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Stevenage BOROUGH COUNCIL

EXECUTIVE

19 JANUARY 2022

SUPPLEMENTARY AGENDA

PART I

6. HOUSING REVENUE ACCOUNT (HRA): BUDGET SETTING AND RENT REPORT 2022/23

To consider the proposed final HRA Budget for 2022/23 (including rent levels and service charges) for onward recommendation to Council.

Pages 3 - 48

8. DRAFT CAPITAL STRATEGY 2021/22 - 2025/26

To consider the Draft Capital Strategy 2021/22 – 2025/26.

Pages 49 - 96

Supplementary Agenda Published 13 January 2022

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Part I – Release to Press

Agenda item

Meeting	EXECUTIVE / COUNCIL
Portfolio Area	RESOURCES/ HOUSING, HEALTH AND OLDER PEOPLE
Date	19 January 2022 / 26 January 2022

FINAL HOUSING REVENUE ACCOUNT BUDGET SETTING AND RENT REPORT 2022/23

KEY DECISION

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1 PURPOSE

1.1 To update Members on the final proposals on the Housing Revenue Account (HRA) budgets and rent setting for 2022/23, to be considered by Council on 26 January 2022.

1.2 To update Members on the formula for setting rents for 2022/23.

1.3 To propose the HRA rents for 2022/23.

1.4 To propose the HRA service charges for 2022/23.

1.5 To update Members on the 2021/22 and 2022/23 HRA budget, incorporating the Making Your Money Count options and fees and charges.

2 RECOMMENDATIONS

2.1 That HRA rent on dwellings be increased, week commencing 4 April 2022 by 4.1% which is an average increase of £4.06 for social rents, £6.60 for affordable rents and £4.74 for Low Start Shared Ownership homes per week (based on a 52-week year). This has been calculated using the rent formula, CPI + 1% in line with the government's rent policy as set out in paragraph 4.1.1.

2.2 That Council be recommended to approve the 2022/23 HRA budget set out in Appendix A.

2.3 That Council be recommended to approve the 2022/23 growth options as set out in section 4.8, with supporting impact assessments in Appendix B. This includes new match funding for a Decarbonisation Grant application of £950,000.

2.4 That Council be recommended to approve the 2022/23 Fees and Charges as set out in Appendix C.

2.5 That Council be recommended to approve the 2022/23 service charges.

2.6 That Council be recommended to approve the minimum level of reserves for 2022/23 as shown in Appendix D to this report.

2.7 That Members note the Rent Increase Equalities Impact Assessments appended to this report in Appendices E.

2.8 That the contingency sum of £250,000 within which the Executive can approve supplementary estimates, be approved for 2022/23 (unchanged from 2021/22).

2.9 That Council notes the comments from the Overview and Scrutiny Committee and the Portfolio Holder Advisory Group meeting as set out in 4.10 in the report.

3 BACKGROUND

3.1 The HRA is a legally ring fenced account that records the income and expenditure relating to the operation of the Council's housing stock. The main costs in the HRA relate to management, maintenance, depreciation (used to finance capital works) and interest on loans. This is mainly funded from rents that make up the majority of HRA income. Any surpluses are held in the ring fenced area and are used to contribute towards capital and offset years where the account may be in deficit.

3.2 The sustainability of the HRA is mainly reliant on rent levels and last year saw a lower level of inflation than expected in the business plan (0.5% compared to 2.2%). This not only impacts the current year, but has a large cumulative effect on the 30 year plan. However, interest rates on borrowing were lower than forecast and the inflation in September 2021 has been much higher than anticipated, offsetting the lower income levels from last year.

3.3 For 2022/23 rent setting there has been no change to the government rent policy issued in 2020, this allows for social housing providers to increase rents by the Consumer Prices Index (CPI) +1% for a five-year period. Guidance released in November 2020 does allow local authorities to breach this cap in circumstances of exceptional financial hardship. However, this would not currently apply to Stevenage Borough Council's HRA.

3.4 There are still developing policy issues in the HRA regarding the decent homes standard and regulation of the sector. Also environmental improvements, like decarbonisation of the housing stock and building safety regulations continue to evolve. Estimates for some of the potential impacts of changes in these areas have been included in the budget plans, but these will need to be refined as the position becomes clearer and updated in the 30 year business plan in the summer of 2022.

3.5 The Government have finally concluded their reforms of the 'Use of Right to Buy (RTB) Receipts'. The system has now been greatly simplified, requiring annual, rather than quarterly, returns and accounting. Councils have also been given 5 years to spend receipts, instead of 3 under the old rules. The percentage of receipts used in new acquisitions has been increased from 30% to 40%, reducing the additional contribution needed from HRA resources to use the receipts. However, a limit has been placed on acquisitions of existing properties through open market purchase, to be phased in over the next 3 years. While this could limit opportunities in the future, with current development plans this is unlikely to be an issue in the medium term and overall the changes have been beneficial for the Council.

3.6 Like other Council services the HRA continues to be impacted by the COVID pandemic. In particular, rent arrears have not substantially reduced from the height of the crisis and are still historically high. The potential for further issues resulting from the re-commencement of enforcement action and the continued roll out of Universal Credit, will be monitored carefully in the coming months. In some areas of the service there are still operational pressures caused by the pandemic. Most notably in Independent Living, due to increased COVID safety measures. The known impacts have been reflected in the budget proposals.

3.7 The total number of HRA homes in management on 14 October 2021 is summarised in the table below. The average rents for 2022/23 are based on current housing stock, any right to buys or new schemes after this date may change the average rent per property type.

Stock Numbers at 14/10/2021	Social	Affordable	Sheltered	LSSO	Homeless	Total
Number of Properties	6,819	35	837	80	174	7,945

3.8 The assumptions in the HRA Draft report to the December 2021 Executive are shown in the table below.

Financial Assumptions included in the HRA MTFS and December FS report	2021/22	2022/23
Rent & Service Charge Increases	CPI+1% or 1.5%	CPI+1% or 4.1%
New Build policy	50% Affordable 50% Social	
Right-to-Buys	35	35
Making Your Money Count Options	£366,440	£57,370
Growth bids	£224,444	£1,418,460
Growth bids Business Plan	£250,000	£0
Financial Assumptions included in the HRA MTFS and December FS report	**2021/22**	**2022/23**
New Build - Number of Units (HRA BP)	29	179
Repayment of Debt	0	0
New loans	26,602,339	15,640,000
Capital Deficit in the Business Plan	0	0

3.9 The Budget and Policy Framework Procedure Rules in the Constitution prescribe the Budget setting process, which includes a minimum consultation period of three weeks. Under Article 4 of the Constitution, the Budget also includes: the allocation of financial resources to different services and projects; proposed contingency funds; setting the rents; decisions relating to the control of the Council's borrowing requirement; the control of its capital expenditure; and the setting of virement limits.

4 Reasons for recommended course of action and other options

4.1 Rents

