schemes including term-time after School play offer and pop-up holiday play scheme offer during School holidays.			
Who may be affected by it?	Children, Young People and Families					
Date of full EqIA on service area (planned or completed)	October 2022					
Form completed by:	Geoff Caine	Start date	October 2022	End date	November 2022	
		Review date		September 2023		

What data / information are you using to inform your assessment?	<p>2019/20 full year service attendance. (Incomplete view for 2020/21 and 21/22 due to Covid-19).</p> <p>2022 attendance figures to date</p> <p>Annual revenue budget</p> <p>Staffing resources and structure</p> <p>Child Poverty Statistics for Stevenage</p>	Have any information gaps been identified along the way? If so, please specify	
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	https://www.gov.uk/government/statistics/children-in-low-income-families-local-area-statistics-2014-to-2021		
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Explain the potential positive, negative or unequal impact on the following characteristics and how likely this is:			
Age	<p>Negative impact</p> <p>In 2011, 32.3% of households in Stevenage had a dependent child in the home and 13.3% had a dependent child between zero and four years old. The loss of service will impact children and young people overall.</p> <p>To help mitigate the negative impact, the Council will continue to provide children activity sessions as part of its existing Museum offering. The council will continue to promote these sessions through its various social media channels and wider comms activities.</p> <p>There are also a number of independent providers in the area which provide children activity services for a small fee. The Council will develop a list of providers by which to signpost existing users of the Play service.</p>	Race	<p>Neutral impact</p> <p>Stevenage has a growing Black And Minority Ethnic (BAME) population increasing from 16.9% in 2011 to 17.2% in 2021. Whilst it is anticipated that the impact the closure of the Play service on residents from minority national or ethnic backgrounds will be neutral, the Council will seek to mitigate any impact of the closure through the continued promotion of the activity sessions provided by the Museum, and work to signpost existing Play service users to independent providers.</p>

	Older People Not applicable		
Disability	Neutral Impact In 2011, 15.7% of Stevenage residents (all ages) had a disability which limited their day-to-day activities. Whilst it is anticipated that the impact the closure of the Play service on residents with disabilities will be neutral, the Council will seek to mitigate any impact of the closure through the continued promotion of the activity sessions provided by the Museum, and work to signpost existing Play service users to independent providers.	Religion or belief	Neutral Impact Not applicable
Gender reassignment	Neutral Impact Not applicable	Sex	Neutral Impact Not applicable
Marriage or civil partnership	Neutral Impact: Not applicable	Sexual orientation	Neutral Impact: Not applicable

Pregnancy & maternity	Negative Impact: The closure of the Play service may have a negative impact on pregnant women with young children. To help mitigate the impact the Council will continue to promote the activity sessions provided by the Museum, and work to signpost existing Play service users to independent providers.	Socio-economic ¹	Negative Impact: To help mitigate the negative impact the Council will continue to provide low-cost fee-paying children activity sessions as part of its existing Museum offering. The council will continue to promote these sessions through its various social media channels and wider comms activities. There are also a number of independent providers in the area which provide children activity services for a small fee. The Council will develop a list of providers by which to signpost existing users of the Play service.
Other			

Where there is a likely positive impact , please explain how it will help to fulfil our legislative duties to:					
Remove discrimination & harassment		Promote equal opportunities		Encourage good relations	

¹Although non-statutory, the council has chosen to implement the Socio-Economic Duty and so decision-makers should use their discretion to consider the impact on people with a socio-economic disadvantage.

What further work / activity is needed as a result of this assessment?

Action	Responsible officer	How will this be delivered and monitored?	Deadline
Develop and implement signposting to alternative providers	Culture, Wellbeing & Leisure Services Manager	Culture, Wellbeing & Leisure Services Service Plan	Summer 2023
Promote the Museum's children's sessions	Culture, Wellbeing & Leisure Services Manager	Culture, Wellbeing & Leisure Services Service Plan	Summer 2023
Restructure service area	Culture, Wellbeing & Leisure Services Manager	Culture, Wellbeing & Leisure Services Service Plan	Summer 2023

Approved by Assistant Director/ Strategic Director: Rob Gregory Date: 28/10/22

Appendix B – EqIA Leisure & Health Development Officer

What is being assessed?		What are the key aims of it?	The reduction in one post supporting sports development, and health promotion work across the town. One post would remain to lead Healthy Stevenage Partnership and key partnership work but direct delivery by the council would reduce. The new leisure contract will however include a new Active Communities programme, which will include direct delivery of activities in neighbourhoods.		
Who may be affected by it?	Children, Young People and Families				
Date of full EqIA on service area (planned or completed)	October 2022				
Form completed by:	Rob Gregory	Start date	October 2022	End date	November 2022
		Review date		September 2023	

What data / information are you using to inform your assessment?	Healthy Stevenage Strategy 2018-22 Current service work programme Joint Strategic Needs Assessment https://www.hertfordshire.gov.uk/microsites/jsna/hertfordshires-joint-strategic-needs-assessment.aspx	Have any information gaps been identified along the way? If so, please specify	
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Explain the potential positive, negative or unequal impact on the following characteristics and how likely this is:			
Age	<p>General (Potential Neutral Impact)</p> <p>The reduction in service offer reduces the service available in terms of council-led delivery and facilitation of health and wellbeing initiatives and direct sports development support. This will impact all age groups. It is proposed the council maintains its membership contribution to Herts Sports Partnership to ensure some broader support to sports clubs. In addition the council's new leisure contract will deliver a new Active Communities Service- targeting physical activity and health promotion work in local communities. It is recommended that this is targeted in line with local health inequalities.</p> <p>Older People (Potential Neutral Impact)</p> <p>As above. Support for activities targeting older people, such as local walking festivals will be reduced in terms of direct officer support, however a dedicated activities Co-Ordinator will remain across supported housing. The new Active Communities Service delivered by the leisure operator will include</p>	Race	<p>Potential Neutral Impact</p> <p>The reduction in service offer reduces the service available in terms of council-led delivery and facilitation of health and wellbeing initiatives and direct sports development support. This will impact all sections of the community. There is not current delivery underway targeting this protected characteristic however, health inequalities data supplementing the JSNA demonstrates the need for future consideration of race and ethnicity in regards to health and wellbeing. It is envisaged that the new Active Communities Service will consider this as part of its approach to community programming.</p>

	<p>older inactive people with health conditions as part of its programme. This will be a new activity.</p> <p>Younger People (Potential Negative Impact)</p> <p>As above. Support for activities targeting children and young people, such as direct management support for the Young People's Healthy Hub and direct support for Sport's Clubs (including a significant number of Youth Sport's Clubs across the town and recent Basketball activities) will not be serviced in the same way, but through different partnering arrangements such as with Herts Sports Partnership or through the new Active Communities Service.</p>		
Disability	<p>Potential Neutral Impact</p> <p>The reduction in service offer reduces the service available in terms of council-led delivery and facilitation of health and wellbeing initiatives and direct sports development support. This will impact all sections of the community. There is no delivery currently focussed on this protected characteristic.</p>	Religion or belief	<p>Potential Neutral Impact</p> <p>The reduction in service offer reduces the service available in terms of council-led delivery and facilitation of health and wellbeing initiatives and direct sports development support. This will impact all sections of the community. There is no delivery currently focussed on this protected characteristic.</p>
Gender reassignment	<p>Neutral Impact</p>	Sex	<p>Potential Negative Impact</p>

	The reduction in service offer reduces the service available in terms of council-led delivery and facilitation of health and wellbeing initiatives and direct sports development support. This will impact all sections of the community. There is no current delivery focussed on this protected characteristic.		The reduction in service offer reduces the service available in terms of council-led delivery and facilitation of health and wellbeing initiatives and direct sports development support. This will impact all sections of the community. Current activity in Stevenage delivered by partners under “This Girl Can” will continue although the council’s role in servicing and supporting activity and bidding to further funding rounds will be reduced.
Marriage or civil partnership	Neutral Impact: Not applicable	Sexual orientation	Neutral Impact: The reduction in service offer reduces the service available in terms of council-led delivery and facilitation of health and wellbeing initiatives and direct sports development support. This will impact all sections of the community. There is no current delivery focussed on this protected characteristic.
Pregnancy & maternity	Neutral Impact: Not applicable	Socio-economic ²	Potential Negative Impact: The reduction in service offer reduces the service available in terms of council-led delivery and facilitation of health and wellbeing initiatives and direct sports development support. This will impact all sections of the community. This impact will be felt in neighbourhoods with highest health inequalities, which correlate with socio-economic conditions. However, the new Active Communities Service will be targeted in neighbourhoods

²Although non-statutory, the council has chosen to implement the Socio-Economic Duty and so decision-makers should use their discretion to consider the impact on people with a socio-economic disadvantage.

			experiencing the highest health inequalities and therefore new provision will be delivered as part of this contract.
Other			

Where there is a likely positive impact , please explain how it will help to fulfil our legislative duties to:					
Remove discrimination & harassment		Promote equal opportunities		Encourage good relations	

What further work / activity is needed as a result of this assessment?

Action	Responsible officer	How will this be delivered and monitored?	Deadline
Agreement on options	Culture, Wellbeing & Leisure Services Manager	Culture, Wellbeing & Leisure Services Service Plan	February 2023
Restructure service area	Culture, Wellbeing & Leisure Services Manager	Culture, Wellbeing & Leisure Services Service Plan	Summer 2023
Revisit EQIA based on new Active Communities Service	Culture, Wellbeing & Leisure Services Manager	Culture, Wellbeing & Leisure Services Service Plan	September 2023

Approved by Assistant Director/ Strategic Director: Rob Gregory Date: 13/11/22

Appendix C – EqIA Off Street Parking Price Changes

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What is being assessed?	Raising off street parking fees	What are the key aims of it?	To raise revenue for the council			
Who may be affected by it?	All car park users					
Date of full EqIA on service area (planned or completed)	7/11/2022					
Form completed by:	Andrew Gough	Start date	01/01//22	End date	01/01/23	
		Review date		17/11/23		

What data / information are you using to inform your assessment?	Sectoral knowledge, feedback on existing charges, feedback from past consultations, ONS data.	Have any information gaps been identified along the way? If so, please specify	The public's views on the equalities impacts of this are unknown at this time. Response to the implementation of the new charges will be closely monitored.
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Explain the potential positive, negative or unequal impact on the following characteristics and how likely this is:			
Age	<p>Older people may be on lower/fixed incomes and therefore more vulnerable to socio-economic impacts.</p> <p>ONS data confirms that under 30s and over 65s have lower than average incomes, with ages in between having higher than average incomes, raising the possibility of price increases having a disproportionate effect on them.</p>	Race	<p>ONS data confirms the existence of an ethnicity pay gap in the UK. People from ethnic minorities may therefore be more vulnerable to socio-economic impacts.</p> <p>Refer to "Socio-economic" below.</p>
Disability	<p>Disabled people are more likely to earn less than able bodied people, and will be impacted by the higher cost of season tickets for blue badge holders. However the rate still represents a 46% discount on the full price, mitigating the impact somewhat.</p>	Religion or belief	No unequal impact identified

	ONS data confirms the existence of a disability pay gap in the UK. People with disabilities who do not have a Blue Badge allowing them to park for free may therefore be more vulnerable to socio-economic impacts.		
Gender reassignment	No unequal impact identified	Sex	ONS data confirms the existence of a gender pay gap in the UK. Women may therefore be more vulnerable to socio-economic impacts.
Marriage or civil partnership	No unequal impact identified	Sexual orientation	No unequal impact identified
Pregnancy & maternity	No unequal impact identified	Socio-economic ³	Any increase in fees is likely to impact most on those who are already at socio-economic disadvantage. This could mean that parking becomes unaffordable for some people. At the same time, the town centre is well served by other modes of transport while fees in the vicinity of the hospital would remain

³Although non-statutory, the council has chosen to implement the Socio-Economic Duty and so decision-makers should use their discretion to consider the impact on people with a socio-economic disadvantage.

			significantly cheaper than those offered by the hospital car parks (and therefore clearly below the market rate). This potential impact may be lessened as more than half of households in the bottom income quartile do not have a car. It is often the case that protected characteristics correlate with lower rates of car ownership.
Other	Increased parking charges may promote modal shift away from using cars, leading to improved public health through reduced air pollution and increased physical activity.		

Where there is a likely positive impact , please explain how it will help to fulfil our legislative duties to:					
Remove discrimination & harassment		Promote equal opportunities		Encourage good relations	

What further work / activity is needed as a result of this assessment?

Action	Responsible officer	How will this be delivered and monitored?	Deadline
Close monitoring of the response to, and impact of, the new charges	Liviu	Monitoring plan to be developed, linked to customer feedback	Sept 2023

Approved by Head of Service / Strategic Director: Zayd Al-Jawad

Date: 07.11.22

Appendix D – Equality Impact Assessment (EqIA) Garages

Full Equality Impact Assessment

For a policy, project, service or other decision that is new, changing or under review

What is being assessed?		The increase in Garage Fees & Charges for Financial Year 23-24			
Lead Assessor	Nadia Capuano			Assessment team	Nadia Capuano Rebecca Millett
Start date	April 2023	End date	March 2024		
When will the EqIA be reviewed?		September 2023			

Who may be affected by it?	Service users / residents
What are the key aims of it?	<p>1: To decrease the void rates of garages to ensure the maximum number of residents can benefit from garage services.</p> <p>2: To combat inflationary pressures and increased service costs by ensuring that garage prices rise. The fee increases for 2023/24 are all below the current rate of inflation.</p> <p>3: To ensure revenue generation from garages, assisting the Council with its financial security challenges.</p>

	4: To apply a different percentage increase to different garage types (ranging from 2.56% to 6%) depending on the specification and demand to provide a wider range of options for residents.
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What positive measures are in place (if any) to help fulfil our legislative duties to:					
Remove discrimination & harassment	With the launch of Digital Lettings in December 2022, residents are able to bid on garages that best suit their needs based on factors such as price, affordability, location and distance.	Promote equal opportunities	Garage pricing is differentiated (i.e., low demand garages cost less than premium, larger garages). The proposed fees and charges increases allow for more differentiation and ensure that residents can choose a garage that suits their needs.	Encourage good relations	

What sources of data / information are you using to inform your assessment?	Garages databases containing information on the status of all SBC garages, resident requirements and the garages waiting list.
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<p>In assessing the potential impact on people, are there any overall comments that you would like to make?</p>	<p>Garage Services are using a commercial model for standard sized garages where low void, high demand areas will see a bigger increase in fees as residents have a high demand product. Conversely, high void, low demand garages will see a smaller increase in fees to help decrease the void rate. Garage licensees with the lowest fee increase will need to pay an additional 30p per week / £15.60 per year. Garages licensees with the highest fee increase will pay an additional 90p weekly / £46.80 per year.</p> <p>It is anticipated that these fee increases will not adversely affect any garage current licensees or deter future licensees. If used for storage purposes only, there is also the option for residents to hold a license for 'half sized' garages; these smaller garages are charged at just £5 per week (price unchanged from 2022/23).</p> <p>As part of their end of year activity, Garage Services undertake an exercise to review the categorisation of the garage stock according to demand. This can result in garages moving across categories of either lower or higher demand. In the case of a garage moving from category B to category A (as the block is 80-100% occupied) this will equate to a total additional increase of £1 per week, £52 per year. For a category C garage moving to a category B (as the block is 50-80% occupied) this will result in a total additional increase of £1.15 per week, £59.80 per year.</p> <p>Garage prices were benchmarked against other local offers as part of the fees and charges process. Looking at how the SBC proposals compare, the proposed pricing for standard garages ranges from £12.00 to £16.50 per week and these fees sit directly in the middle of the other benchmarked local authorities, Dacorum and St Albans Councils, who are likely to raise their prices further as part of their reviews of fees and charges for 23/24.</p>
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Evidence and impact assessment

Explain the potential impact and opportunities it could have for people in terms of the following characteristics, where applicable:

Age					
Positive impact		Negative impact	X	Unequal impact	X
Please evidence the data and information you used to support this assessment		The price increase might impact the elderly who are on pension credit and could affect young people on low incomes. Holding a garage license is a discretionary service and residents use them for parking their cars or for storage purposes. If the resident becomes unable to afford the current tier of garages, they will be able to bid on a lower tier, cheaper garage through Digital Lettings.			
What opportunities are there to promote equality and inclusion?	With launch of Digital Lettings, potential garage licensees can bid for garages online. Prices and locations are clearly displayed and applicants are measured against set criteria to award the garage, in a similar way to the management of the manual waiting list.		What do you still need to find out? Include in actions (last page)		

Disability

e.g. physical impairment, mental ill health, learning difficulties, long-standing illness					
Positive impact		Negative impact	X	Unequal impact	X
Please evidence the data and information you used to support this assessment		The price increase might impact on people who are on disability allowance. Holding a garage license is a discretionary service and licensees use them for parking their cars or for storage purposes. If the resident becomes unable to afford the current tier of garages, they are able to bid on a lower tier, cheaper garage through Digital Lettings.			
What opportunities are there to promote equality and inclusion?	<p>With launch of Digital Lettings, potential garage licensees can bid for garages.</p> <p>Garages are normally allocated to the bidder who has been on the waiting list for the longest however the Council reserves the right to give priority to anyone who is registered disabled upon providing evidence of a blue badge. In exceptional circumstances a case will be reviewed and decided on its merits. The overall decision will be undertaken by the Garages Manager.</p>		What do you still need to find out? Include in actions (last page)		

Gender reassignment

Positive impact		Negative impact		Unequal impact	
Please evidence the data and information you used to support this assessment					
What opportunities are there to promote equality and inclusion?			What do you still need to find out? Include in actions (last page)		

Marriage or civil partnership					
Positive impact		Negative impact		Unequal impact	
Please evidence the data and information you used to support this assessment					
What opportunities are there to promote equality and inclusion?			What do you still need to find out? Include in actions (last page)		

Pregnancy & maternity					
Positive impact		Negative impact		Unequal impact	
Please evidence the data and information you used to support this assessment					
What opportunities are there to promote equality and inclusion?			What do you still need to find out? Include in actions (last page)		

Race					
Positive impact		Negative impact		Unequal impact	
Please evidence the data and information you used to support this assessment					
What opportunities are there to promote equality and inclusion?			What do you still need to find out? Include in actions (last page)		

Religion or belief					
Positive impact		Negative impact		Unequal impact	
Please evidence the data and information you used to support this assessment					
What opportunities are there to promote equality and inclusion?			What do you still need to find out? Include in actions (last page)		

Sex					
Positive impact		Negative impact		Unequal impact	
Please evidence the data and information you used to support this assessment					
What opportunities are there to promote equality and inclusion?			What do you still need to find out? Include in actions (last page)		

Sexual orientation					
e.g. straight, lesbian / gay, bisexual					
Positive impact		Negative impact		Unequal impact	
Please evidence the data and information you used to support this assessment					
What opportunities are there to promote equality and inclusion?			What do you still need to find out? Include in actions (last page)		

Socio-economic⁴					
e.g. low income, unemployed, homelessness, caring responsibilities, access to internet, public transport users,					
social value in procurement					
Positive impact		Negative impact	X	Unequal impact	X

⁴Although non-statutory, the council has chosen to implement the Socio-Economic Duty and so decision-makers should use their discretion to consider the impact on people with a socio-economic disadvantage.

Please evidence the data and information you used to support this assessment		The price increase might impact residents with a socio-economic disadvantage who are in receipt of benefits. Holding a garage license is a discretionary service and licensees use them for parking their cars or for storage purposes. If the licensee becomes unable to afford the current tier of garages, they will be able to bid on a lower tier, lower cost garage through Digital Lettings.	
What opportunities are there to promote equality and inclusion?	With launch of Digital Lettings, potential garage licensees can bid for garages. Prices and locations are clearly displayed meaning that potential licensees are fully aware of all the options available.	What do you still need to find out? Include in actions (last page)	

Other please feel free to consider the potential impact on people in any other contexts					
Positive impact		Negative impact		Unequal impact	
Please evidence the data and information you used to support this assessment					
What opportunities are there to promote equality and inclusion?			What do you still need to find out? Include in actions (last page)		

What are the findings of any consultation with:

Staff?	Discussion with the Garages & Commercial team regarding garages void rates and inflationary pressures led to the implementation of applying different percentage increase to different garage types (ranging from 2.56% to 6%) depending on the specification and demand.	Residents?	Not consulted with
Voluntary & community sector?	Not consulted with	Partners?	Not consulted with
Other stakeholders?	Not consulted with		

Overall conclusion & future activity:

Explain the overall findings of the assessment and reasons for outcome (please choose one) :		
1. No inequality, inclusion issues or opportunities to further improve have been identified		
Negative / unequal impact, barriers to inclusion or improvement opportunities identified	2a. Adjustments made	
	2b. Continue as planned	Some elderly, disabled & socio-economic disadvantaged residents might be negatively affected due to being charged an additional 30p to 90p per week for garages. Every effort will be made for them to be moved to a lower cost garage (if available).

	2c. Stop and remove	
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Detail the actions that are needed as a result of this assessment and how they will help to remove discrimination & harassment, promote equal opportunities and / or encourage good relations :				
Action	Will this help to remove, promote and / or encourage?	Responsible officer	Deadline	How will this be embedded as business as usual?
The Garage Services team will continue to monitor termination levels, offer assistance to licensees looking for a cheaper garage and assist them with the Digital Lettings process	Digital Lettings impartially assigns garages to bidders based on waiting time whilst the Garages team will review exceptional cases, promoting equal opportunity. The Garages team will also offer assistance when needed to encourage good relations.	Rebecca Millett	April 2023	The Garage Services team already monitor termination levels and offer assistance to licensees looking for a cheaper garages.

Approved by Head of Service / Strategic Director:



Date: 28.11.22

Please send this EqIA to equalities@stevenage.gov.uk

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Brief Equality Impact Assessment APPENDIX E

For a minor operational change / review / simple analysis

What is being assessed?	Proposed Employee Related Savings for 2023/24	What are the key aims of it?	To consider the potential impact of the proposed employee related savings for 2023/24 on all staff and particularly those under the protected characteristics.		
Who may be affected by it?	Employees within the areas where savings have been identified				
Date of full EqlA on service area (planned or completed)	A full EqlA will be undertaken for each saving individually as part of the relevant employee consultation process				
Form completed by:	Kirsten Frew	Start date		End date	
		Review date			

What data / information are you using to inform your assessment?	Workforce Equalities Data as of October 2022	Have any information gaps been identified along the way? If so, please specify	Currently no workforce information is held on socio-economic status of the Stevenage Borough Council workforce and therefore this cannot be assessed.
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Explain the potential positive, negative or unequal impact on the following characteristics and how likely this is:			
Age	The age profile of those likely to be impacted by these savings is spread across the	Race	92% of those impacted by the proposed savings identify themselves as White British

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	age ranges of 20-29, 30-39, 50-59 and over 60s.		with 8% declaring they are from a mixed background.
Disability	4% of the employees likely to be impacted by these savings have identified themselves as having a disability.	Religion or belief	32% of the employees likely to be impacted by these savings have identified themselves as having Christian beliefs and 56% as having no religious beliefs. The remaining 12% of those impacted declined to provide their religion or belief.
Gender reassignment	Data for this protected characteristic is incomplete for the employees impacted by the proposed savings options.	Sex	The profile of the employees impacted by the proposed savings is 92% female and 8% male. The proposed savings are therefore likely to have disproportionate effect on more woman than men.
Marriage or civil partnership	28% of those likely to be impacted by the saving proposals have identified themselves as married, 4% as living with partner, 64% as single and 4% as legally separated.	Sexual orientation	91% of employees impacted by the savings proposals identify themselves as Heterosexual, with 9% preferring not to disclose their sexual orientation.
Pregnancy & maternity	No information is held on the pregnancy and maternity status of the employees	Socio-economic ¹	No information is held on the socio-economic status of the employees impacted by the proposed savings.

¹Although non-statutory, the council has chosen to implement the Socio-Economic Duty and so decision-makers should use their discretion to consider the impact on people with a socio-economic disadvantage.

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	impacted by the proposed savings.		
Other			

Where there is a likely positive impact , please explain how it will help to fulfil our legislative duties to:					
Remove discrimination & harassment	Consider approach to address some of the unequal impacts	Promote equal opportunities	Offer all impacted employee a suite of support resources.	Encourage good relations	Consult with staff and trade unions on the proposed savings.

What further work / activity is needed as a result of this assessment?

Action	Responsible officer	How will this be delivered and monitored?	Deadline
A Full EqIA will be undertaken for each of the proposed savings that impacts upon employees as part of the wider consultation exercise on the proposed changes.	Individual ADs responsible for each proposed Saving	As part of the consultation process.	

Approved by Assistant Director / Strategic Director:

Date:

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Statement of the Chief finance Officer
Robustness of Estimates and Adequacy of Reserves

1 ROBUSTNESS OF ESTIMATES

The Council process for producing the budget estimates involves responsible budget holders and finance officers reviewing and projecting the Base Budget. The Working Budget Estimates are determined against a background of ongoing quarterly budget monitoring for the current financial year and an evaluation of the outturn position and Budgets carried forward from the previous financial year. The 2023/24 Estimates are determined by evaluating and costing all known changes, including pay and price levels, legislative changes, demands for services and policy developments, together with an assumption about the post pandemic impact of COVID on the Councils finances into 2023/24, projecting inflation has become much more difficult with the Cost of Living crisis. The Council has sufficient reserves to allow a contribution from balances in order to set a balanced budget for 2023/24 and the current Budget Process has rigorously reviewed current budgets to secure another year of necessary Making Your Money Count (MYMC) Savings, the level of which has been compounded by higher inflationary pressures. As part of the 2023/24 Budget process the Council has had to meet the challenge of historic Government Grant reductions, reducing New Homes Bonus, COVID, as well as absorbing inflationary and latterly higher inflation and legislative changes within its Medium Term Financial Strategy. The overall budget process is co-ordinated by the Accountancy Section in liaison with the various Business Units and the council's Strategic Leadership Team. The Budget is recommended by the Executive, for approval by Council after it has been through the Scrutiny process required by the Council's Constitution. The process includes consideration of risks and uncertainties associated with projections of future pay, prices, interest rates and projected levels and timing of other potential liabilities. The challenge to the budget process is provided by the Scrutiny and Overview Committee.

The Council has needed to adapt to the on-going central grant reductions, the transfer of funding risk to local government with the localisation of business rates and welfare reforms. Financial monitoring arrangements provide the Executive with a quarterly update on the performance of the budget, with action plans where significant adverse variances have resulted. The Medium Term Financial Strategy is under constant review to ensure that a clear financial position for the Council can be demonstrated for the next five years aided by the Council's MYMC priority. This is necessary as the significant cuts in public expenditure and funding from the government have been implemented and there is uncertainty beyond 2024/25 on the level of central support. The CFO has identified that further new MYMC savings options are required for 2024/25-2026/27 of £2.38Million to ensure a balanced General Fund budget. This target reflects the impact of COVID on fees and charges and homeless costs plus an increase in inflationary and other pressures as a result of the current cost of Living crisis.

The Council's Financial Regulations require responsible budget holders to ensure that net expenditure does not exceed the total of their Service budgets. Where, despite the assessment of risks that forms part of the budget process, a budget comes under pressure during the course of the financial year, the council's budgetary framework and Financial Regulations lay down appropriate procedures. Where budget variations cannot be contained overall by the use of virements, these have been reported to Members as part of the quarterly budget monitoring process. In addition requests for supplementary estimates have to be submitted to the Executive or Full Council, as appropriate. Supplementary estimates are met from available balances and reserves, subject to the required level of minimum General Fund balances.

The Strategic Director (S151) considers that the Estimates and the processes used to produce them are sound and robust. A further update on the 2022/23 General Fund and HRA budgets will be presented to the March Executive, together with any on-going impacts.

2 ADEQUACY OF RESERVES

The Council's annual budgetary process and the assessment of the adequacy of Reserves are undertaken in the context of robust medium term financial forecasting. Whilst the Council currently has levels of Reserves above the minimum risk assessed level, the Council's Medium Term Financial Strategy acknowledges that the £3.025Million of these will be utilised in the medium term as a result of projected future under funding, COVID losses not refunded and inflation and growth pressures. This is based on the assumption that there will not be a fundamental change to the Council's core funding under any Government funding review, however the Council does not rely on Business Rate gains which under any 'reset' could see gains disappear and they are recommended for one off spend.

The Council has risk assessed the level of General Fund balances required, based on information from service managers and this was presented to Members as part of the January Draft General Fund Budget report, the level of reserves required for 2023/24 was £3,419,753 and remains unchanged.

It is estimated that the council will have General Fund £687,872 capital receipts and £3,269,606 regeneration ring fenced receipts and £nil capital reserves as at 1st April 2023 and the Council has a need to borrow in 2023/24 of £31,054,976 including £24,964,256 for the HRA.

It is estimated that the council will have General Fund £354,750 capital receipts, £1,439,856 ring fenced Regeneration Receipts and £nil capital reserve as at 1st April 2024.

It is estimated that the Council will have HRA £1,766,545 capital receipts as at 1st April 2024, (£10,863,706 as at 1 April 2023) and £9,780,058 Major Repair Reserve balances as at 1st April 2024, (£16,727,120 as at 1 April 2023). The HRA capital programme is based on the latest stock condition information.

Total available General Fund balances as at 1st April 2023 are estimated to be £4,974,531 (after 2022/23 contribution from balances from the General Fund of £1,932,970). Total General Fund balances as at 1st April 2024 are estimated to be £4,402,260 (after 2023/24 contribution from balances to the General Fund of £572,270). These levels of balances meet the minimum level of risk assessed balances that are needed to meet unforeseen expenditure arising in the year and expenses arising before income is received.

Total available HRA balances as at 1st April 2023 are estimated to be £27,377,689, (after contribution from balances in 2022/23 of £829,590). Total available HRA balances as at 1st April 2024 are estimated to be £29,169,959 (after contribution to balances in 2023/24 of £1,792,270).

In assessing the adequacy of the council's reserves, the robustness of its Budgetary Process and Systems of Internal Control, the assumptions and uncertainties discussed in the Budget report, and the levels of special provision have been considered.

In coming to a view on the adequacy of reserves, risks in the area of litigation, business continuity, civil emergency, failure of information systems, budgetary control and interest rate calculations have been considered in terms of the possible maximum financial impact and their probability of occurrence. Ongoing assessment of the financial risks to the council, its budget and Medium Term Financial Strategy, are embedded as part of the council's overall

Corporate Risk Management processes. On this basis, the Strategic Director (S151) considers the level of general balances to be adequate for the 2023/24 financial year.

3 SPECIFIC RESERVES

As part of the budget preparation process, the current and projected levels of the Council's allocated reserves have been considered. Following this review, the Strategic Director (S151) confirms these reserves are £3,616,180 (General Fund) and £3,422,850 (HRA) as at 1 April 2023, (£4,517,060 (General Fund) and £3,422,850 (HRA) as at 1 April 2024) and continue to be required.

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STEVENAGE BOROUGH COUNCIL

Wednesday 8 February 2023

COUNCIL TAX RESOLUTION

SETTING THE AMOUNT OF COUNCIL TAX FOR THE COUNCIL'S AREA

1. That the following be approved:
 - a. the revised working revenue estimates for the year 2022/23 amounting to £11,368,750 and the revenue estimates for 2023/24 amounting to £12,463,780;
 - b. the contribution from balances totalling £1,932,974 in 2022/23;
 - c. the contribution from balances totalling £572,268 in 2023/24.
2. That it be noted that at its meeting on 7 December 2022 the Executive calculated the amount of 28,153.1 Band D equivalent properties as its council tax base for the year 2023/24 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 made under Section 31B of the Local Government Finance Act 1992 as amended by Section 74 of the Localism Act 2011.
3. That the following amounts be calculated by the Council for the year 2023/24 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended by Section 74 of the Localism Act 2011:
 - a. £80,829,244 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2)(a) to (f) of the Act, less the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3)(a) to (d)
 - b. £74,288,875 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3)(a) to (d) of the Act.
 - c. £6,540,369 Being the amount by which the aggregate at 3a above exceeds the aggregate at 3b above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year.
 - d. £232.31 Being the amount at 3c divided by the amount at 2 above, calculated by the Council, in accordance with Section 31B (1) of the Act, as the basic amount of its council tax for the year
 - e. Valuation Bands

A	£ 154.87
B	£ 180.69

C	£ 206.50
D	£ 232.31
E	£ 283.93
F	£ 335.56
G	£ 387.18
H	£ 464.62

Being the amounts given by multiplying the amount at 3d. above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4. a. That it be noted that for the year 2023/24 Hertfordshire County Council have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Valuation Bands

	Basic Amount of Council Tax	Adult Social Care Charge	2023/24 Council Tax
A	£929.57	£140.85	£1,070.42
B	£1,084.50	£164.32	£1,248.82
C	£1,239.43	£187.80	£1,427.23
D	£1,394.36	£211.27	£1,605.63
E	£1,704.22	£258.22	£1,962.44
F	£2,014.08	£305.17	£2,319.25
G	£2,323.93	£352.12	£2,676.05
H	£2,788.72	£422.54	£3,211.26

- b. That it be noted that for the year 2023/24 Hertfordshire Police Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 and amended by Section 27 of the Police and Magistrates' Court Act 1994, for each of the categories of the dwellings shown below:

Valuation Bands

A	£ 158.67
B	£ 185.11
C	£ 211.56
D	£ 238.00
E	£ 290.89
F	£ 343.78
G	£ 396.67
H	£ 476.00

5. That, having calculated the aggregate in each case of the amounts at 3e. and 4a. and b. above, the Council in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts for council tax for the year 2023/24 for each of the categories of dwellings shown below:

Valuation Bands

A	£ £1,383.96
B	£1,614.62
C	£1,845.29
D	£2,075.94
E	£2,537.26
F	£2,998.59
G	£3,459.90
H	£4,151.88

6. To determine in accordance with Section 52ZB Local Government Finance Act 1992 that the Council's basic amount of Council Tax for 2023/24 is not excessive in accordance with principles approved by the Secretary of State under Section 52ZC having calculated the aggregate in each case of the amounts at 3e.

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General Fund Summary

	Actual 2021/22 £	Original Budget 2022/23 £	Working Budget 2022/23 £	Original Budget 2023/24 £
Summary of Expenditure				
Portfolio:				
Community Services	4,461,680	4,330,970	5,000,300	4,280,270
Housing Services	3,409,380	2,541,860	2,273,890	2,693,530
Environmental Services	9,092,230	7,730,530	8,769,240	9,005,060
Local Community Budgets	61,060	60,500	60,500	60,500
Resources	(8,199,450)	(3,392,030)	(5,230,430)	(3,732,800)
Resources - Support	865,894	(78,320)	430,700	101,720
Trading Accounts - Direct Services *	840	(41,750)	64,550	55,500
Net General Fund Expenditure	9,691,634	11,151,760	11,368,750	12,463,780
Government Support - Retained Business Rates (NDR)	(2,259,017)	(1,785,034)	(1,073,750)	(1,441,020)
S31 Grants	(3,872,946)	(1,618,316)	(1,822,930)	(2,233,190)
Transfer to/from S31 reserve	(5,282,497)	(3,776,102)	(3,622,420)	(1,448,200)
Transfer to/from Collection Fund reserve 2021/22	7,632,403	3,745,225	3,745,230	0
Transfer to/from Collection Fund (Council Tax)	(40,152)	(50,090)	(50,090)	(46,290)
Lower Tier Grant	(140,043)	(117,682)	(117,680)	0
Council tax support COVID grant	(118,859)	0	0	0
Service Grant	0	(177,337)	(177,340)	(104,040)
3% guarantee increase in core spending	0	0	0	(78,400)
District Precept	(6,117,154)	(6,316,795)	(6,316,800)	(6,540,370)
Use of General Fund Balances	(506,631)	1,055,629	1,932,970	572,270
General Fund Balance:				
Balance 1 April	(6,400,870)	(4,941,958)	(6,907,501)	(4,974,531)
Use of Balances in Year	(506,631)	1,055,629	1,932,970	572,270
General Fund Balance 31 March	(6,907,501)	(3,886,329)	(4,974,531)	(4,402,260)
Allocated Revenue Reserves:				
Balance 1 April	(4,805,867)	(3,381,718)	(4,763,350)	(3,616,180)
Use of Balances in Year	42,517	504,221	1,147,170	(900,880)
Allocated Revenue Reserves Balance 31 March	(4,763,350)	(2,877,497)	(3,616,180)	(4,517,060)
Total Revenue Reserves	(11,670,851)	(6,763,826)	(8,590,711)	(8,919,320)
Council Tax Bands for 2023/24		2022/23		2023/24
2.99% Increase on Band D Property:				
BAND A		150.38		154.87
BAND B		175.44		180.69
BAND C		200.51		206.50
BAND D		225.57		232.31
BAND E		275.70		283.93
BAND F		325.82		335.56
BAND G		375.95		387.18
BAND H		451.14		464.62

	Actual 2021/22 £	Original Budget 2022/23 £	Working Budget 2022/23 £	Original Budget 2023/24 £
Summary of Expenditure				
7 Children's Services	10	130	1,640	2,060
8 Play	742,360	765,460	1,052,400	475,290
9 Community Transport	47,020	0	0	10,140
10 Sports & Recreational Facilities	1,245,910	1,133,980	1,229,430	1,513,690
11 Sports Development	135,040	139,620	142,060	106,220
12 Leisure Promotions	142,080	70,840	284,600	99,210
13 Golf Course	186,340	221,120	216,820	15,780
14 Community Services General	855,270	691,410	764,940	712,630
15 Community Associations	279,950	165,220	165,220	322,320
16 Community Safety	263,660	457,880	448,860	290,050
17 Museums	280,470	355,690	364,710	341,060
18 Community Funding	283,570	329,620	329,620	391,820
Total Cost of Portfolio	4,461,680	4,330,970	5,000,300	4,280,270

	Actual 2021/22 £	Original Budget 2022/23 £	Working Budget 2022/23 £	Original Budget 2023/24 £
Summary of Expenditure				
20 Homelessness	1,446,740	932,730	1,004,760	1,090,450
21 Housing Advice	227,670	231,540	235,940	258,640
22 Registered Provider grants	412,830	0	0	0
23 Wholly Owned Company	(12,160)	15,000	(326,900)	(145,640)
24 Private Houses Rent Allowance	947,900	386,970	386,970	776,400
25 Rent Rebates Administration	(211,720)	399,980	399,980	109,550
26 Environmental Health - Health and Safetv and Food Safetv	598,120	575,640	573,140	604,130
Total Cost of Portfolio	3,409,380	2,541,860	2,273,890	2,693,530

Environmental Services

	Actual 2021/22 £	Original Budget 2022/23 £	Working Budget 2022/23 £	Original Budget 2023/24 £
Summary of Expenditure				
28 Abandoned Vehicles	4,460	10,480	10,480	11,740
29 Allotments	24,470	4,010	4,010	3,120
30 Cemeteries	180,370	272,480	334,420	354,550
31 Parks, Playing Fields & Open Spaces	2,465,520	2,556,540	2,717,110	2,717,160
32 Drainage	17,340	7,940	7,940	7,940
33 Environmental Maintenance	2,227,260	1,860,080	1,991,400	1,692,180
34 Highways & Public Lighting	0	1,030	1,030	0
35 Local Highway Services	314,390	466,710	473,930	548,420
36 Christmas Illuminations	33,920	29,760	29,760	29,710
37 Recycled Waste	708,940	784,400	495,950	1,264,640
38 Refuse Services	1,205,690	1,247,920	1,306,100	1,260,230
39 Animal Control & Environmental Health Management	205,440	222,730	222,730	227,140
40 Green Travel Plan	44,020	15,670	15,670	13,350
41 Parking Facilities - Off Street	(1,024,100)	(2,470,290)	(1,655,600)	(1,912,530)
42 On Street Parking Enforcement	26,320	(145,570)	(88,010)	(140,340)
43 CCTV	216,020	227,080	237,020	244,900
44 Planning Policy	1,063,710	1,139,250	1,163,050	1,397,800
45 Town Centre Management	136,080	77,450	101,290	84,130
46 Regeneration	1,300,770	1,308,280	1,201,360	1,189,950
47 Development Control	(51,790)	(15,180)	(77,310)	(19,320)
48 Building Control	46,200	38,480	50,520	38,480
49 Engineers	(10)	940	7,720	(960)
50 Property & Design	(51,520)	1,330	68,490	(31,820)
51 Environmental Health	(1,250)	1,730	25,080	8,220
52 DSO Admin & Management	(20)	87,280	125,100	16,370
Total Cost of Portfolio	9,092,230	7,730,530	8,769,240	9,005,060

Local Community Budgets

	Actual 2021/22 £	Original Budget 2022/23 £	Working Budget 2022/23 £	Original Budget 2023/24 £
Summary of Expenditure				
54 Local Community Budgets	61,060	60,500	60,500	60,500
Total Cost of Portfolio	61,060	60,500	60,500	60,500

Resources

	Actual 2021/22 £	Original Budget 2022/23 £	Working Budget 2022/23 £	Original Budget 2023/24 £
Summary of Expenditure				
56 Commercial Properties	(2,445,480)	(2,026,040)	(2,186,930)	(2,147,390)
57 Garages	(2,374,930)	(2,425,420)	(2,429,020)	(2,474,970)
58 Council Tax	585,530	531,420	504,790	691,260
59 Non Domestic Rate (NDR)	(43,150)	108,740	108,740	125,890
60 Elections	114,570	201,030	276,910	204,420
61 Electoral Registration	167,650	116,060	109,060	118,630
62 Indoor Market	(35,820)	(33,910)	76,610	145,070
63 Hackney Carriages	94,440	9,910	9,940	0
64 Local Licensing	(29,300)	(15,680)	(17,530)	3,680
65 Local Land Charges	12,810	4,970	4,970	5,320
66 Miscellaneous Services	(2,400,410)	1,453,160	867,040	371,090
67 Corporate Projects	535,970	485,670	290,010	370,820
68 Investment Income and Expenditure	784,570	(143,300)	(616,150)	(851,340)
69 Movement on General Fund Balance	(5,020,650)	(3,725,450)	(4,274,130)	(2,423,630)
70 Corporate & Democratic Core	1,854,750	2,066,810	2,045,260	2,128,350
Total Cost of Portfolio	(8,199,450)	(3,392,030)	(5,230,430)	(3,732,800)

Resources - Support Services

	Actual 2021/22 £	Original Budget 2022/23 £	Working Budget 2022/23 £	Original Budget 2023/24 £
Summary of Expenditure				
72 Daneshill House	10	14,550	70,490	(28,540)
73 Swingate House	28,610	19,550	0	0
74 Facilities Management	20	3,260	(31,700)	(22,920)
75 Corporate Management	(20)	1,710	21,120	(16,620)
76 Democratic Services	29,840	270	13,320	21,040
77 Legal Services	(20,390)	0	0	2,920
78 Chief Executives Unit, Policy & Communications	30	(34,710)	75,230	5,770
79 ICT	363,550	(15,460)	5,660	52,010
80 Human Resources & Organisational Development	91,780	(34,230)	49,010	(6,470)
81 Financial Services	72,070	(64,700)	117,770	63,310
82 Revenues, Benefits & Local Taxation	255,390	28,630	62,090	(3,950)
83 Customer Services	45,010	2,810	47,710	35,170
Total Cost of Portfolio	865,900	(78,320)	430,700	101,720

Stevenage Direct Services (SDS)
**Street Scene (Graffiti); Refuse (Trade Waste; Skips; Junks);
Vehicle Repairs; CCTV Partnership**
TJ*, TV110, DA***, DC***, DE***, DS*****
Service Description:

Expenditure and income relating to Stevenage Direct Services (SDS). SDS covers Street Scene (Street Cleansing & Grounds Maintenance), Refuse Collection & Recycling, Maintenance and management of the Council's fleet of vehicles.

01	Actual 2021/22 £	Original 2022/23 £	Working 2022/23 £	Original 2023/24 £
Expenditure				
Employee Costs:				
Direct Employee Expenses	918,480	838,940	836,030	858,980
Indirect Employee Expenses	6,740	8,050	11,160	8,910
Premises Related:				
Repairs & Maintenance Of Buildings	14,410	78,040	109,240	84,850
Grounds Maintenance	57,950	63,110	43,110	63,110
Energy Costs	65,650	77,660	101,870	175,000
Rents, Rates & Water Services	153,020	152,980	152,980	197,520
Fixtures & Fittings	2,370	3,410	3,410	3,410
Cleaning & Domestic Supplies	500	1,010	1,010	1,010
Apportionment Of Operational Buildings	109,270	130,180	130,180	163,740
Premises Insurance	4,600	6,010	6,010	7,050
Transport Related:				
Fleet Vehicle Recharges	183,140	136,370	153,970	231,290
Hire Of Vehicles	0	0	0	0
Travelling Expenses	3,490	2,640	2,640	1,760
Supplies & Services:				
Equipment, Tools & Materials	387,320	329,820	377,640	342,580
Catering	1,000	1,800	1,800	1,800
Clothing, Uniforms & Laundry	5,240	2,770	5,280	2,770
Printing, Stationery & General	2,030	1,300	1,300	1,300
Communications & Computing	33,430	19,940	19,980	18,050
Expenses & Allowances	0	0	0	0
Grants & Subscriptions	6,120	6,430	9,430	6,430
Miscellaneous Expenses	7,350	12,890	12,890	12,160
Third Party Payments:				
Contract Services	158,210	139,130	139,130	193,430
Private Contractors	407,690	394,950	440,950	471,690
Consultancy & Agency Fees	320,410	378,170	344,640	391,260
Recharges:				
Support Services	249,060	280,560	280,560	316,360
Environmental Services	0	0	0	0
Contract Services Recharge	359,520	306,050	306,050	402,050
Capital Charges:				
Capital Charges	63,800	74,620	74,620	85,420
Transfer to/from Reserves:				
Transfer to/ (from) Allocated Reserves	(116,040)	0	0	0
Total Expenditure	3,404,760	3,446,830	3,565,880	4,041,930
Income:				
Other Contributions & Donations	(308,630)	(316,330)	(330,970)	(363,600)
Fees & Charges	(1,147,830)	(1,279,210)	(1,193,520)	(1,287,850)
Recharge Income	(1,947,460)	(1,893,040)	(1,976,840)	(2,334,980)
	(3,403,920)	(3,488,580)	(3,501,330)	(3,986,430)
Net Cost of Service	840	(41,750)	64,550	55,500

Meeting EXECUTIVE/COUNCIL
Portfolio Area Resources, Transformation & ICT
Date 8 FEBRUARY/23 FEBRUARY 2023



CAPITAL STRATEGY 2022/23 - 2027/28

KEY DECISION

Authors Belinda White
Contributors Rhona Bellis / Senior Leadership Team
Lead Officers Brian Moldon
Contact Officer Clare Fletcher

1. PURPOSE

- 1.1 The purpose of the report is to seek revisions to the 2022/23 General Fund and Housing Revenue Account Capital Programme and approve the final Capital Programme for 2023/24
- 1.2 To provide Members with an update on the Council's Five-Year Capital Strategy and the resources available to fund the Capital Strategy.
- 1.3 To provide Members with an update on the Council's investment strategy as required by the updated prudential code.
- 1.4 To set out the Council's approach to funding its key Future Town Future Council Cooperative Corporate Plan priorities.

2. RECOMMENDATIONS

That the following proposals be recommended to Council on 22 February 2023:

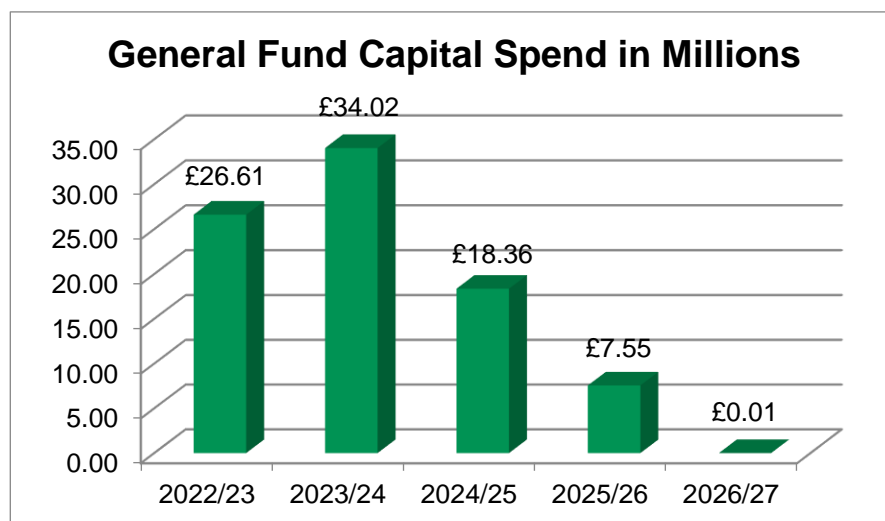
- 2.1 Final General Fund Capital Growth Bids for 2023/24 as detailed in Appendix A (and incorporated into Appendix C) to the report be approved.
- 2.2 The revisions to the 2022/23 General Fund budget as incorporated into Appendix C to the report be approved.
- 2.3 The Final 2023/24 General Fund Capital Programme as detailed in Appendix C to this report be approved, together with the recommended resourcing.

- 2.4 That the CFO brings a report forward during the 2023/24 financial year setting out the Council's key capital regeneration and community asset ambitions and key land and asset disposals, not currently in the capital strategy to determine a funding strategy to meet these Corporate priorities.
- 2.5 That the Final HRA budget requests for 2023/24 as detailed in Appendix B (and incorporated into Appendix D) to the report as approved at the 18 January 2023 Executive meeting be noted.
- 2.6 That the Final 2023/24 HRA Capital Programme as detailed in Appendix D to the report be approved.
- 2.7 That the updated forecast of resources 2023/24 as detailed in Appendix C (General Fund) and Appendix D (HRA) to the report be approved.
- 2.8 That Council note the risk mitigation strategy to ensure the 2023/24 capital programme is fully financed as set out in paragraph 4.3.2 and paragraph 4.6.4, the Executive will be updated in the Capital Quarterly monitoring reports.
- 2.9 That the 2023/24 de-minimis expenditure limit, as set out in section 4.11 of the report, be approved.
- 2.10 That the 2023/24 contingency allowances, as set out in section 4.12 of the report, be approved.
- 2.11 The appropriation of Dunn Close garage block, valued at £540K, from the General Fund to the HRA as detailed in Para 4.14.3 be approved.

3. BACKGROUND

3.1 Introduction

- 3.1.1 This report is an update on the Council's Draft General Fund and HRA capital strategy 2022/23- 2027/28 presented to the January 2023 Executive meeting. This report updates Members on any changes to the capital programme previously presented for 2022/23- 2027/28 and the resourcing for both the General Fund and HRA programme.
- 3.1.2 The draft General Fund capital programme totalled £86.6Million and is summarised in the graph below.



- 3.1.3 The purpose of the Capital Strategy is to outline how the Council determines its priorities for capital investment and how much it can afford to borrow as well as setting out any associated risks. The Leaders Financial Security Group (LSFG) and the Senior Leadership Team reviewed the capital bids for 2023/24 contained within the Draft Capital Strategy and the results of that review are included in this report.
- 3.1.4 The framework the government uses to control how much councils can afford to spend on capital investment is known as the Prudential Framework. The objectives of the Prudential Code, which sets out how this framework is to be applied, are to ensure that local authorities' capital investment plans are:
- affordable, prudent and sustainable and that:
 - treasury management decisions are taken in accordance with good professional practice.
 - local strategic planning, asset management planning and proper option appraisal are supported.
- 3.1.5 The Government issued guidance on the disclosures required in the Capital Strategy from 1 April 2018 onwards which includes:
- an Investment Strategy
 - disclosure of other investments and their contribution to service delivery objectives and/or place making role
 - indicators that allow Members and the public to assess a local authority's total risk exposure as a result of investment decisions, including how these investments have been funded, rate of return and additional debt servicing costs taken on
 - the approach to assessing the risk of losses being made before entering and whilst holding an investment
 - the steps taken to ensure that elected Members and Statutory officers have the appropriate skills and governance.
- 3.1.6 Some of these disclosures may be outlined in the Treasury Management Strategy instead of the Capital Strategy.

3.2 General Fund Investment Strategy

- 3.2.1 For a number of years capital spend has been prioritised due to the limited availability of capital receipts and the Council's ability to afford borrowing costs. Accordingly, the council applied a 'fix on fail' approach to assets with no significant asset improvements being funded, with the exception of those supported through external funding or partially through external funding (for example Garage and Play Improvement programmes).
- 3.2.2 The Asset Management Strategy approved by the Executive at its meeting on the 11 July 2018 included a key action for the Council to undertake locality reviews of its current land and buildings. The locality reviews would seek to generate new opportunities for better use of existing buildings, to identify potential sites to release for sale along with land options for the Council's own home building programme. This was consistent with seeking to meet a range of Council priorities.
- 3.2.3 Building condition Surveys were completed in 2019 and they were used to inform growth bids approved in previous Capital Strategies. It should be noted though that

the surveys were focused on keeping existing sites operational rather than making improvements or future proofing them.

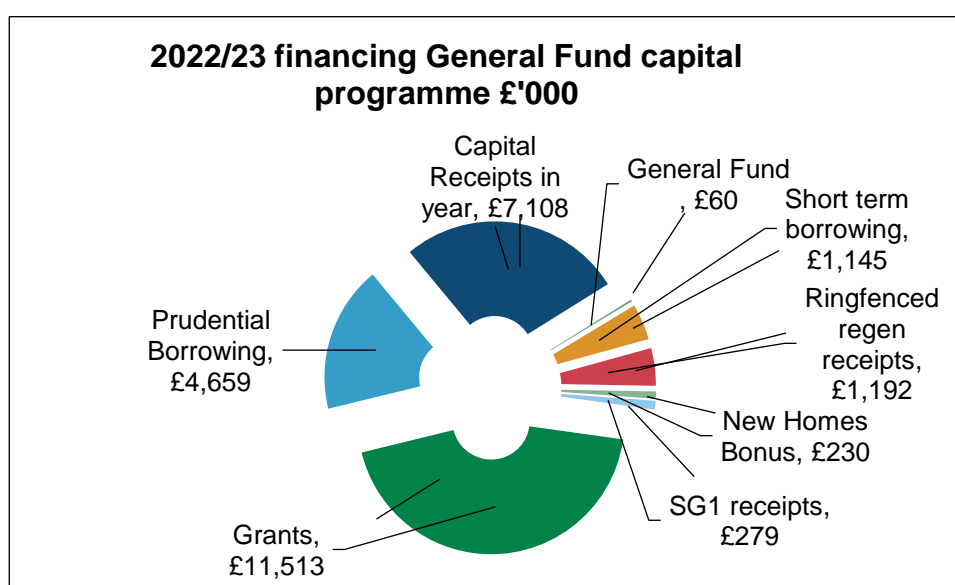
- 3.2.4 The Council plans to utilise New Homes Bonus (NHB) to fund the playground improvement programme as below:

Table 1: Use of New Homes Bonus		2022/23	2023/24
Play area improvements & Litter Bins Expenditure		£230K	£243K

- 3.2.5 The remaining schemes within the Capital Strategy include 'Transforming our Town' projects, Housing Development initiatives and IT investment (predominantly related to schemes identified through the joint ICT Partnership Strategy between East Herts District Council and Stevenage Borough Council).
- 3.2.6 Prudential Borrowing remains an option to fund capital schemes, but due to the on-going net cost to the General Fund, any such proposals would require a business case to be completed to determine the benefit to the Council, or as a last resort should capital expenditure be essential and no other funding is available. Generally, the former approach would be used to fund income generating schemes which support the Making Your Money Count ambitions. The issue of affordability has been exacerbated by the recent pandemic and cost of living (through increases in interest rates) on the Council's finances.
- 3.2.7 The Council has approved some land and asset disposals and some further key disposal assets and consideration will have to be given as to how these assets are used to meet the Council's priorities. The CFO will bring a report setting out some specific proposals during the 2023/24 financial year.
- 3.2.8 In addition to the land disposals mentioned in paragraph 3.2.7, there are SG1 receipts (not included in the revised Capital Strategy at the current time), other ring-fenced Regeneration receipts and Locality receipts. The potential land disposals identified through the Locality Reviews will help maintain the resilience of General Fund balances, reducing the revenue contribution to capital and to fill in the gap of NHB funding to the capital reserve. Locality reviews are discussed further in section 4.3 of this report.
- 3.2.9 The Capital Strategy includes the use of Section 106 (S106) monies that have yet to be allocated to any current and future capital schemes. The table below shows the categories they can be used for:

Table 2: S106 contribution Available	Amount
	£000
Environmental Improvements	170
Engineering	14
Stevenage Works	12
Regeneration	36
Older apps (pre 15/00253/OPM)	104
Total	336

- 3.2.10 The Community Infrastructure Levy (CIL) is a planning charge introduced by the Planning Act 2008. The Council started charging CIL in April 2020 and the current balance is £139k with an additional forecast in-year income of £387K (total £526K). Any allocation of funds to relevant capital projects will be brought forward for approval later in the year- and require Executive approval above £75K. £97.5K has been included in Appendix C for Community Infrastructure Projects in the 2023/24 financial year based on an allocation of £7.5K per ward.
- 3.2.11 The current capital programme of £26.2Million (approved February 2021 and as subsequently amended through the quarterly monitoring and supplementary reports), is fully funded and shown in the following chart. The Grants figure includes £11.0Million of Towns Fund grant.



3.3 Housing Revenue Account (HRA) Investment Strategy

- 3.3.1 **Background:** The HRA capital programme was revised as part of the HRA Business Plan (BP) update to the December 2019 Executive. The 30-year HRA capital programme included £1.485Billion with additional borrowing.
- 3.3.2 The 2019/20 HRA BP included more borrowing than in the 2018 HRA BP, a more ambitious new build programme and an increase in capital works to existing homes. The new borrowing in the 2018 BP totalled £116.6Million, however the 2019 update included new borrowing of £322.2Million.
- 3.3.3 The additional capital expenditure that was approved as part of the HRA BP over the 30 years included £201Million of projected capital expenditure as well as revenue growth which funded planned maintenance, anticipated changes relating to the Hackett review and decent homes works.
- 3.3.4 The new build programme increased from £582Million to £645.6Million in the 2019 HRA BP, with 2,433 new build homes in total over the life of the Business Plan and an additional 175 units in the first 10 years of the programme.

- 3.3.5 Subsequently a number of delegated approvals were taken by the Executive including an increase of £11.3Million for the Kenilworth scheme procurement (reported to the Executive in January 2020), the updated figures for which were included in the Final Capital Strategy approved by the Executive and Council in February 2020. The net change to the approved budget for the period 2019/20 to 2024/25 was £10.2Million.

3.4 Budget and Policy Framework

- 3.4.1 The process for approving capital budgets is set out in the Budget and Policy Framework in the Constitution. This includes a consultation period and the timescale required to implement this is outlined below:

Date	Meeting	Report
Jan-23	Executive	Draft 2023/24 General Fund and HRA Capital Strategy
	Overview and Scrutiny	Draft 2023/24 General Fund and HRA Capital Strategy
Feb-23	Executive	Final 2023/24 General Fund and HRA Capital Strategy
	Overview and Scrutiny	Final 2023/24 General Fund and HRA Capital Strategy
Feb-23	Council	Final 2023/24 General Fund and HRA Capital Strategy

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Capital Programme – 2022/23-2023/24 General Fund

- 4.1.1 Due to the ongoing financial pressures arising from the cost of living and the need to focus on improving General Fund resilience, the CFO recommended adopting the following approach to officers with regards to submitting Capital Bids for 2023/24:

- Review existing budgets in the Capital Strategy for completeness and to advise if circumstances have changed, and
- Only submit bids that are urgent or support the delivery of a top priority as funding is limited

A full review of the Strategy is planned to be carried out for 2023/24.

- 4.1.2 A summary of the 2023/24 growth bids presented in the Draft Capital Strategy to January Executive is summarised in table four below and is set out in full in Appendix A (Growth bids) and Appendix C (General Fund Capital Strategy).

Table 4: Update following 2023/24 Capital Bids process						
	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
Current strategy total	36,104	28,307	10,799	7,548	0	82,758
Slippage & removals	(9,493)	3,479	6,201	0	0	187
Removed	0	(1,010)	0	0	0	(1,010)
LEP loan repayment	0	0	1,000	0	0	1,000
Growth Bids (see 4.2)	0	3,250	360	5	5	3,620

Table 4: Update following 2023/24 Capital Bids process

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
Adjusted total	26,611	34,026	18,360	7,553	5	86,555

4.2 Capital Bids Included in the Capital Programme

- 4.2.1 The capital growth bids received and recommended for inclusion in the Capital Strategy (subject to funding) by Leaders Financial Security Group (LSFG) and the Council's Senior Leadership (SLT) have been classified against a number of different categories, as set out in table five below and are detailed in Appendix A. These bids total £3.6Million over the period 2023/24 - 2027/28, £3.2Million of which fall in 2023/24.

Table 5: Submitted Growth Bids by Priority

		23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	Total £'000
Priority 1	Return on investments	1,228	0	0	0	1,228
Priority 2	Income generating	80	0	0	0	80
Priority 3	Mandatory requirements (including Health & Safety)	287	5	5	5	302
Priority 4	Schemes to maintain operational efficiency	950	355	0	0	1,305
Priority 7	Urgent works (that reduce operational risks)	65	0	0	0	65
Priority 9	Schemes that reduce or mitigate risks included in the Corporate Risk Register	630	0	0	0	630
Priority 11	New Burden	10	0	0	0	10
Total General Fund Capital Growth Bids		3,250	360	5	5	3,620

- 4.2.2 LSFG agreed bids totalling £3.250Million for 2023/24, after further review the following change is recommended:

- The re-procurement of a Digital system to support delivery of household and commercial waste and recycling services can be removed from the bids, as the current contract is being extended and the capital bid is no longer required.

- 4.2.3 Further discussions have taken place with services to eliminate the funding gap of £177K reported in the Draft Capital Strategy. Including the change mentioned in paragraph 4.2.2, the results are set out in the table below.

Table 6: Submitted Growth Bids by Priority

Scheme	Budget taken away	Moved into 2024/25
Litter Bins – that the remaining budget in 2022/23 of £123,900 and 2023/24 £10,000 can be returned to central pot	£133,900	

Table 6: Submitted Growth Bids by Priority		
Scheme	Budget taken away	Moved into 2024/25
Shrub bed programme – that £78,000 in 2022/23 can be return to central pot. There may be a requirement in future years for this to be funded again, but this will be put forward as a new bid if and when required.	£78,000	
Digital system to support delivery of household and commercial waste and recycling services - Re-procurement	£50,000	
Trade Waste Containers – the £27,996 in 2022/23 can be returned to central pot	£27,996	
Vehicles – that £30,000 in 2022/23 of vehicle budgets can be returned to central pot	£30,000	
Leisure stock condition - £20,000 in 2022/23 of this budget can be return to central pot	£20,000	
Pin Green Play Centre Equipment – the £19,010 in 2022/23 can be returned to central pot	£19,010	
ASB Team Mobile camera – that the £5,000 in 2022/23 and 2023/24 can be return to central pot	£10,000	
Ridlins Athletics – that £15,000 of the 2022/23 budget can be returned to central pot	£15,000	
Ridlins Athletics Facility – that £20,000 from 2022/23 can be returned to central pot	£20,000	
Green Space Infrastructure – that the 2023/24 and 2024/25 budgets can be slipped one year		£128,000
Play improvement programme		£214,220
Total	£403,906	£342,220

- 4.2.4 Therefore, it is recommended that the bids totalling £3.2Million are approved for 2023/24, however some 2023/24 may need to be put on hold as per paragraph 4.3.2.

4.3 Capital Contingency

- 4.3.1 As in previous years, it is recommended that a contingency allowance (the Deferred Works Reserve) should be included in the capital strategy in the event that any works become unavoidable during the financial year. This has been included at the level of £200k per annum. There is also an unused balance of £1.1Million in 2022/23. The proposed use of this is set out in the table below.

Table 7: Deferred Works Reserve			
	2022/23 £'000	2023/24 £'000	2024/25 £'000
Deferred works reserve Budgets	1,059	200	200
Retain as a minimum for inflation		350	
Contingency for emergency		350	

Table 7: Deferred Works Reserve			
	2022/23 £'000	2023/24 £'000	2024/25 £'000
Set aside for specific projects if come to fruition:			
St Georges MSCP – conversion of storeroom and boiler room to office space		50	
Aqua Park – Rubber crumb surface replacement		35	
Total reserved for contingencies		785	
Balance available once capital receipts been realised		474	

- 4.3.2 The deferred works budget is available for overruns, deferred or urgent works as set out in para 4.3.1. However, in a period of high inflation and with a risk that level of receipts to be realised in 2023/24 may not materialise, or at the same level due to economic factors and the volume of sites the CFO recommends that before the commencement of the financial year a review of the capital programme is undertaken to determine whether any schemes can be held until a level of receipts is realised, along with the other mitigating factors in paragraph 4.6.4. This will be managed and reported back to Executive.

4.4 Locality Review Update

- 4.4.1 A key recommendation from the June 2020 MTFS COVID recovery report was that a pipeline of land disposals be identified from Locality Reviews to help maintain the resilience of General Fund balances, by removing the revenue contribution to capital. There was also a need to generate additional capital receipts to help fund any shortfalls from the reduction or cessation of New Homes Bonus (NHB).
- 4.4.2 The current position is detailed below. The disposal programme has been hampered by recruitment issues (now resolved) and that the sites are relatively small but complex and have required some modifications to the original plans. It is a risk to the capital programme that so many sites are projected to be disposed of in a single year due to the current economic conditions and the volume. This will be closely monitored during the year.

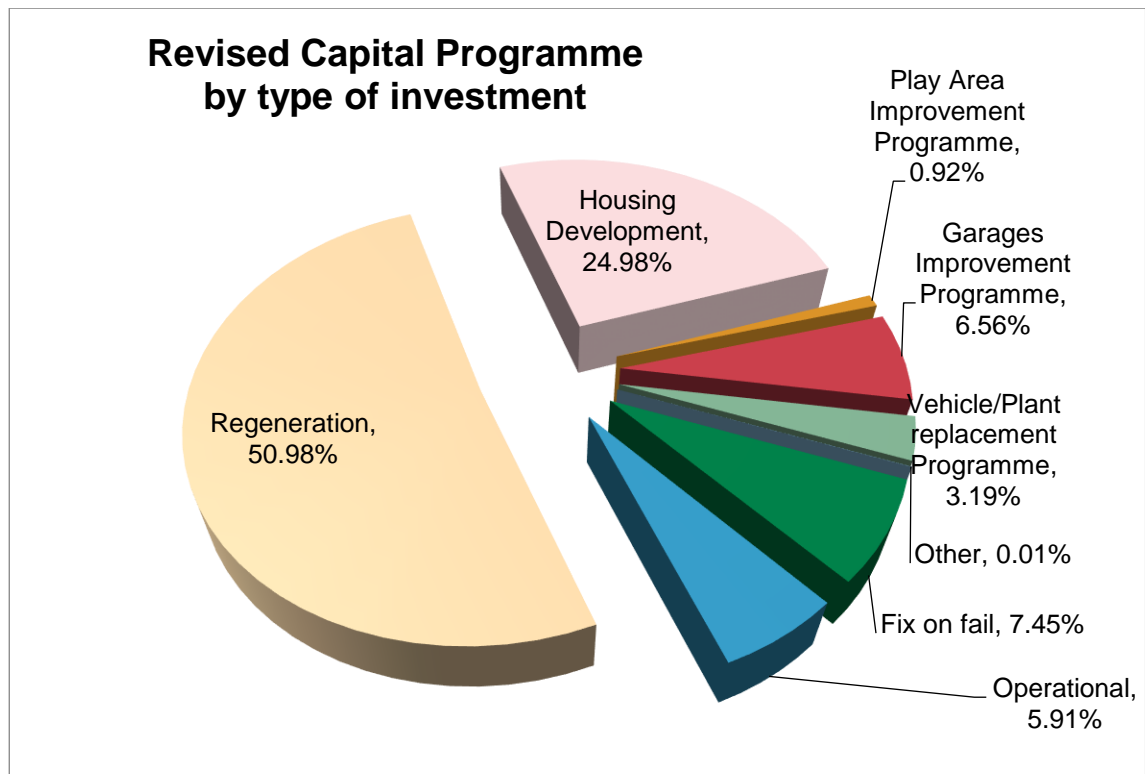
Table 8: Locality Review Site Disposals		
Tranche	Previous Estimated receipts £'000	Current Estimated receipts £'000
Tranche 1 – Year 1 2021/22 Actual	£0	£0
Tranche 2 – Year 2 2022/23 Estimate	£2,250	£0
Tranche 3 – Year 3 2023/24 Estimate	£960	£3,206
Total Forecast Locality Review Receipts	£3,210	£3,206

4.5 Summary Capital Programme 2022/23-2027/28

- 4.5.1 The revised Capital Strategy for 2022/23-2027/28 totals £86.2Million, including the growth bids totalling £3.2Million. It should be noted that a number of asset reviews will be taking place as part of the CFOs report on the Council's key capital regeneration and community asset ambitions, which will impact the projections beyond 2024/25. The current projection is summarised in table nine below, and in detail in Appendix C.

Table 9: Revised Capital Programme							
	22/23	23/24	24/25	25/26	26/27	27/28	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Stevenage Direct Services	3,707	6,024	1,321	261	0	0	11,313
Housing Development	2,425	13,046	6,071	0	0	0	21,543
Finance and Estates	2,861	1,003	90	0	0	0	3,953
Digital & Transformation	418	422	104	0	0	0	944
Regeneration	14,610	11,230	10,150	7,400	0	0	43,389
Communities and Neighbourhoods	829	1,633	55	20	5	0	2,542
Planning and Regulatory	275	461	365	0	0	0	1,102
Deferred Works Reserve	1,059	200	200	0	0	0	1,459
Total GF Schemes	26,185	34,017	18,357	7,681	5	0	86,245

- 4.5.2 The General Fund Investment Strategy has been to maintain existing assets in their current condition by following a fix-on-fail approach, incurring expenditure as necessary for operational purposes and with limited improvements via Regeneration activities, new Housing Development and the improvement programmes covering Play Areas, Garages and Vehicle/Plant. This has been the case due to necessity as a result of their being limited resources. The figures in Table nine have been converted into a pie chart below to outline the relative capital investment in these different areas and which shows the limited amount of added value in the current capital programme.



4.6 Capital Resources for the General Fund Capital Strategy

4.6.1 The projected resources used to fund the Capital Strategy total £86.2Million, which includes the growth bids of £3.6Million. This is summarised in table ten below, and detailed in Appendix C.

Table 10: Revised Capital Programme							
	22/23 £000	23/24 £000	24/25 £000	25/26 £000	26/27 £000	27/28 £000	Total £000
Capital Receipts	7,774	4,909	2,831	281	5	0	15,800
Locality Review receipts	0	3,206	0	0	0	0	3,206
Grants and other contributions	11,513	19,082	9,650	7,400	0	0	47,645
Revenue Reserves	15	111	0	0	0	0	126
Capital Reserve (Housing Receipts)	805	375	380	0	0	0	1,560
Capital Reserve (Revenue Savings)	44	0	0	0	0	0	44
New Homes Bonus CNM	230	243	0	0	0	0	473
Borrowing	5,804	6,091	5,496	0	0	0	17,391
TOTAL	26,185	34,017	18,357	7,681	5	0	86,245

4.6.2 The table above shows Capital financing for the current year and over the five-year period consists of 20% borrowing; 55% capital grants, 24% useable capital receipts and the remaining 1% relates to the General Fund reserve.

4.6.3 The use of capital receipts is dependent on delivery of the disposal sites to the market. Assuming that all the General Fund Growth Bids in Appendix A are

approved, the revised Capital Strategy includes the following forecast capital receipts. The table below includes both General Capital Receipts and Locality Review Receipts as they are available for use in the Capital Programme. Ring-fenced Town Centre Transformation and SG1 receipts have been excluded.

Table 11: GF Capital Receipts Forecast							
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance	(3,839)	(688)	(351)	(8,192)	(5,415)	(5,411)	
General Capital Receipts	(3,507)	(3,888)	(10,173)	0	0	0	(17,567)
Locality Review Site Disposal	0	(3,206)	0	0	0	0	(3,206)
Receipts used in year	6,658	7,431	2,331	2,777	5	0	19,203
Closing Balance	(688)	(351)	(8,192)	(5,415)	(5,411)	(5,411)	

4.6.4 The level of receipts to be realised in 2023/24 is £7.094Million with just £351K not required, (this includes the full use of the deferred works reserve which does offer some mitigation). In order to increase the financial resilience of the capital programme for 2023/24 the following measures are recommended by the CFO:

- Review of 2023/24 capital programme to hold and release schemes as receipts are realised, (see also 4.3.2)
- Monitoring of capital receipts due in year by the Assets and Capital group (officer group)
- Monitoring of the capital programme by the Assets and Capital group to determine whether there are further underspends in the programme as identified in paragraph 4.2.3
- Review of 2022/23 year end General Fund revenue balances to determine whether any underspends can be transferred to the Capital Reserve
- Review of other potential small sites for disposal by the Estates Team

4.7 Minimum Revenue Provision (MRP)

4.7.1 MRP is applied where the council has to set aside a revenue allocation for provision of debt repayments (borrowing in the capital programme). MRP replaces other capital charges (e.g., depreciation) in the statement of accounts and has an impact on the council's bottom line. MRP will increase and decrease throughout the programme and is sensitive to both expenditure and funding changes. The council will continue to balance the use of capital receipts, internal borrowing and external borrowing to ensure the most efficient use of resources, including the need to fund MRP.

4.7.2 The Council has an on-going capital programme and will continue to invest in capital projects beyond 2027/28 and will therefore need to ensure that funds are set aside for the future cost of borrowing.

4.7.3 The other main risks to the capital programme are:

- Potential for scheme overspends

- Potential for delay in realising capital receipts – there are £3.5Million of land/asset sales to be achieved in 2022/23 and £7.1Million in 2023/24 as shown in table eleven, which are required for financing later years.
 - The deferred works budget of may not be sufficient to fund any schemes not currently funded in the Strategy due to the ongoing fix-on-fail approach.
 - Potential for money spent as capital on some Towns Fund projects to revert to a future revenue liability if projects do not progress to physical completion, e.g., only feasibility and early design are completed
 - Cost volatility and increased client risk in construction projects due to the impact of cost of living, which has resulted in supply chain pressures and significant price increases across the construction sector.
- 4.7.4 The officer Strategic Town Centre Transformation Board and the Stevenage Development Board also need to ensure that external funding is maximised to reduce risks to the Council's finances.

4.8 Other capital investments and Finance Lease

- 4.8.1 The Council purchased several properties in the town centre to enable it to meet its regeneration aims. These properties were purchased using LEP funding. These properties have been purchased for regeneration purposes and therefore do not fall under the Property Investment Strategy. Prior to making these strategic acquisitions full risk assessments were undertaken to ensure the cost of carrying these assets in the short to medium term could be met by the Council. The Regeneration Asset allocated reserve has been setup specifically to cover these costs.
- 4.8.2 The Council undertook a long-term finance lease for a mixed development scheme on Queensway in the town centre. This is a lease arrangement and falls outside the scope of capital investment. Prior to the decision to proceed being made a risk assessment was undertaken and presented to Members. Key Officers were given training on their roles and responsibilities for the new governance arrangements associated with the Limited Liability Partnership.
- 4.8.3 External legal, financial, and commercial advice is procured to ensure the validity and viability of business cases presented to Members.

4.9 Capital Programme - Housing Revenue Account (2022/23-2027/28)

- 4.9.1 The majority of the HRA capital expenditure as set out as part of this strategy will be spent on the development of new homes and the maintenance, repairs and upkeep of existing stock.
- 4.9.2 The majority of the growth relates to decarbonisation and building safety works. The decarbonisation works will relate to the success of the latest grant bid for Government funding, and this has been included within the current budget proposal.
- 4.9.4 The result of this exercise is summarised in table below and is set out in full in Appendix B (Growth bids) and Appendix D (HRA Capital Strategy). The slippage of £5.6Million from 2022/23 to 2023/24 was included in the Draft Capital Strategy.

Table 12: Update following 2022/23 Capital Bids process

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
Slippage	(5,569)	5,569	0	0	0	0	0
Growth Bids		5,068	4,988	3,690	3,690	3,060	20,496
TOTAL	(5,569)	10,638	4,988	3,690	3,690	3,060	20,496

4.9.5 No changes have been made to the HRA budgets following the Draft Capital Strategy, so the budget for 2022/23 - 27/28 remains a total of £207.1Million, as set out in Appendix D and summarised below.

Table 13: HRA Capital Programme

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
Capital Programme Excl New Build (Housing Investment)	23,469	25,442	20,070	21,429	18,063	3,060	111,534
Special Projects & Equipment	63	25	25	1,141	1,141	0	2,395
New Build (Housing Development)	25,060	36,706	13,659	12,342	4,615	0	92,383
Digital & Transformation	494	246	51	0	0	0	792
Total HRA Schemes	49,086	62,420	33,806	34,912	23,819	3,060	207,104

4.10 Capital Programme – HRA Resources (2022/23-2027/28)

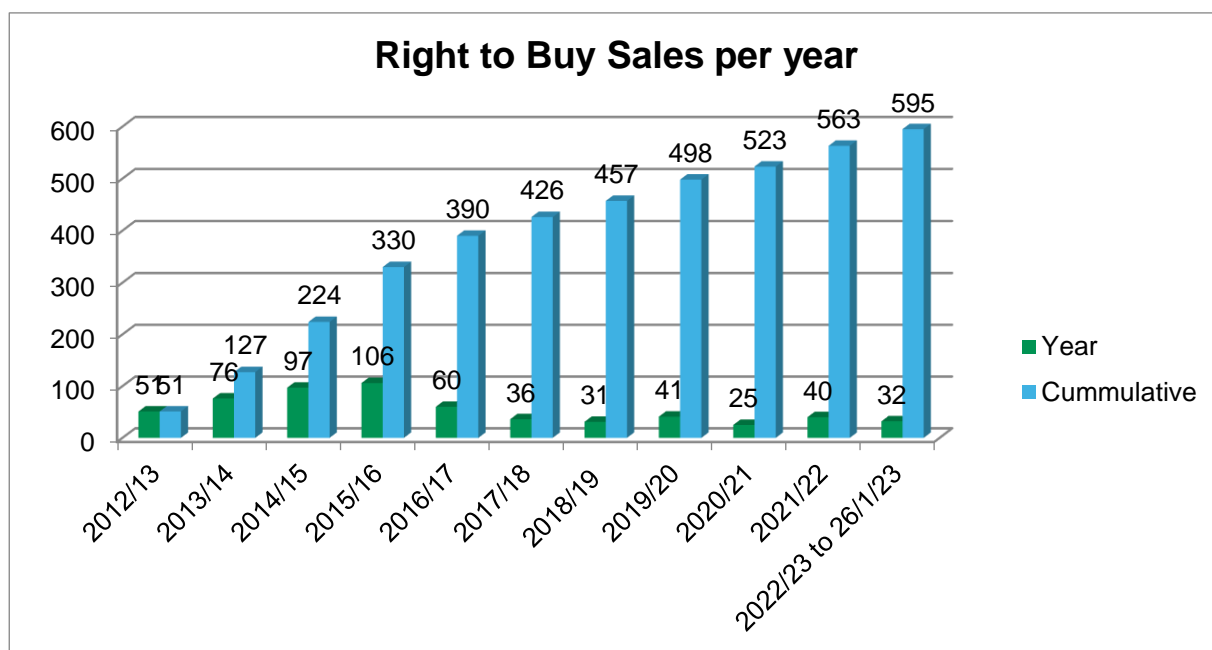
4.10.1 The resourcing of the current HRA capital programme funding is summarised in the table below. The largest percentage is funded by the Major Repairs Reserve (MRR) via depreciation charges (44%) followed by borrowing (16%). Capital receipts from right to buy sales of council houses (New Build 1-4-1 receipts) forms 22% of total funding. This aligns to the HRA budget report to Executive in January.

Table 14: HRA Capital Programme

	22/23 £000	23/24 £000	24/25 £000	25/26 £000	26/27 £000	27/28 £000	Total £000
MRR (Self Financing Depreciation)	17,983	20,755	19,705	17,870	12,635	2,710	91,658
New Build Land Receipts	5,713	1,420	0	2,100	4,373	0	13,606
(RTB) new Build provision	5,127	11,579	4,217	4,403	2,196	350	27,872
Debt Provision Receipts	936	976	1,058	1,102	0	0	4,072
Section 20 Contribution	500	1,130	568	0	0	0	2,198
Borrowing	8,756	24,964	175	0	0	0	33,895
S106	736	0	0	0	0	0	736
Developer Contributions (Kenilworth)	4,729	0	0	0	0	0	4,729
Revenue Contribution to Capital	2,204	238	6,725	9,437	4,615	0	23,219
Grant	2,403	1,358	1,358	0	0	0	5,119
TOTAL	49,086	62,420	33,806	34,912	23,819	3,060	207,104

Use of One for One Receipts

- 4.10.2 The Government amended the rules regarding the use of capital receipts arising from the sale of Right to Buy (RTB) properties and the Council entered into a new retention agreement that reflected these changes. This has reduced pressure on the use of RTB receipts, particularly as the Council is currently delivering major developments that can use these restricted funds.
- 4.10.3 Sales of properties remain lower than the peak in 2015/16 and it looks likely that they will be in line with projected estimates of 35 properties for 2022/23. The budget for 2023/24 continues to assume sales of 35 properties for rent budgeting and capital receipts purposes. The graph below shows recent sales activity by year.



4.11 De Minimis Level for Capital Expenditure 2023/24

- 4.11.1 Accounting best practice recommends that the Council approves a de minimis level for capital expenditure, or a value below which the expenditure would not be treated as capital. This would mean that the expenditure would not be recorded on the asset register nor be funded from capital resources.
- 4.11.2 The 2023/24 de-minimis expenditure limit be increased from £5,000 to £7,500 per scheme be proposed for consideration by the Executive.

4.12 Contingency Allowance for 2023/24

- 4.12.1 The contingency allowance for 2022/23 is £250,000, the contingency proposed for 2023/24 remains at £250,000, for schemes requiring funding from existing capital resources. A limit of £250,000 is also set for schemes for each Fund that have new resources or match funded resources identified in addition to those contained within this report. This limit applies individually to both the General Fund and the HRA. This contingency sum constitutes an upper limit on both funds within which

the Executive can approve supplementary estimates, rather than part of the Council's Budget Requirement for the year.

- 4.12.2 The contingency allowance for 2022/23 is £500,000 in relation to the use of restricted use or 1.4.1 receipts for registered providers to ensure that the Council achieves nominal rights and doesn't have to return 1.4.1 receipts to the government. This contingency allowance is recommended to remain at the same level of £500,000 for 2023/24.
- 4.12.3 Separate to the contingency allowance in paragraph 4.12.1, is the delegation to Executive or Portfolio Lead/Leader of the Council to approve increases to the capital programme for grant funded projects, when external funding sources have been secured. Officers propose that this contingency allowance remains as £5,000,000 where a scheme is fully funded from 3rd party contribution/grant.

4.13 Looking Forward

- 4.13.1 **Super Capital Strategy** - a revised Capital Strategy Report will be coming to a future Executive. This will outline the aims and objectives of future General Fund capital expenditure and investment plans. Focus will include decarbonisation, leisure services, Transformation bids, community assets and electrification of the fleet.
- 4.13.2 **Regeneration Joint Venture** – a report will come back to Executive in 2023 and will outline options for the delivery of the first phase of SG1. This could potentially include a Joint Venture arrangement and may have implications for the future Capital Strategy.
- 4.13.3 The **HRA will have a full business plan review in 2023/24** to make sure that capital and revenue spend remains affordable over the life of the plan.

4.14 Property Appropriations between General Fund and HRA

- 4.14.1 Assets may be transferred between the General Fund and the Housing Revenue Account when they are no longer required for the purpose for which they were previously held, in order to allow the most appropriate use of these assets. For example a former underused General Fund asset could be redeveloped for new HRA properties. However in doing so no capital receipt is gained for the Council. The value of the land swap is recognised in the capital financing requirement (CFR) for each fund (ie the level of indebtedness of each fund), while overall the Council's CFR remains unchanged.
- 4.14.2 An appropriation from the General Fund to the HRA results in;
- i) an increase in the HRA's CFR
 - ii) a decrease in the General Fund's CFR
 - iii) the loss of a capital receipt and/or rental for the asset transferred to the HRA.
- 4.14.3 Appropriation between the funds needs Member approval and as such officers are seeking approval for the transfer of Dunn Close garage block from the General

Fund to the HRA in 2022/23 for the reason of redeveloping the site for new HRA properties as per Recommendation 2.14. The transfer value is £540K.

5 IMPLICATIONS

5.1 Financial Implications

- 5.1.1 This report is financial in nature and consequently financial implications are included in the above.

5.2 Legal Implications

- 5.2.1 The legal implications for each individual scheme within the capital programme will be considered when approval is sought for that particular scheme. Each scheme within the capital programme will be approved in accordance with the council's constitution.

5.3 Equality and Diversity Implications

- 5.3.1 None specifically in relation to this report.

5.4 Risk Implications

- 5.4.1 The significant risks associated with the capital strategy are largely inherent within this report and a mitigation strategy is summarised in paragraph 4.6.4.
- 5.4.2 There is a risk that the value of land sales is not realised due to the impact of the cost-of-living crisis reducing demand and prices lower than anticipated as a result.
- 5.4.4 The Council manages this risk by reviewing and updating the Strategy quarterly, including resources where a sale is likely to complete. This will enable action to be taken where a receipt looks doubtful.
- 5.4.5 A significant risk exists that works maybe deferred due to lack of resources and materials. A reasonable assessment has been made in the prioritisation process to try to keep this risk to a minimum.

5.5 Climate Change Implications

- 5.5.1 In their current form the Council's buildings do not currently support the climate change agenda in terms of energy efficiency or divestment of use of fossil fuels.
- 5.5.2 However, there is an opportunity through the local asset review programme to build in design principles to improved / future assets in terms of energy efficiency and sustainable energy sources. This should be a core principle of any future designs arising from the local asset reviews. There would be a further benefit of reduced energy costs.
- 5.5.3 The climate change agenda is far wider than the buildings the Council uses. For example, the Council is also examining the vehicle fleet and consideration will be

given to reducing its carbon impact and the HRA growth includes a £9.7Million investment to ensure all homes meet the minimum EPC rating of C.

- 5.5.4 In addition to existing assts, new buildings being planned as part of the regeneration of Stevenage – e.g., the Hub and new Leisure Centre will be designed and equipped to meet modern standards.

BACKGROUND DOCUMENTS

- BD1 Draft Capital Strategy report (Executive, January 2023)
- BD 2 Final Housing Revenue Account Rent Setting & Budget report 2023/24 (January 2023 Executive)
- BD 3 Medium Term Financial Strategy: Housing Revenue Account – Business Plan Review (including 1st and 2nd Quarter HRA Revenue Budget Monitoring 2022/23) (November 2022 Executive)
- BD 4 HRA Business Plan 2022 update (December 2022 Executive)
- BD5 Regeneration Programme Update and SG1 programme implementation (December 2022 Executive)

Appendices

- A - General Fund Capital Bids for consideration
- B - HRA Capital Bids for consideration
- C - General Fund Capital Strategy
- D - HRA Capital Strategy

APPENDIX A - GENERAL FUND GROWTH BIDS

Scheme	Priority	2023/24	2024/25	2025/26	2026/27
		Growth Bid	Growth Bid	Growth Bid	Growth Bid
		£	£	£	£
<u>Finance & Estates</u>					
Indoor Market - Replacement of large roller shutter in compactor area	3	9,000			
MSCP - replacement fuse boards.	3	8,000			
<u>Community Centre</u>					
Timebridge Community Centre - levelling and replacement flooring to preschool area.	3	20,000			
<u>Buildings</u>					
Cavendish Road - Reception access Enhancement. Comprising additional lighting to front of the building. Barriers upgraded to audio warnings. Access control to gate/communication method from outside to the office. 5x lock down bollards for visitors parking areas. External noticeboard - lit up. Door closure for palisade gate. Various signage. Zebra crossing to be removed.	4	15,000			
Cavendish Road - Manhole covers around the yard including drainage works and interceptors.	7	50,000			
Cavendish Road - Penstock valve installed on the SW drainage system to contain contaminated fire water	9	50,000			
<u>Finance system</u>					
Upgrade Integra to the new latest Centros versions and implementation of Optical Character Recognition (OCR), and E-mail Message Reader (EMR)	4	66,000			
Finance & Estates Growth Bids		218,000	0	0	0

<u>Community & Neighbourhoods</u>					
New Leisure Contract - capital costs of investment option agreed	1	1,200,000			
Equipment replacement at Fairlands Valley Sailing Centre	3	35,000			
Aqua Park - Rubber crumb surface replacement	3	35,000			
Lighting of clock tower - permanent install	3	25,000			
Stock condition survey Leisure sites	3	150,000			
CCTV Mobile camera replacement for Community Safety	3	5,000	5,000	5,000	5,000
Communities and Neighbourhoods Growth Bids		1,450,000	5,000	5,000	5,000

<u>Stevenage Direct Services</u>					
Memorial Tree for Weston Road Cemetery	2	23,200			
Additional Headstone Plinths - Weston Road Cemetery	2	16,000			
Pothole repairs to roadway in Weston Road Cemetery	7	15,000			
Weston Road Cemetery - Improvements to Welfare facilities (Hut) - Including replacement floor, heating and lighting improvements, new kitchen units	11	10,000			
Improvement works to Hampson Park depot	2	40,000			
Repairs to closed church wall at St Nicholas church	4	30,000			
Instalment of roof structure over the residual waste bay at Cavendish Transfer Station	9	150,000			
Thermal Image Cameras	9	80,000			
Cavendish Waste transfer station - Phase 2 fire protection works - Fire suppression and early fire detection	9	350,000			
Digital system to support management of the Council's fleet and workshop operation - Re-procurement	4	20,000	0	0	0
Digital system to support delivery of streets and grounds services	4	56,000	0	0	0
Digital system to support delivery of play area inspections/managment	4	16,500	0	0	0
Digital book of remembrance	4	10,000			
Asset Management system	4	10,000	0	0	0

APPENDIX A - GENERAL FUND GROWTH BIDS

Scheme	Priority	2023/24	2024/25	2025/26	2026/27
		Growth Bid	Growth Bid	Growth Bid	Growth Bid
		£	£	£	£
Vehicle/Plant replacement Programme					
Trailar vehicle solar panels	1	28,000			
Purchase of new MEWP (Mobile Elevated Work Platform)	4	90,000			
Vehicles	4	275,000	355,000		
Additional Arb vehicle	4	40,000			
Replace Mower x 3	4	105,000			
Replace Tractor - M516 SNK	4	45,000			
Replace Water Bowers - TRK 16 and TRK25	4	15,000			
Maxi Truck EL 4WD 48V 4WD articulated truck with a 1,000kg - 1,500kg load capacity	4	40,000			
Purchase of a replacement vehicle for Garage Services	4	16,800			
Tomcat Industrial Scrubber Dryer	4	50,000			
Stevenage Direct Services Growth Bids		1,531,500	355,000	0	0
TOTAL BIDS RECOMMENDED		3,199,500	360,000	5,000	5,000

Bids removed post Draft Capital Strategy

Scheme	Priority	2023/24	2024/25	2025/26	2026/27
		Growth Bid	Growth Bid	Growth Bid	Growth Bid
		£	£	£	£
Stevenage Direct Services					
Digital system to support delivery of household and commercial waste and recycling services - Re-procurement	4	50,000	0		0
TOTAL BIDS SUBMITTED		3,249,500	360,000	5,000	5,000

Scheme	Ranking	2023/24 Growth Bid	2024/25 Growth Bid	2025/26 Growth Bid	2026/27 Growth Bid	2027/28 Growth Bid	Reason for Request	Any other Relevant Information	Service
*	*	£	£	£	£	£	*		
Priority 1: Return on Investments									
Stock Condition Survey - 20% per year	2			60,000	60,000	60,000	In order to maintain accurate projections for the future investment requirements and inform the business plan we need to carry out regular stock condition surveys. It is specified in the AMS that surveys will be carried out to every property and flat block once every 5 year i.e. 20% of the stock annually. It is better value for money to carry the surveys out though an external contract.	Employee internal resource to carry out stock condition surveys.	Other HRA Schemes
Return on investments total		0	0	60,000	60,000	60,000			
Priority 3: Mandatory requirements (including Health & Safety)									
Aid & Adaptations - Additional budget	1	350,000	350,000	350,000	350,000	350,000	To comply with current regulations. Energy improvements to achieve an energy rating of E or better required to existing let commercial properties.	This will reduce the number of customers we are able to support on and annual basis.	Other HRA Schemes
Building Safety Works	2	2,715,000	980,000	980,000	980,000	350,000	This project includes provision for building safety/fire safety works. It combines the costs for the following work streams: Fire doors & Fire safety works (Low, Mid & High rise buildings)	Building safety is a statutory requirement.	Health & Safety
Decarbonisation - EPC C by 2030 through SHDF	3	500,000	2,300,000	2,300,000	2,300,000	2,300,000	This project is specifically to address meeting the target of all our homes having a minimum EPC rating of C. This is a government target and also contributes to the councils ambition to be Net Zero. This project will not tackle the longer term and wider target for the housing stock to become net zero. Whilst it will contribute to this target it will only address the specific target of increasing the minimum energy efficiency and SAP rating of our stock. The measures delivered will be based on a fabric first approach and increasing the insulation levels of our homes. We will maximise grant funding where available which will predominately be the SHDF which requires a match funding of at least 50% from the HRA. These projections are based on the revised asset management strategy option 1.	The only alternative would be to slip meeting the target of 2030 and delay the ambition of reaching net zero.	Other HRA Schemes
Decarbonisation - Grant funded		1,310,940	1,310,940						Other HRA Schemes
Mandatory requirements total		4,875,940	4,940,940	3,630,000	3,630,000	3,000,000			
Priority 4: Schemes to maintain operational efficiency									
Digitalisation		46,815	46,815						Other HRA Schemes
CCTV		145,000	0	0	0	0	The current equipment is a mixture of digital and analogue equipment and not all site are currently being monitored through the central CCTV service. This project will upgrade the current equipment to the required digital standard and move all schemes across to the monitored CCTV service and ensure it is GDPR compliant.	Remove CCTV from existing sites and loss of service.	Other HRA Schemes
Maintain operational efficiency total		191,815	46,815	0	0	0			
TOTAL GROWTH BIDS									
		5,067,755	4,987,755	3,690,000	3,690,000	3,060,000			

Growth Bid Priority	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	total
Priority 1: Return on Investments	0	0	60,000	60,000	60,000	180,000
Priority 3: Mandatory requirements (including Health & Safety)	4,875,940	4,940,940	3,630,000	3,630,000	3,000,000	20,076,880
Priority 4: Schemes to maintain operational efficiency	191,815	46,815	0	0	0	238,630
Total Growth Bids	5,067,755	4,987,755	3,690,000	3,690,000	3,060,000	20,495,510

Priority 1	Return on investments
Priority 2	Income generating
Priority 3	Mandatory requirements (including Health & Safety)
Priority 4	Schemes to maintain operational efficiency
Priority 5	Match funding schemes
Priority 6	Financial efficiency
Priority 7	Urgent works (that reduce the risk of litigation)
Priority 8	Schemes that further the Council's Corporate Plans
Priority 9	Schemes that reduce or mitigate risks included in the Corporate Risk Register
Priority 10	Schemes that develop or improve partnership working
Priority 11	New Burdens

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APPENDIX C - GENERAL FUND CAPITAL STRATEGY

		2022/2023				2023/2024			2024/2025	2025/2026	2026/2027
Cost Centre	Scheme	January Draft Budget £	Actuals 31/12/2022 £	February Final Revised Budget £	Variance Draft v Final Budget £	January Draft Budget £	February Final Revised Budget £	Variance Draft v Final Budget £	February Final Revised Budget £	February Final Revised Budget £	February Final Revised Budget £
	General Fund - Schemes										
	Stevenage Direct Services	4,089,920	2,438,864	3,707,024	(382,896)	6,123,803	6,023,803	(100,000)	1,321,000	261,000	0
	Housing Development	2,425,480	748,265	2,425,480	0	13,045,819	13,045,819	0	6,071,368	0	0
	Finance and Estates	2,860,761	1,043,209	2,860,761	0	1,002,726	1,002,726	0	90,000	0	0
	Digital & Transformation	417,834	64,751	417,834	0	421,627	421,627	0	104,220	0	0
	Regeneration	14,609,648	8,861,547	14,609,648	0	11,229,750	11,229,750	0	10,150,000	7,400,000	0
	Communities and Neighbourhoods	873,431	142,130	829,422	(44,010)	1,540,000	1,632,500	92,500	55,000	20,000	5,000
	Planning and Regulatory	275,285	154,545	275,285	0	461,244	461,244	0	365,000	0	0
	Deferred Works Reserve	1,059,485	0	1,059,485	0	200,000	200,000	0	200,000	0	0
	Total Schemes	26,611,844	13,453,312	26,184,938	(426,906)	34,024,969	34,017,469	(7,500)	18,356,588	7,681,000	5,000
	General Fund -Resources										
BG902	Capital Receipts	3,855,048		6,303,589	2,448,541	5,253,949	5,326,123	72,174	2,331,086	281,000	5,000
BG905	Ringfenced regeneration receipts	1,192,020		1,192,020	0	1,829,750	1,829,750	0	500,000		
	SG1 Receipts	278,887		278,887	0	0	0	0	0		
BG911	Locality Review receipts	2,250,000		0	(2,250,000)	960,000	960,000	0	0		
BG461	Towns Fund	10,988,259		10,988,259	0	9,400,000	9,400,000	0	9,150,000	7,400,000	0
BG461	Other Grants and other contributions	423,921		423,921	0	9,584,355	9,584,355	0	0		
BG862	S106's	0		0	0	0	0	0	0		
BG937	Community Infrastructure Levy (CIL)				0	0	97,500	97,500			
BG904	LEP	100,482		100,482	0	0	0	0	500,000		
	RCCO	0		0	0	0	0	0	0		
	Revenue Reserves	15,244		15,244	0	101,200	111,200	10,000	0		
BG903	Capital Reserve (Housing Receipts)	804,451		804,451	0	375,280	375,280	0	379,034		0
BG916	Capital Reserve (Revenue Savings)	44,354		44,354	0	0	0	0	0		
BG920	New Homes Bonus CNM	230,034		230,053	19	252,541	242,541	(10,000)	0		
	Prudential Borrowing Approved	4,658,679		4,658,679	0	6,090,720	6,090,720	0	3,000,000	0	0
	Short Term borrowing and funded from private sale	1,770,465		1,145,000	(625,465)	0	0	0	2,496,468	0	0
	Funding Gap	0		0	0	177,174	0	(177,174)	0	0	0
	Total Resources (General Fund)	26,611,844	0	26,184,938	(426,906)	34,024,969	34,017,469	(7,500)	18,356,588	7,681,000	5,000
		0		0	(0)	0		0	0	0	0

APPENDIX C - GENERAL FUND CAPITAL STRATEGY

		2022/2023				2023/2024			2024/2025	2025/2026	2026/2027
Cost Centre	Scheme	January Draft Budget £	Actuals 31/12/2022 £	February Final Revised Budget £	Variance Draft v Final Budget £	January Draft Budget £	February Final Revised Budget £	Variance Draft v Final Budget £	February Final Revised Budget £	February Final Revised Budget £	February Final Revised Budget £
BG902	<u>General Funds Receipts</u>										
	Unallocated B/fwd	(3,839,065)		(3,839,065)	0	(3,136,413)	(687,872)	2,448,541	1,895,250	(5,946,163)	(3,168,695)
	In Year Receipts	(3,506,880)		(3,506,880)	0	(3,888,000)	(3,888,000)	0	(10,172,500)	0	
	Used in Year	3,855,048		6,303,589	2,448,541	5,253,949	5,326,123	72,174	2,331,086	281,000	5,000
	Receipts Used to Repay ST Borrowing	354,484		354,484	0	1,770,465	1,145,000	(625,465)	0	2,496,468	0
	General Fund Receipts Unallocated C/fwd	(3,136,413)		(687,872)	2,448,541	0	1,895,250	1,895,250	(5,946,163)	(3,168,695)	(3,163,695)
BG911	<u>Locality Review receipts</u>										
	Unallocated B/fwd	0		0	0	0	0	(0)	(2,250,000)	(2,250,000)	(2,250,000)
	In Year Receipts	(2,250,000)		0	2,250,000	(960,000)	(3,210,000)	(2,250,000)	0	0	
	Used in Year	2,250,000		0	(2,250,000)	960,000	960,000	0	0	0	0
	Receipts Unallocated C/fwd	0		0	(0)	0	(2,250,000)	(2,250,000)	(2,250,000)	(2,250,000)	(2,250,000)
BG905	<u>Ringfenced regeneration receipts</u>										
	Unallocated B/fwd	(4,461,626)		(4,461,626)	0	(3,269,606)	(3,269,606)	0	(1,439,856)	(939,856)	(939,856)
	In Year Receipts				0			0			
	Used in Year	1,192,020		1,192,020	0	1,829,750	1,829,750	0	500,000	0	0
	Reserve Unallocated C/fwd	(3,269,606)		(3,269,606)	0	(1,439,856)	(1,439,856)	0	(939,856)	(939,856)	(939,856)
	<u>SG1 Receipts</u>										
	Unallocated B/fwd	198,139		198,139	0	477,026	477,026	0	477,026	477,026	477,026
	In Year Receipts				0			0			
	Used in Year	278,887		278,887	0	0	0	0	0	0	0
	Reserve Unallocated C/fwd	477,026		477,026	0	477,026	477,026	0	477,026	477,026	477,026
BG903 & BG916	<u>Capital Reserve</u>										
	Unallocated B/fwd	(477,240)		(477,240)	0	(0)	(0)	0	(1)	(0)	(382,824)
	In Year Resource	(371,565)		(371,565)	0	(375,280)	(375,280)	0	(379,033)	(382,824)	(386,652)
	Used in Year	848,804		848,804	0	375,280	375,280	0	379,034	0	0
	Capital Reserve Unallocated C/fwd	(0)		(0)	0	(1)	(1)	0	(0)	(382,824)	(769,476)

APPENDIX C - GENERAL FUND CAPITAL STRATEGY

		2022/2023				2023/2024			2024/2025	2025/2026	2026/2027
Cost Centre	Scheme	January Draft Budget £	Actuals 31/12/2022 £	February Final Revised Budget £	Variance Draft v Final Budget £	January Draft Budget £	February Final Revised Budget £	Variance Draft v Final Budget £	February Final Revised Budget £	February Final Revised Budget £	February Final Revised Budget £
	<u>Stevenage Direct Services</u>							0			
	<u>Parks & Open Spaces</u>							0			
KC218	Hertford Road Play Area (S106 Funded)	25,000		25,000	0	0	0	0	0	0	
KE911	Play Area Improvement Programme	233,000	234,009	233,000	0	556,339	556,339	0	0	0	
KE097	Litter bins	128,269	4,350	4,369	(123,900)	10,000	0	(10,000)	0	0	
KE329	Play Areas Fixed Play	9,473		9,473	0	0	0	0	0	0	
KE494	Green Space Access Infrastructure	203,650	80	203,650	0	128,000	0	(128,000)	128,000	128,000	
KE916	Peartree skate park	40,000		40,000	0	0	0	0	0	0	
KC236	Ridlins Athletics	100,000		85,000	(15,000)	0	0	0	0	0	
KE917	Ridlins Athletics Facility	30,000		10,000	(20,000)	0	0	0	0	0	
	<u>Other</u>				0						
KG002	Garages	2,253,830	1,840,700	2,253,830	0	3,402,979	3,402,979	0	0	0	
KS263	Waste and Recycling System	42,811	12,800	42,811	0	0	0	0	0	0	
KE520	Welfare improvements at out based hubs	0		0	0	10,000	10,000	0	0	0	
KE914	FVP Dam Works	35,008	29,392	35,008	0	0	0	0	0	0	
KE542	Flat block waste management infrastructure	30,000	42	30,000	0	0	0	0	0	0	
KE543	Shrub bed programme	133,000		55,000	(78,000)	133,000	133,000	0	133,000	133,000	
KE544	Review of Biodiversity Action Plan	12,000		12,000	0	0	0	0	0	0	
KE545	Cemeteries System	50,000	34,799	50,000	0	0	0	0	0	0	
	<u>Vehicles, Plant, Equipment</u>				0						
KE497	Trade Waste Containers	27,996		0	(27,996)	20,000	20,000	0	0	0	
Various	Vehicle/Plant replacement Programme - see Appendix A1	735,882	282,692	617,882	(118,000)	986,785	1,074,785	88,000	1,060,000	0	
New Growth	Memorial Tree for Weston Road Cemetery					23,200	23,200	0			
New Growth	Improvement works to Hampson Park depot					40,000	40,000	0			
New Growth	Additional Headstone Plinths - Weston Road Cemetery					16,000	16,000	0			
New Growth	Various					797,500	747,500	(50,000)		0	
	Total Stevenage Direct Services	4,089,920	2,438,864	3,707,024	(382,896)	6,123,803	6,023,803	(100,000)	1,321,000	261,000	
	<u>Housing Development Scheme (Joint GF/HRA)</u>										
KG032	Building Conversion New Homes		(11,315)			0	0				
KG034	Kenilworth - Retail	28,530		28,530	0	0	0	0	0	0	
KG035	Kenilworth - Community Centre	162,218		162,218	0	486,464	486,464	0	574,900	0	
KG036	Kenilworth - private sale (Malvern Close & Blocks A3&A6)	1,120,000		1,120,000	0	9,559,355	9,559,355	0	5,496,468	0	
KG037	North Road	293,902		293,902	0	0	0	0	0	0	
Various	Housing Development Schemes (Joint GF/HRA)	1,604,650	0	1,604,650	0	10,045,819	10,045,819	0	6,071,368	0	
KG038	Wholly Owned Housing Development Company (WOC)	820,830	759,580	820,830	0	3,000,000	3,000,000	0	0	0	
	Total Housing Development (including grants to Register)	2,425,480	748,265	2,425,480	0	13,045,819	13,045,819	0	6,071,368	0	

APPENDIX C - GENERAL FUND CAPITAL STRATEGY

		2022/2023				2023/2024			2024/2025	2025/2026	2026/2027
Cost Centre	Scheme	January Draft Budget £	Actuals 31/12/2022 £	February Final Revised Budget £	Variance Draft v Final Budget £	January Draft Budget £	February Final Revised Budget £	Variance Draft v Final Budget £	February Final Revised Budget £	February Final Revised Budget £	February Final Revised Budget £
	<u>Finance & Estates</u>										
	<u>Estates</u>										
KS278	New Management Software	66,075		66,075	0	0	0	0	0	0	0
KR916	Commercial Properties Refurbishment (MRC Programme)	439,074	12	439,074	0	0	0	0	0	0	0
KR150	Works to improve vacant premises prior to re-letting	50,267	5,447	50,267	0	15,000	15,000	0	15,000	0	0
KR155	EPC Surveys	25,000	8,188	25,000	0	89,619	89,619	0	0	0	0
KR156	EPC remedials	219,765	163	219,765	0	0	0	0	0	0	0
KR157	Building condition and Insurance valuation Survey	148,341	2,540	148,341	0	0	0	0	0	0	0
	<u>Play Centres</u>										
KC904	Play Centres General		1,962		0	0	0	0			
	<u>Community Centres</u>										
KE529	Community Centres Urgent and H&S Works	46,659	885	46,659	0	0	0	0	0	0	0
KR159	St Nicholas POD removal	2,500	480	2,500	0	0	0	0	0	0	0
KE553	Bedwell CC - Replace extract fans and electric heaters	5,000		5,000	0	0	0	0	0	0	0
GROWTH	Chells manor - lightning upgrade	0		0	0	10,000	10,000	0	0	0	0
	<u>Neighbourhood Centres</u>										
KE554	Bedwell Neighbourhood centre canopy repairs	30,000	2,958	30,000	0	0	0	0	0	0	0
KE555	8-10 The glebe roof replacement	100,000		100,000	0	0	0	0	0	0	0
	<u>Depots</u>										
KE526	Cavendish Fire Protection works formerly know as Depots: Urgent and H&S Works	702,170	542,476	702,170	0	0	0	0	0	0	0
KE527	Depots: Planned Preventative Works (reroof)	0	8,330	0	0	265,107	265,107	0	0	0	0
KR160	Cavendish depot - IT server room - gas suppression air permeability prevention works	60,649	1,235	60,649	0	0	0	0	0	0	0
KR161	Cavendish Depot IT/CCTV gas suppression works	6,800	2,518	6,800	0	0	0	0	0	0	0
	<u>Other</u>										
KE558	MSCP resurface worn stairwell floor	40,000		40,000	0	40,000	40,000	0	0	0	0
KE536	Multi Storey Car Park - Installation of emergency lighting	121,419	12,691	121,419	0	75,000	75,000	0	75,000	0	0
KR158	Town Plaza	3,084	17,953	3,084	0	0	0	0	0	0	0
KR162	Fairlands valley farmhouse roofing works	45,000	2,474	45,000	0	0	0	0	0	0	0
KE559	MSCP / Indoor Market guttering	0		0	0	30,000	30,000	0	0	0	0
	<u>Estates cont.</u>				0	0	0	0			

APPENDIX C - GENERAL FUND CAPITAL STRATEGY



		2022/2023				2023/2024			2024/2025	2025/2026	2026/2027
Cost Centre	Scheme	January Draft Budget £	Actuals 31/12/2022 £	February Final Revised Budget £	Variance Draft v Final Budget £	January Draft Budget £	February Final Revised Budget £	Variance Draft v Final Budget £	February Final Revised Budget £	February Final Revised Budget £	February Final Revised Budget £
	Council Offices										
KR141	Corporate Buildings - H&S		6,883		0	0	0	0			
KR151	Daneshill: Urgent and H&S Works	49,886	15,131	49,886	0	65,000	65,000	0	0	0	
	Operational Buildings										
KR152	BTC 2019/20 Backlog H&S Works	27,934		27,934	0	0	0	0	0	0	
KR153	BTC Urgent and H&S Works	65,783		65,783	0	0	0	0	0	0	
KR154	BTC Planned Preventative Works	605,354	410,882	605,354	0	0	0	0	0	0	
GROWTH	and control upgrade and replacement of lift in the new				0	195,000	195,000	0	0	0	
	Town Centre										
New Growth	Various				0	218,000	218,000	0	0		
	Total Finance & Estates	2,860,761	1,043,209	2,860,761	0	1,002,726	1,002,726	0	90,000	0	
	Corporate Projects, Customer Services & Technology										
	IT General										
KS268	Infrastructure Investment	300,000	62,157	300,000	0	336,627	336,627	0	104,220	0	
KS318	Core ICT Equipment for Additional Staff	75,000		75,000	0	65,000	65,000	0	0	0	
KS319	2012 Migration Servers	6,130		6,130	0	20,000	20,000	0	0	0	
	Total IT General	381,130	62,157	381,130	0	421,627	421,627	0	104,220	0	
	Connected to Our Customer (CTOC)										
KS271	Corporate Website - Redesign	0		0	0	0	0	0	0	0	
KS274	New CRM Technology	36,704	2,595	36,704	0	0	0	0	0	0	
	Total CTOC	36,704	2,595	36,704	0	0	0	0	0	0	
	Total Corporate Projects, Customer Services & Technology	417,834	64,751	417,834	0	421,627	421,627	0	104,220	0	

APPENDIX C - GENERAL FUND CAPITAL STRATEGY

		2022/2023				2023/2024			2024/2025	2025/2026	2026/2027
Cost Centre	Scheme	January Draft Budget £	Actuals 31/12/2022 £	February Final Revised Budget £	Variance Draft v Final Budget £	January Draft Budget £	February Final Revised Budget £	Variance Draft v Final Budget £	February Final Revised Budget £	February Final Revised Budget £	February Final Revised Budget £
	Regeneration										
KE505	Demolition of Towers Garages and other sites (GD1)	278,887	185,382	278,887	0	0	0	0	0	0	0
KE466	Bus Interchange (GD3)	0	112,418	0	0	0	0	0	0	0	0
KE533	Multi Storey Car Park (GD3) 'Sustainable Transport'	0	34,085	0	0	0	0	0	0	0	0
KE506	Public Sector Hub	50,000	39,059	50,000	0	1,829,750	1,829,750	0	0	0	0
KE541	Railway Station Multi-Storey Car Park	9,257,580	7,573,461	9,257,580	0	0	0	0	0	0	0
	Repay LEP Loan								1,000,000		
	Towns Fund:										
KE538	Towns Fund	(89,741)	99,125	(89,741)	0	0	0	0	0	0	0
KE560	Stevenage Enterprise Centre	1,000,000		1,000,000	0	3,000,000	3,000,000	0	0	0	0
KE561	Gunnels Wood Road Infrastructure	985,434		985,434	0	0	0	0	0	0	0
KE562	Station Gateway	0	28,170	0	0	0	0	0	500,000	0	0
KE563	Marshgate Biotech	366,868	222,804	366,868	0	1,250,000	1,250,000	0	0	0	0
KE564	Stevenage Innovation & Technology Centre	486,028	16,775	486,028	0	1,500,000	1,500,000	0	2,000,000	1,000,000	
KE565	New Towns Heritage Centre	479,821	0	479,821	0	500,000	500,000	0	1,000,000	0	
KE566	Stevenage Sports & Leisure Club	354,701		354,701	0	2,100,000	2,100,000	0	2,000,000	5,500,000	
KE567	Cycling & Pedestrian Connectivity	352,416	10,152	352,416	0	1,000,000	1,000,000	0	1,200,000	900,000	
KE568	Diversification of Retail & Garden Square	1,087,653	540,116	1,087,653	0	50,000	50,000	0	2,450,000	0	
Various	Towns Fund	5,023,181	917,143	5,023,181	0	9,400,000	9,400,000	0	9,150,000	7,400,000	
	Total Regeneration	14,609,648	8,861,547	14,609,648	0	11,229,750	11,229,750	0	10,150,000	7,400,000	
	Community & Neighbourhoods							0			
KC202	Fairlands Valley Park - Aqua	11,360	5,540	11,360	0	0	0	0	0	0	0
KC224	Leisure Stock Condition	20,000		0	(20,000)	0	0	0	0	0	0
KC230	Pin Green Play Centre Equipment	19,010		0	(19,010)	0	0	0	0	0	0
KE224	CCTV - Replacement Cameras (Community mobile camera)	5,000	10,049	5,000	0	5,000	5,000	0	5,000	0	0
KE507	Cycleways Installations (subject to £100k Arts Council ...)	10,000		10,000	0	0	0	0	0	0	0
KC232	SALC and the Swim Centre Urgent and H&S Works	249,256	81,875	249,256	0	45,000	45,000	0	0	0	0
KC231	SALC, Swim Centre, and Fairlands Valley Sailing Centre	19,950	88	19,950	0	0	0	0	0	0	0
KC233	Stevenage Arts & Leisure Water leak - Reroofing	28,856	9,826	28,856	0	0	0	0	0	0	0
	C&N cont.							0			
KC242	SLL Leisure management - end of contract capital provisio	150,000		150,000	0	0	0	0	0	0	0
KC237	Fire stopping works at SALC	100,000	8,131	100,000	0	0	0	0	0	0	0
KC238	Lift replacement at SALC	140,000	535	140,000	0	0	0	0	0	0	0
KC239	Replacement bridge at Golf Centre & other bridge works	90,000		90,000	0	0	0	0	0	0	0
KC240	Replacement Camera programme	25,000	26,085	25,000	0	35,000	35,000	0	40,000	10,000	
KC241	ASB team mobile camera	5,000		0	(5,000)	5,000	0	(5,000)	5,000	5,000	
New Growth	New Leisure Contract				0	1,200,000	1,200,000	0			
New Growth	Various				0	250,000	250,000	0	5,000	5,000	5,000
	Community Infrastructure Projects					0	97,500	97,500			
	Total Community & Neighbourhoods	873,431	142,130	829,422	(44,010)	1,540,000	1,632,500	92,500	55,000	20,000	5,000

APPENDIX C - GENERAL FUND CAPITAL STRATEGY



		2022/2023				2023/2024			2024/2025	2025/2026	2026/2027
Cost Centre	Scheme	January Draft Budget £	Actuals 31/12/2022 £	Febuary Final Revised Budget £	Variance Draft v Final Budget £	January Draft Budget £	Febuary Final Revised Budget £	Variance Draft v Final Budget £	Febuary Final Revised Budget £	Febuary Final Revised Budget £	Febuary Final Revised Budget £
	Planning & Regulatory										
KE119	Off Street Car Parks (Multi Storey Car Parks)	125,000	101,072	125,000	0	346,244	346,244	0	250,000	0	
KE530	Car Park Equipment - Digitalisation	20,000		20,000	0	0	0	0	0	0	
KE516	Town Centre Ramps Improvements				0	0	0	0	0	0	
KE201	Hard standings	42,607	20,980	42,607	0	25,000	25,000	0	25,000	0	
KE100	Residential Parking	21,846	19,720	21,846	0	0	0	0	0	0	
KE217	Parking Restrictions	16,183	10,978	16,183	0	15,000	15,000	0	15,000	0	
KE444	Coreys Mill Lane - Additional Parking Capacity	22,130	402	22,130	0	0	0	0	0	0	
KE531	Workplace Travel Plan	27,519	1,393	27,519	0	15,000	15,000	0	15,000	0	
GROWTH	Cashless on street parking transition	0		0	0	60,000	60,000	0	60,000	0	
	Total Planning & Regulatory	275,285	154,545	275,285	0	461,244	461,244	0	365,000	0	
KR911	Deferred Works Reserve	1,059,485		1,059,485	0	200,000	200,000	0	200,000	0	

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APPENDIX D - HOUSING CAPITAL STRATEGY



		2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
Cost Centre	Scheme	Actuals 21/12/2022	Febuary Final Revised Budget	Febuary Final Revised Budget	Febuary Final Revised Budget	Febuary Final Revised Budget	Febuary Final Revised Budget
		£	£	£	£	£	£
	SUMMARY						
	Capital Programme Excl New Build (Housing Investment)	15,573,597	23,468,959	25,442,385	20,070,405	21,429,000	18,063,000
	Special Projects & Equipment		63,462	25,000		1,141,000	1,141,000
	New Build (Housing Development)	14,479,005	25,059,758	36,706,359	13,659,140	12,342,000	4,615,470
	Digital & Transformation	185,734	494,153	246,364	51,330		
	TOTAL HRA CAPITAL PROGRAMME	30,238,335	49,086,333	62,420,108	33,805,875	34,912,000	23,819,470
	HRA USE OF RESOURCES						
BH930	MRR (Self Financing Depreciation)		17,983,385	20,755,150	19,705,320	17,870,000	12,634,812
BH902	New Build Land Receipts		5,713,163	1,420,000		2,100,000	4,373,000
BH902	Unpooled Receipts						
BH901	(RTB) new Build provision		5,126,827	11,579,151	4,216,786	4,403,066	2,196,188
BH903	Debt Provision Receipts		936,391	975,881	1,058,398	1,102,000	
BH906	Section 20 Contribution		500,000	1,129,846	567,636		
	Borrowing		8,755,659	24,964,256	174,752		
	S106		735,565				
BH906	Developer Contributions (Kenilworth)		4,728,545				
	Revenue Contribution to Capital		2,203,760	238,070	6,725,228	9,436,934	4,615,470
	S20 Leaseholder Conts.						
BH905	Grant		2,403,038	1,357,755	1,357,755		
	TOTAL HRA RESOURCES FOR CAPITAL		49,086,333	62,420,108	33,805,875	34,912,000	23,819,470
	Major Repair Reserve Bought Forward (BH930)		(22,810,085)	(16,727,120)	(9,780,058)	(4,382,826)	(1,320,914)
	Depreciation (increasing MRR)		(11,900,420)	(13,808,088)	(14,308,088)	(14,808,088)	(15,308,088)
	MRR Used (decreasing MRR)		17,983,385	20,755,150	19,705,320	17,870,000	12,634,812
	Major Repair Reserve Carried Forward		(16,727,120)	(9,780,058)	(4,382,826)	(1,320,914)	(3,994,190)
	Total RTB Receipts Bought Forward		(10,383,947)	(10,863,706)	(1,766,545)	(1,766,545)	333,471
	Total RTB Receipts Received		(12,256,139)	(4,877,871)	(5,275,185)	(5,505,050)	(5,743,244)
	Receipts used for GF Registered Providers						
	Repayment of One for One Receipts & Interest						
	Debt Provision Receipts Used for Provision of Interest on Repaid One for One Receipts						
	Total RTB Receipts Used HRA		11,776,381	13,975,032	5,275,184	7,605,066	6,569,188
	Total RTB Receipts Carried Forward		(10,863,706)	(1,766,545)	(1,766,545)	333,471	1,159,414

APPENDIX D - HOUSING CAPITAL STRATEGY



		2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
Cost Centre	Scheme	Actuals 21/12/2022	Febuary Final Revised Budget	Febuary Final Revised Budget	Febuary Final Revised Budget	Febuary Final Revised Budget	Febuary Final Revised Budget
		£	£	£	£	£	£
	CAPITAL PROGRAMME EXCL. NEW BUILD						
	Planned Investment including Decent Homes						
KH157	Decent Homes - Redecs	(108)					
Various	Decent Homes - Internal/External Works	2,235,213	2,995,060	3,969,000	6,750,000		
Various	Decent Homes External Works						
Various	Decent Homes - Flat Blocks	6,016,283	10,150,000	9,200,000	2,000,000		
KH205	Communal Heating	1,901,722	1,700,000				
KH092	Lift Installation - Inspection & Remedial Works	395,653	750,000				
KH291	Sprinkler Systems - Flat Blocks	1,044,658	727,955				
KH294	High Rises - Preliminary Works	42,115	44,098				
KH321	High Rises - Improvement Works	39,428	150,000	1,750,000	1,750,000		
Future Year	New Schemes to be created				215,260		
	Health & Safety						
KH085	Fire Safety	448,911	1,062,772		500,000		
KH317	Additional fire stopping works	21,329		1,002,420	959,620		
KH112	Asbestos Management	215,716	300,000	300,000	300,000		
KH114	Subsidence	143,106	135,903	100,000	100,000		
KH144	Contingent Major Repairs	434,392	467,306	365,440	500,000		
GROWTH	Building safety			2,715,000	980,000	980,000	350,000
	Estate & Communal Area						
KH223	Asset Review - Challenging Assets	427,889	852,691	857,770	857,770		
KH224	Asset Review - Sheltered (non RED)	115,240					
	Other HRA Schemes						
KH318	Stock condition Surveys	3,454	110,000	60,000	80,000	60,000	60,000
KH174	Energy Efficiency Pilot Projects	1,432,768	587,853	20,000	420,000		
KH094	Disabled Adaptations	566,325	585,320	650,000	650,000		
GROWTH	Increased A&A budget			350,000	350,000	350,000	350,000
KH319	Decarbonisation	80,083	2,550,000	2,600,000	2,300,000	2,300,000	2,300,000
KH320	Decarbonisation	9,421	300,000				
GROWTH	Decarbonisation - Grant			1,310,940	1,310,940		
GROWTH	CCTV			145,000			
GROWTH	Digitalisation			46,815	46,815		
	New Business Plan expenditure				17,739,000	14,373,000	
	TOTAL CAPITAL PROGRAMME EXCL. NEW BUILD	15,573,597	23,468,959	25,442,385	20,070,405	21,429,000	18,063,000
	SPECIAL PROJECTS & EQUIPMENT						
	HRA Equipment						
KH015	Capital Equipment (including Supported Housing Equip)		44,160	25,000	25,000	1,141,000	1,141,000
KH278	Vans for RVS		19,302				
	Sub Total Special Projects & Equipment		63,462	25,000	25,000	1,141,000	1,141,000

APPENDIX D - HOUSING CAPITAL STRATEGY



		2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
Cost Centre	Scheme	Actuals 21/12/2022	Febuary Final Revised Budget	Febuary Final Revised Budget	Febuary Final Revised Budget	Febuary Final Revised Budget	Febuary Final Revised Budget
		£	£	£	£	£	£
	CAPITAL PROGRAMME NEW BUILD						
	New Build Programme - eligible for 1-4-1	4,753,936	12,817,068	35,021,099	13,225,780	12,342,000	4,615,470
	New Build Programme - ineligible	9,725,069	12,242,690	1,685,260	433,360		
KH233	Open Market Acquisitions (4 units in 20/21)	3,112,662	2,267,813				
KH233	Open Market Acquisitions (4 units in 20/21) (Ineligible 141)		1,000,000	930,790			
KH241	Ditchmore Lane 6 units (Ineligible 141)	(26,244)					
KH247	Kenilworth Close (105 units) (Ineligible 141)	9,726,124	11,242,690	754,470	433,360		
KH247	Kenilworth Close 1 for 1 Expenditure (61.8%)		7,848,177				
KH280	Symonds Green	731,018	997,680				
KH279	Shephall Way	(27,670)					
KH307	The Oval (70 Units)	309,626	500,000	9,230,707	12,342,000	12,342,000	4,615,470
KH282	North Road (Ineligible 141)	22,334					
KH301	Redcar Drive aka Cartref	17,373	50,000	8,143,630			
KH302	Drakes Drive						
KH314	Ellis Avenue	4,325	50,000	1,872,878			
KH303	Dunn Close (27 units, 21 in main block, supported accomodation)	412,155	1,103,398	2,051,698			
KH304	Shephall Social	194,447		7,130,126			
KH305	Mary Mead Social			5,697,150	883,780		
KH306	Ely Dell Social			894,910			
KH072	L.S.S.O. Buy Back	2,855					
	TOTAL CAPITAL PROGRAMME NEW BUILD	14,479,005	25,059,758	36,706,359	13,659,140	12,342,000	4,615,470
	INFORMATION TECHNOLOGY						
	IT General (IT)						
KH268	Infrastructure Investment	27,591	120,000	154,544	51,330		
KH315	Core ICT Equipment for Additional Staff		30,000	30,000			
KH316	2012 Migration Servers		6,000	6,870			
	Total General IT	27,591	156,000	191,414	51,330		
	Other HRA						
KH218	ICT Programme (Business Plan)	95,200	66,123				
	Total Other HRA	95,200	66,123				
	Connected To Our Customers (CTOC)						
KH272	Electronic SMB Reports System	26,631					
KH288	New CRM Technology (Digital Platform)	15,508	70,000	54,950			
	Total CTOC	42,139	70,000	54,950			
	Housing All Under One Roof programme (HAUOR)						
KH283	Housing Improvements - Northgate online	20,803	71,130				
KH260	On-Line Housing Application Form - RAPID KZ107		52,000				
KH286	Housing Document Mgt System (Repairs end to end)		78,900				
	Total HAUOR	20,803	202,030				
	TOTAL ICT INCLUDING DIGITAL AGENDA	185,734	494,153	246,364	51,330		

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AUDIT COMMITTEE/ EXECUTIVE / COUNCIL

Portfolio Area: Resources

Date: 7 February 2023 / 8 February
2023 / 23 February 2023



ANNUAL TREASURY MANAGEMENT STRATEGY INCLUDING PRUDENTIAL INDICATORS 2023/24

NON-KEY DECISION

Author – Rhona Bellis
Contributor – Kaha Olad/Lee Busby
Lead Officer – Brian Moldon
Contact Officer – Brian Moldon

1 PURPOSE

- 1.1 To recommend to Council the approval of the Treasury Management Strategy 2023/24, including its Annual Investment Strategy, Prudential Indicators and Minimum Revenue Provision (MRP) policy following considerations from Audit and Executive committees.

2 RECOMMENDATIONS

2.1 Audit Committee

That subject to any comments by the Audit Committee to the Executive, the 2023/24 Treasury Management Strategy 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 2023/24 Treasury Management Strategy is recommended to Council for approval.

2.3 Council

That subject to any comments from the Audit Committee and the Executive, the 2023/24 Treasury Management Strategy be approved by Council.

3 BACKGROUND

- 3.1.1 CIPFA published the updated Treasury Management and Prudential Codes on 20 December 2021 for implementation from 2023/24. The implications were detailed, in the Treasury Management Strategy 2022/23 approved by full council in February 2022. The changes have now been implemented in this report and are identified by reference to the “New code”.
- 3.1.2 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Council’s low risk appetite, providing adequate liquidity initially before considering investment return.
- 3.1.3 The second main function of the treasury management service is the funding of the Council’s capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 3.1.4 The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
- 3.1.5 CIPFA defines treasury management as:
- “The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*
- 3.1.6 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

3.2 Reporting requirements

3.2.1 Capital Strategy

The Capital Strategy will be brought before members as a separate report. The aim of that strategy is to ensure that all Members of the Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

3.2.2 Treasury Management reporting

The Council is required to receive and approve (as a minimum) three main treasury reports each year. The annual treasury management strategy including the Prudential Indicators (this report) is forward looking, it is the first and most important of the three and includes:

- a. **Prudential and treasury indicators and treasury strategy** (this report) -
 - the capital plans, (including prudential indicators).
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time).
 - the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an Annual Investment Strategy, (the parameters on how investments are to be managed).
- b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- c. **An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.
- d. The new code requires - **Quarterly reports** in addition to the three major reports detailed above from 2023/24 (end of June/end of December). However, these additional reports do not have to be reported to Council and should comprise updated Treasury / Prudential Indicators only.

3.2.3 These reports are required to be adequately scrutinised, and this is undertaken by the Audit Committee and Executive.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

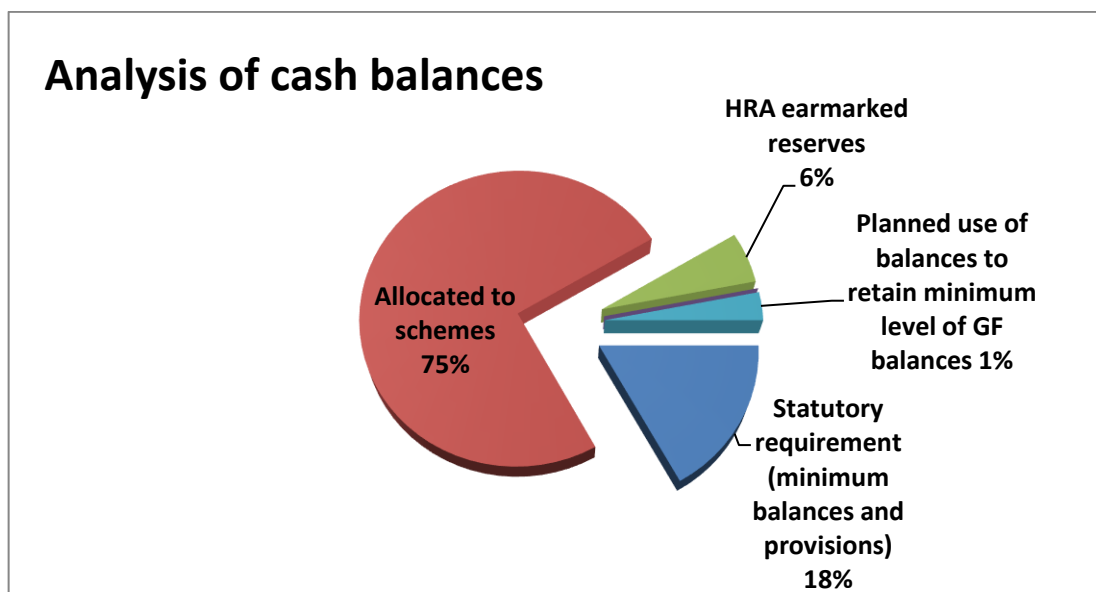
4.1 Performance of Current Treasury Strategy

4.1.1 For the financial year to 31 December 2022 returns on investments have averaged 1.57% and total interest earned was £830,746 contributing to General Fund and Housing Revenue Account income.

Part I

Release to Press

- 4.1.2 Cash balances as of 31 December 2022 were £58Million and are forecast to be £48Million as of 31 March 2023. The Council's balances are made up of cash reserves e.g., HRA and General Fund balances, restricted use receipts such as right to buy one for one receipts and balances held for provisions such as business rate appeals, reduced by internal borrowing.
- 4.1.3 In considering the Council's level of cash balances, Members should note that the General Fund MTFS and Capital Strategy have a planned use of resources over a minimum of five years and the HRA Business Plan (HRA BP) a planned use of resources over a 30-year period, which means, while not committed in the current year; they are required in future years.
- 4.1.4 The Council's current investment portfolio is held for Treasury management purposes only and consists of "conventional" cash investments: deposits with banks and building societies, Money Market Funds and loans to other Local Authorities. Currently no investments have been made with any of the other approved instruments within the Specified and Non-specified Investment Criteria (see Appendix D).
- 4.1.5 There have been **no breaches** of treasury **counter party limits**, with the investment activity during the year conforming to the approved strategy. Any breach would be notified to the Chief Finance Officer. The Council has had no liquidity difficulties and no funds have been placed with the Debt Management Office (DMO) during 2022/23 to date, 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 the year may be placed in the DMO temporarily if cash balances, due to the timing of taking out new loans would breach other counterparty limits.
- 4.1.6 The following chart shows the planned use of cash balances at 31 December 2022.



- 4.1.7 The restrictive use of a proportion of the cash balances set out above, plus the planned use of resources in line with the Council's capital and revenue

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strategies mean that the investment balance of £58Million as of 31 December 2022 is not available to fund new expenditure.

4.2 Treasury Management Strategy for 2023/24

4.2.1 The strategy for 2023/24 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators.
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position.
- treasury indicators which limit the treasury risk and activities of the Council.
- prospects for interest rates.
- the borrowing strategy.
- policy on borrowing in advance of need.
- debt rescheduling.
- the investment strategy.
- creditworthiness policy; and
- the policy on use of external service providers.

4.2.2 These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

4.2.3 The Council's Treasury Management Policy Statement can be found at **Appendix A**.

4.2.4 The Council's Capital Strategy is reported separately from the Treasury Management Strategy. Non-treasury investments are reported through the former, ensuring the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset.

4.2.5 The revised Treasury Management Code requires all investments and investment income to be attributed to one of the following three purposes: -

- **Treasury management**

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

- **Service delivery**

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this

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category of investment which are funded by borrowing are permitted only in cases where the income is “either related to the financial viability of the project in question or otherwise incidental to the primary purpose”.

- **Commercial return**

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to an authority’s financial capacity – i.e., that ‘plausible losses’ could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

4.2.6 The Council’s current investment portfolio is held for Treasury management purposes only.

4.2.7 The new code requires the council’s credit and counterparty policies should set out its policy and practices relating to **environmental, social and governance (ESG)** investment considerations. Investment considerations here means understanding the ESG “risks” that the council is exposed to and evaluating how well it manages these risks. It is NOT the same as Socially Responsible Investing.

4.2.8 Managing the ESG risk is already part of the current Treasury Investment Strategy, as the council uses mainstream rating agencies to assess counterparty creditworthiness – they now incorporate ESG risks alongside more traditional financial risk metrics when assessing counterparty ratings.

4.3 Training

4.3.1 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

4.3.2 The last training arranged for members took place in October 2021 and further training will be arranged as required.

4.3.3 The training needs of treasury management officers are periodically reviewed.

4.3.4 A formal record of the training received by officers central to the Treasury function will be maintained by the Head of Technical Accounting. Similarly, a formal record of the treasury management training received by members will also be maintained by the Head of Technical Accounting.

4.4 Treasury Management Consultants

4.4.1 The Authority uses Link Group, Link Treasury Services Limited as its external treasury management advisors.

4.4.2 The Authority recognises that responsibility for treasury management decisions always remains with the organisation and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisors.

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- 4.4.3 It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

4.5 THE CAPITAL PRUDENTIAL INDICATORS 2023/24-2025-26

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

- 4.6 **Capital Expenditure and Financing** – this prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of the Capital Strategy 2023/24. Members are asked to approve the capital expenditure forecasts: -

Capital expenditure £000	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Non-HRA	24,121	26,185	34,017	18,357	7,681
HRA	37,221	49,086	62,420	33,806	34,912
Total	61,342	75,271	96,437	52,163	42,593

- 4.6.1 The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of capital expenditure £000	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Capital receipts	9,493	18,614	21,115	7,048	6,784
Capital grants and contributions	8,308	20,817	22,546	12,634	8,502
Capital reserves	0	848	375	379	0
Revenue	1,862	2,449	591	6,725	9,437
Major Repairs Reserve	3,828	17,983	20,755	19,705	17,870
Net financing need for the year	23,491	60,711	65,382	46,491	42,593
Capital Expenditure requiring borrowing	37,851	14,560	31,055	5,672	0

- 4.7 **The Council's Borrowing Need (the Capital Financing Requirement)** - The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

- 4.7.1 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the

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indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

4.7.2 The CFR includes any other long-term liabilities (e.g., finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility by the lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £20Million of such schemes within the CFR.

4.7.3 The Council is asked to approve the CFR projections below:

£000	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Capital Financing Requirement					
General Fund excluding Finance Lease	35,182	39,319	43,536	46,006	41,422
Finance Lease	11,669	11,592	11,499	11,397	11,285
Total General Fund	46,851	50,911	55,035	57,403	52,707
Housing	258,581	267,877	292,842	293,016	292,516
Total CFR	305,432	318,788	347,877	350,419	345,223
Movement in CFR		13,356	29,089	2,542	(5,196)

Movement in CFR represented by				
Net financing need for the year (above)	14,560	31,055	5,671	(500)
Less MRP/VRP and other financing movements	(1,204)	(1,966)	(3,129)	(4,696)
Movement in CFR	13,356	29,089	2,542	(5,196)

4.8 Liability Benchmark (New Code)

4.8.1 A third and new prudential indicator for 2023/24 is the Liability Benchmark (LB). The Council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years.

Financial Year End	2023 £'000	2024 £'000	2025 £'000
(Over)/Under Liability Benchmark	(21,388)	(1,846)	29,020

4.8.2 This benchmark compares actual loan debt outstanding and the liability benchmark (net loans requirement plus a liquidity buffer). Years where actual loans are less than the benchmark indicate a future borrowing requirement; any years where actual loans outstanding exceed the benchmark represent a technically overborrowed position.

4.8.3 The table above shows a trend from a forecast overborrowed position, moving towards an under borrowed position. Showing that in 2023, there are theoretical investment balances that if unallocated, could be used to pay off debt. Investment balances held by the council are already allocated and are

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not available for repayment of debt or additional capital expenditure. As a result, the Council will need to externally borrow to replace internal borrowing in the medium term.

- 4.8.4 Cashflow is monitored on an ongoing basis to ensure that the timing of external borrowing to support the Capital Strategy and Treasury function is undertaken in a timely and prudent manner.

4.9 Core Funds and Expected Investment Balances

- 4.9.1 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources £000	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Fund balances / reserves	80,887	61,665	51,827	49,725
Capital receipts	17,329	3,266	10,603	5,854
Provisions	3,022	2,290	2,290	2,290
Total core funds	101,238	67,221	64,720	57,869
Working capital*	3,237	(9,393)	(21,131)	(15,323)
Under/over borrowing**	(56,476)	(42,737)	(30,792)	(21,182)
Expected investments	47,999	15,091	12,767	21,364

*Working capital balances shown are estimated year-end; these may be higher mid-year

4.10 Minimum Revenue Provision (MRP) Policy Statement

- 4.10.1 Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Council has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP).
- 4.10.2 The Council is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.
- 4.10.3 The MRP policy statement requires full council approval in advance of each financial year. The Council is recommended to approve the MRP Statement at **Appendix B** to this report.

4.11 Borrowing

- 4.12 The capital expenditure plans set out in paragraph 4.6 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's Capital Strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the Annual Investment Strategy.

4.12.1 Current Portfolio Position

The overall treasury management portfolio as at 31 March 2022 and as at 31 December 2022 are shown below for both borrowing and investments.

TREASURY PORTFOLIO		
£000	actual 31.3.22	current 31.12.22
Total treasury investments	68,750	57,800
Treasury external borrowing:		
PWLB	227,750	227,619
Finance Leases and other external borrowing	19,230	20,580
Total external borrowing	(246,980)	(248,199)
Net treasury investments / (borrowing)	(178,230)	(190,399)

4.12.2 Details of Investments and PWLB borrowing can be found at **Appendix G**.

4.12.3 The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement – CFR), highlighting any over or under borrowing.

£000	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
External Debt				
Debt at 1 April	246,980	262,313	292,120	296,680
Expected change in Debt	14,559	31,055	5,671	0
Other long-term liabilities (OLTL)	1,350	0	0	0
Expected change in OLTL	(577)	(1,247)	(1,112)	(2,996)
Actual gross debt at 31 March	262,312	292,121	296,679	293,684
The Capital Financing Requirement	318,788	347,877	350,419	345,223
Under / (over) borrowing	(56,476)	(55,756)	(53,740)	(51,539)

4.12.4 Within the range of prudential indicators there are several key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

4.12.5 Based on the capital programme 2023/24 (February 2023 Update) resourcing projections, the Council has the following borrowing requirements in 2023/24:

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- General Fund £6,090,720 (£1,890,720 in relation to the 10-year plan for the garages estates approved by Council on 20 July 2016, £3Million in relation to the wholly owned housing development company and £1.2Million supporting the new Leisure contract with income generating investment).
- HRA £24,964,256 (£24,692,891 on housing development).

4.12.6 The s151 officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes account of current commitments, existing plans and the proposals in this budget report.

4.13 Treasury Indicators: Limits to Borrowing Activity

4.13.1 **The Operational Boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational Boundary £000	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
General Fund	51,537	55,035	58,603	55,107
General Fund additional borrowing facility available to the Housing WOC Wholly Owned Company	15,000	15,000	15,000	15,000
Total - General Fund	66,537	70,035	73,603	70,107
HRA	267,877	292,841	293,016	292,516
Total	334,414	362,876	366,619	362,623
Previous Operational Boundary	354,821	366,117	365,322	364,518

4.13.2 **The Authorised Limit for external debt.** This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Full Council. It reflects the level of external debt which, while not desired, could be afforded in the short-term, but is not sustainable in the longer-term.

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all local authority plans, or those of a specific authority, although this power has not yet been exercised.
- The Council is asked to approve the following Authorised Limit:

Authorised Limit £000	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
General Fund Finance lease	15,000	15,000	15,000	15,000
General Fund Borrowing for capital expenditure including WOC	66,911	71,035	73,403	68,707

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Authorised Limit £000	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Total Borrowing - General Fund	81,911	86,035	88,403	83,707
Borrowing - HRA	279,877	304,841	305,016	304,516
Total	361,788	390,876	393,419	388,223
Previous Authorised Limit	360,821	374,117	373,322	372,518

4.14 Prospects for Interest Rates

4.14.1 The Council retains Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 19 December 2022. These are forecasts for certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	19.12.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

4.14.2 The **Bank of England base rate** stands at 3.5% currently and is expected to reach a peak of 4.5% in June 2023, before gradually reducing over the next 24 months.

4.14.3 The CPI measure of inflation (a key bank of England KPI driving decisions on interest rates) looks to have peaked at 11.1% at the end of 2022 (currently 10.7%). Despite the cost-of-living squeeze, the Bank will want to see evidence that wages are not spiralling upwards in what is still a very tight labour market, before making any decisions to stop increasing rates in the short term.

4.14.4 The markets will already have built in the effects on gilt yields because of interest rate forecasts and the elevated inflation outlook, resulting in less volatile **PWLB** 5 to 50 years Certainty rates – these are generally, in the range of 4.10% to 4.80%

4.14.5 More detailed analysis of the prospect for interest rates can be found at **Appendix F**

4.15 Current Borrowing Position

4.15.1 The estimated Council's capital financing requirement (CFR) for 2022/23 is £319Million. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council had £248Million in external debt at 31 December 2022, of which PWLB debt and its purpose is detailed in the table below.

Purpose of Loan	PWLB Loan £'000
General Fund Regeneration Assets	1,888
HRA	
Decent Homes	30,820
Self-Financing	194,911
Total HRA Loans	225,731
Total PWLB Debt at 31st December 2022	227,619

4.15.2 The Council is forecast to utilise (short term) £71Million of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring if any upside risk to gilt yields prevails.

4.15.3 No new external borrowing has been taken to date during 2022/23 The capital programme is being kept under regular review because of inflationary pressures, shortages of materials and labour. Our borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, to achieve optimum value and risk exposure in the long-term.

4.15.4 PWLB maturity certainty rates (gilts plus 80bps) have continued to rise, reverting to the gradual increases seen before the mini budget in the Autumn. The 50-year PWLB 5 to 50 years Certainty rates are, generally, in the range of 4.10% to 4.8%.

4.15.5 The General Fund has PWLB external borrowing of £1.9Million and other external borrowing of £7.5Million (Local Enterprise Partnership - LEP) and a finance lease of £12Million (Aviva). 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 £7.779Million received to date has been repaid. The remaining balance is repayable - £6.57Million in 2030 and £1Million in 2025. The loans are at zero interest.

Table 5: LEP Loans					
Loan Received	Site Assembly	Land Assembly	SG1	Repaid	Total
2015/16	762,488			(208,795)	553,693
2018/19	416,306				416,306
2019/20		4,108,709			4,108,709
2020/21		1,491,291	500,000		1,991,291
2022/23			500,000		500,000
Total	1,178,794	5,600,000	1,000,000	(208,795)	7,569,999

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4.15.6 The Aviva finance lease entered in 2018/19 for 37 years was immediately sublet to Queensway Properties (Stevenage) LLP for 37 years.

4.15.7 The HRA has external borrowing from PWLB of £225.731 Million

- £7.763 Million from pre-2012,
- £4.010 Million taken out in 2019/20,
- £10.0 Million taken out in 2020/21 and
- £9.047 Million taken out in 2021/22.

The remainder of £194.911 Million relates to HRA self-financing payment made to central government in 2012.

4.15.8 The target average borrowing rate in the latest HRA Business Plan last updated 2019 (HRA BP) was 1.6% for 2020, rising to 1.72% in 2021 and 1.74% in 2022. Recent interest rate rises have led to current forecast rates exceeding the original BP forecasts.

4.15.9 The table 6 below shows current PWLB borrowing rates compared to rates secured for the HRA borrowing in prior years.

Rates^{1*} as at:	Mar-21	Feb-22	17 Jan 23
Years	Actual Rate %	Actual Rate %	PWLB Rate %
5			4.18
10			4.32
15			4.55
20	2.06		4.64
21		2.24	4.64
25.5		2.22	4.62

4.15.10 Finance leases entered between the HRA and Marshgate Ltd, the Council's wholly Owned Housing Company relating to 10 residential dwellings, leased for 25 years amounted to £1.3 Million.

4.16 Borrowing Strategy

4.16.1 The Council is currently maintaining a non-fully funded position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall

¹ Rates include a 0.2% Certainty Rate reduction

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from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate increases over the remainder of 2022 and the first half of 2023.

4.16.2 Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Assistant Director of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

4.16.3 Borrowing may be taken to facilitate investment in regeneration and/or economic improvements for the town. This may include investment in special purpose vehicles owned by the Council to facilitate regeneration aspirations. Any such investments will be presented to Members.

4.17 Policy on Borrowing in advance of Need

4.17.1 It is the Council's intention not to borrow more than or in advance of its needs purely to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

4.17.2 In determining whether borrowing will be undertaken in advance of need the Council will.

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need
- ensure the ongoing revenue liabilities created, and the implications for the future and budgets have been considered
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow
- consider the merits and demerits of alternative forms of funding

- consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

4.18 Rescheduling

4.18.1 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a large difference between premature redemption rates and new borrowing rates.

4.19 ANNUAL INVESTMENT STRATEGY

4.20 The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding

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assets and service investments, are covered in the Capital Strategy, (a separate report).

4.20.1 In managing the TM function other areas kept under review include:

- Training opportunities available to Members and officers (the most recent training for Members took place on 14 October 2021)
- That those charged with governance are also personally responsible for ensuring they have the necessary skills and training
- A full mid-year review of the TMS will be reported in 2023/24

4.20.2 The 2023/24 Strategy uses the credit worthiness service provided by Link Asset Services (formerly known as Capita Treasury Solutions) the Council's treasury advisors. This service uses a sophisticated modelling approach which utilises credit ratings from the three main credit rating agencies and is compliant with CIPFA code of practice.

4.20.3 While Link Asset Services may advise the Council, the responsibility for treasury management decisions always remains with the Council and officers do not place undue reliance on the external service advice.

4.20.4 The TM limits for 2023/24 (Appendix D) have been reviewed. No changes are considered necessary since that agreed as part of the Mid-Year Review of 2022/23.

4.20.5 The latest list of "Approved Countries for Investment" is detailed in Appendix E. This lists the countries that the Council may invest with providing they meet the minimum credit rating of AA-. The Council retains the discretion not to invest in countries that meet the minimum rating but where there are concerns over human rights issues.

4.21 Non-Treasury Investments

4.21.1 The CIPFA Prudential and Treasury Codes recommend that authorities' capital strategies should include a policy and risk management framework for all investments. The Codes identify three types of local authority investment:

- Treasury management investments, which are taken to manage cashflows and as part of the Council's debt and financing activity
- Commercial investments (including investment properties), which are taken mainly to earn a positive net financial return (previously purchased commercial investments only as Council's are no longer permitted to access PWLB rates if they invest in commercial investments primarily for gain.
- Service investments, which are taken mainly to support service outcomes

4.21.2 Details of the Annual Investment Strategy can be found in Appendix A.

4.22 Investment returns expectations

4.22.1 The current forecast shown in paragraph 4.14.2, includes a forecast for Bank Rate to reach 4.5% in Q2 2023. The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows: -

Average earnings in each year	
2022/23 (remainder)	4.00%
2023/24	4.40%
2024/25	3.30%
2025/26	2.60%
2026/27	2.50%
Years 6 to 10	2.80%
Years 10+	2.80%

4.22.2 As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

4.22.3 Against this view the forecast of interest earned on Treasury investments in 2023/24 is £1.8Million, based on 4% interest earned on average balances of £45million.

4.22.4 For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, Money Market Funds and short-dated deposits, to benefit from the compounding of interest.

4.23 Changes of investment strategy

4.23.1 There are no proposed changes to the Strategy for 2023/24.

4.24 OTHER ISSUES

4.25 UK Sovereign rating and investment criteria: The UK sovereign rating is currently on the lowest acceptable level suggested for approved countries as set out in Appendix E. In October 2020, Moody's downgraded the rating to Aa3 (AA- equivalent), the same as Fitch, while Standard & Poor's has it rated at AA. The UK sovereign rating could come under pressure from the impact of COVID and / or following the UK's exit from the EU. The Council's investment criteria only use countries with a rating of AA- or above. The UK rating will be 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.

4.26 Queensway Properties (Stevenage) 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 (Stevenage) LLP, was incorporated to manage the rental streams and costs associated with the scheme. The Council's treasury management team offered

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its services to the LLP, to manage and invest its surplus cash flows through a service level agreement. To date no investment activities have been undertaken on their behalf.

4.27 Queensway Properties (Stevenage) LLP 2nd phase: the first phase of the head lease was recognised on the Council's balance sheet and the operational borrowing limit was increased to reflect the valuation. When the second phase of residential properties becomes available to let the Council's lease payments will increase to reflect this. As such the balance sheet valuation of the finance lease will increase and the operational and authorised borrowing limits for the General Fund have been increased accordingly. This has been reflected in the TM indicators.

4.28 IFRS16 – Leasing: As reported previously, some currently off-balance sheet leased assets may need to be brought onto the balance sheet under IFRS 16, however CIPFA LASAAC Local Authority Accounting Code Board announced the deferral of the implementation of IFRS 16 Leases in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) until the 2023/24 financial year. It is unlikely that this change will have a significant impact for Stevenage.

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 This report is of a financial nature and reviews the treasury management function for 2022/23 to date. 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 There have been no changes to PWLB borrowing arrangements since the last Treasury report, however there are changes to the Prudential and Treasury Management codes from 2023/24. Officers will ensure that any changes are reflected in treasury operations and reporting requirements.

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. As these conditions change the Council may need to take borrowing at higher rates which would increase revenue costs.

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- 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 consider the relative risk of investments and to preclude certain grades of investments and counterparties to prevent loss of income to the Council.
- 5.3.5 There is a risk to the HRA BP's ability to fund the approved 30-year spending plans if interest rates continue to rise, this will be included in the revision to the BP later in the year.

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 invested in 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 Council's ambition to attempt to be carbon neutral by 2030.

BACKGROUND PAPERS

- BD1 Treasury Management Strategy including Prudential Code Indicators 2022/23 (Council 24 February 2022).

APPENDICES

- Appendix A - Treasury Management Strategy
- Appendix B - Minimum Revenue Provision Policy
- Appendix C - Prudential Indicators
- Appendix D - Specified and Non-Specified Investment Criteria

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- Appendix E - Approved Countries for investment
- Appendix F - Link Interest Rates forecasts

Appendix A Treasury Management Strategy 2023/24

1. Treasury Management Policy Statement

- 1.1. The Council defines its treasury management activities as: *“The management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”*.
- 1.2. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
- 1.3. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
- 1.4. As set out in the Treasury Management Strategy 2022/23, this Strategy has been prepared in accordance with the CIPFA Treasury Management Code 2021. The Code requires the Council to approve the Treasury Management Strategy annually and to produce a mid-year and annual report. In addition, Members in both Executive and Scrutiny functions receive monitoring reports and regular reviews. The aim of these reporting arrangements is to ensure that those with ultimate responsibility for the treasury management function appreciate fully the implications of treasury management policies and activities, and that those implementing policies and executing transactions have properly fulfilled their responsibilities regarding delegation and reporting.
- 1.5. The Act requires the Council to set out its Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy to set out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

2. Annual Investment Strategy

2.1. Investment Policy – Management of Risk

- 2.1.1. The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy, (a separate report).

The Council’s investment policy has regard to the following:

- DLUHC’s Guidance on Local Government Investments (“the Guidance”)
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (“the Code”)
- CIPFA Treasury Management Guidance Notes 2021

The Council’s investment priorities will be security first, portfolio liquidity second and then yield, (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and regarding the Council’s risk appetite.

In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider “laddering” investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated.

2.1.2. The guidance from the DLUHC and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

- a. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
- b. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings.
- c. **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- d. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in Appendix D under the categories of ‘specified’ and ‘non-specified’ investments.
 - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
 - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

The Council has determined that it will limit the maximum total exposure to non-specified investments as detailed in Appendix D.

- e. **Lending limits and Transaction Limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in Appendix D and will consider investments longer than 365 days
- f. This authority has engaged **external consultants**, Link Asset Services, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
- g. All investments will be denominated in **sterling**.

- h. The Council only invests in counterparties with a high credit quality in the UK or other countries meeting minimum AA- sovereign rating. The Council understands that changes have taken place to the ratings agencies and that their new methodologies mean that sovereign ratings are now of lesser importance in the assessment process. However, the Council continues to specify a minimum sovereign rating as the underlying domestic and where appropriate, international, economic and wider political and social background will still have an influence on the ratings of a financial institution (see Appendix E).
- i. As a result of the change in accounting standards for 2022/23 under IFRS 9, this authority considered the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. No changes were deemed to be required to the use of existing approved investment instruments. (The DLUHC) enacted a statutory over-ride from 1.4.18 for a five-year period until 31.3.23 following the introduction of IFRS 9 over the requirement for any unrealised capital gains or losses on marketable pooled funds to be chargeable in year. This has the effect of allowing any unrealised capital gains or losses arising from qualifying investments to be held on the balance sheet until 31.3.23: this was intended to allow councils to initiate an orderly withdrawal of funds if required.). At the current juncture it has not been determined whether a further extension to the over-ride will be agreed by Government.

2.2. Creditworthiness policy

- 2.2.1. The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. Based on this this main principle, the Council will ensure that:
- It maintains a policy covering the categories of financial instruments it will invest in, maximum investment duration, criteria for choosing counterparties with adequate security, and monitoring their security.
 - It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's Prudential indicators of the maximum principal sums invested more than 364 days.
- 2.2.2. The Assistant Director (Finance and Estates) will maintain a counterparty list in compliance with the criteria in the Strategy for Specified and Non-Specified Investment and will revise the criteria and submit them to Council for approval as necessary.
- 2.2.3. In determining the credit quality, the Council uses the Fitch credit ratings, together with Moody and Standard & Poor's equivalent where rated. Not all counterparties are rated by all three agencies and the Council will use available ratings.
- 2.2.4. The Council also applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:
- Credit watches and credit outlooks from credit rating agencies.

- Credit Default Swap (CDS) spreads. A CDS is a contract used to insure the holder of a bond against default by the issuer. A CDS can act as an indicator of default risk and provide an early warning of likely changes in credit ratings.
- Sovereign ratings to select counterparties from only the most creditworthy countries.

Link Asset Services modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments.

2.2.5. Credit ratings will be monitored whenever an investment is to be made, using the most recent information. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

- If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data daily via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

2.2.6. Sole reliance will not be placed on the use of this external service. In addition, the Council will also use market data including information on government support for banks and the credit ratings of that government support.

2.2.7. The Council receives updates from Link on future changes to Money Market Funds (MMF) that might affect the liquidity or risk of the fund. The Council is likely to change its approach to the use of MMF should liquidity or risk be adversely affected.

2.2.8. 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.

To date the borrowing rates available were lower than those offered for comparable loans available from the Public Works Loans Board (PWLB) at the time of issuance. The Council may make use of this alternative source of borrowing as and when appropriate.

2.3. Investment Strategy

2.3.1. **In-house funds.** Investments will be made with reference to the core balance and cash flow requirements, anticipated capital financing requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank of England base rate (Bank Rate) is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

3. Country limits

3.1. The Council has determined that it will only use approved counterparties from UK or selected countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). This is part of the criteria used to produce the Council's Counterparty List.

4. Borrowing Strategy and Policy on Borrowing in Advance of Need

4.1. The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate increases over the remainder of 2022 and the first half of 2023.

4.2. Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Assistant Director of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

4.3. Borrowing may be taken to facilitate investment in regeneration and/or economic improvements for the town. This may include investment in special purpose vehicles owned by the Council to facilitate regeneration aspirations. Any such investments will be presented to Members.

4.4. The Council will not borrow more than or in advance of its needs purely to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

4.5. In determining whether borrowing will be undertaken in advance of need the Council will:

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need
 - ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered
 - evaluate the economic and market factors that might influence the manner and timing of any decision to borrow
 - consider the merits and demerits of alternative forms of funding
 - consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.
- 4.6. Borrowing may be taken to facilitate investment in regeneration and/or economic improvements for the town. This may include investment in special purpose vehicles owned by the Council to facilitate regeneration aspirations. Any such investments will be presented to Members.
- 5. End of year investment report**
- 5.1. At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Outturn Report.
- 6. Policy on the use of external service providers**
- 6.1. In October 2021, the Council reappointed Link Asset Services as its treasury management advisors on a three-year contract. The new contract commenced on 26 October 2021.
- 6.2. The Council recognises that responsibility for treasury management decisions always remains with the organisation and will ensure that undue reliance is not placed upon our external service providers.
- 6.3. It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.
- 7. Scheme of Delegation and Role of Section 151 officer**
- 7.1. The Council has the role of:**
- receiving and reviewing reports on treasury management policies, practices and activities
 - approval of annual strategy.
 - approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
 - budget consideration and approval
 - approval of the division of responsibilities
 - receiving and reviewing regular monitoring reports and acting on recommendations
 - approving the selection of external service providers and agreeing terms of appointment
- 7.2. The Audit Committee** has the role of reviewing the policy and procedures and making recommendations to Council.
- 7.3. The Section 151 Officer** has the role of:
- recommending clauses, treasury management policy/practices for

approval, reviewing the same regularly, and monitoring compliance

- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities
- provision to Members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following (covered in Annual Capital Strategy Report).

In addition, high value and/or urgent payments can be made by CHAPS by the Treasury Team, however as these can have a material impact on cash flows on the day, authorisation for this type of payment must be obtained from the S151 or deputy S151 Officer.

7.4. Reporting arrangement to the Council and the Audit Committee is as below:

Area of Responsibility	Council Committee	Frequency
Treasury Management Policy Statement (revised)	Council	Initial adoption in 2010
Treasury Management Strategy / Annual Investment Strategy / Prudential Indicators and Minimum Revenue Provision (MRP) policy	Council	Annually before the start of the year
Treasury Management Strategy / Annual Investment Strategy / Prudential Indicators and MRP policy – mid-year report	Council	Annually before the end of the year
Treasury Management Strategy / Annual Investment Strategy / Prudential Indicators and MRP policy – updates or revisions at other times	Council	As required.
Annual Treasury Outturn Report	Council	Annually by 30 th November
Scrutiny of Treasury Management Strategy	Audit Committee	Annually before the start of the year
Scrutiny of Treasury Management performance	Audit Committee	Quarterly (General Fund updates)

Appendix B (February 2023 Update)

Minimum Revenue Provision Policy

Minimum Revenue Provision Policy Statement 2023/24

From 2013/14, the council has not had a fully funded capital programme, and although there has not been a need to borrow in full externally, due to the use of investment balances, it is necessary to make adequate provision for the repayment of debt in the form of Minimum Revenue Provision.

The **preferred method for existing underlying borrowing is Option 3 – the Asset Life Method** (out of 4 allowable options), whereby the MRP will be spread over the useful life of the asset which range. Useful life is dependent on the type of asset and was reviewed in 2019/20. Following that review asset lives now ranges from 7 years (ICT equipment) to 50 years (Investment properties, regeneration sites and car parks for example).

In applying the new asset lives historic MRP had been overpaid and in accordance with current MHCLG MRP Guidance can be reclaimed in future years. The council has a policy to ring fence costs and income associated with regeneration assets and as such has shown these MRP changes separately, see table below. The overpayment of £1,057,660.39 results in no MRP needing to be charged to the accounts for the regeneration assets until 2025/26, when a partial charge will be required, utilising the remainder of the overpayment balance.

voluntary MRP made		Use of overpayment	
	Regeneration		Regeneration
2012/13	£46,929.65	2020/21	£193,703.12
2013/14	£140,788.95	2021/22	£193,703.12
2014/15	£163,165.30	2022/23	£193,703.12
2015/16	£141,355.30	2023/24	£193,703.12
2016/17	£141,355.30	2024/25	£193,703.12
2017/18	£141,355.30	2025/26	£89,144.79
2018/19	£141,355.30		
2019/20	£141,355.30		
cumulative total	£1,057,660.39	cumulative total	£1,057,660.39

Capital expenditure incurred during 2022/23 will not be subject to an MRP charge until 2023/24, or in the year after the asset becomes operational.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made.

There is no requirement to make to make a minimum revenue provision for GF capital expenditure relating to Housing development.

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THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2023/24 – 2025/26

The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

(a) Capital Expenditure

Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. This includes spending on assets owned by other bodies, loans and grants to other bodies enabling them to buy assets.

Capital Expenditure	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
General Fund	24,121	26,185	34,017	18,357	7,681
HRA	37,221	49,086	62,420	33,806	34,912
Total Capital Expenditure	61,342	75,271	96,437	52,163	42,593

(b) Affordability Prudential Indicator

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Authority's overall finances. The Authority is asked to approve the following indicators: -

Ratio of financing costs to net revenue stream

Ratio of financing costs to net revenue stream %	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
General Fund	5%	6%	6%	7%	6%
HRA	16%	17%	17%	16%	15%

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.

The estimates of financing costs include current commitments and the proposals in this budget report.

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

2023/24 Treasury Management Strategy

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 Part-nationalised or Nationalised UK banking institutions (subject to regular reviews of government share percentage).	Maximum duration as per Treasury Advisor's (Capita's) colour coded Credit List, and less than one year
	Notice Account		
	Short Term Deposit		
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.	

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.

APPENDIX E: Approved Countries (with Approved counterparties) for Investments (January 2023)

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland
- U.S.A.

AA+

- Canada
- Finland

AA

- United Arab Emirates
- France

AA-

- Belgium
- Qatar

The UK is exempt from the sovereign rating criteria as recommended by Link Asset Services. The UK sovereign rating is currently AA-.

The above list includes the possible countries the Council may invest with. Not all of these countries are used or will be used in treasury management investments

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Prospects for Interest Rates

The Authority has appointed Link Group as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. Link provided the following forecasts on 19.12.22. These are forecasts for certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	19.12.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

Additional notes by Link on this forecast table: -

Our central forecast for interest rates was updated on 19 December and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. Bank Rate stands at 3.5% currently but is expected to reach a peak of 4.5% in H1 2023.

Further down the road, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

The CPI measure of inflation looks to have peaked at 11.1% in Q4 2022 (currently 10.7%). Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market.

Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started and will focus on the short, medium and longer end of the curve in equal measure, now that the short-lived effects of the Truss/Kwarteng unfunded dash for growth policy are firmly in the rear-view mirror.

In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)

On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

PWLB RATES

- The yield curve movements have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.10% to 4.80%.

- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).
- **The Bank of England** acts too quickly, or too far, over the next year to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates: -

- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project or even necessitates a further series of increases in Bank Rate.
- **The Government** acts too quickly to cut taxes and/or increases expenditure in light of the cost-of-living squeeze.
- **The pound weakens** because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term **US treasury yields** rise strongly and pull gilt yields up higher than currently forecast.
- Projected **gilt issuance, inclusive of natural maturities and QT**, could be too much for the markets to comfortably digest without higher yields consequently.

Part I – Release to Press



Agenda item:

Meeting Council

Portfolio Area

Date 23 February 2023



RESOLUTION TO EXTEND 6 MONTH RULE – SECTION 85 LOCAL GOVERNMENT ACT 1972

Author - Simon Pugh | Monitoring Officer

1. PURPOSE

- 1.1. To seek Council's approval, in accordance with section 85(1) of the Local Government Act 1972, to extend Councillor Liz Harrington's non-attendance at meetings of the Council until 4 May 2023 (the date of the Borough Council elections).

2. RECOMMENDATIONS

- 2.1. That Council agree, in accordance with Section 85 of the Local Government Act 1972, to approve Councillor Harrington's non-attendance at meetings until 4 May 2023 (the date of the Borough Council elections), on the grounds of ill health.

3. BACKGROUND

- 3.1. Councillor Harrington has been unable to attend any qualifying meetings on ill-health grounds, having last attended the meeting of the Community Select Committee held on 5 September 2022. In the circumstances, it is requested that Council approves her continuing absence until 4 May 2023 (the date of the Borough Council elections).
- 3.2. If approved this extension would not prevent Councillor Harrington from returning to meetings at any time within the extension period.
- 3.3. An extension is permitted under section 85 of the Local Government Act 1972, but must be approved within 6 months of Councillor Harrington's last qualifying meeting to prevent her from being disqualified.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1. Unless Council approve Councillor Harrington's continued absence she will be disqualified from serving as a Councillor on 4 March 2023, her last qualifying attendance being at the meeting of the Community Select Committee held on 5 September 2022.

5. IMPLICATIONS

Financial Implications

- 5.1. None

Legal Implications

- 5.2. Section 85(1) of the Local Government Act 1972 provides:

Subject to subsections (2) and (3) below, if a member of a local authority fails throughout a period of six consecutive months from the date of his last attendance to attend any meeting of the authority, he shall, unless the failure was due to some reason approved by the authority before the expiry of that period, cease to be a member of the authority.

Council is therefore permitted to approve Councillor Harrington's continuing absence under the above section. If Council does not approve Councillor Harrington's absence she will cease to be a member of this Authority.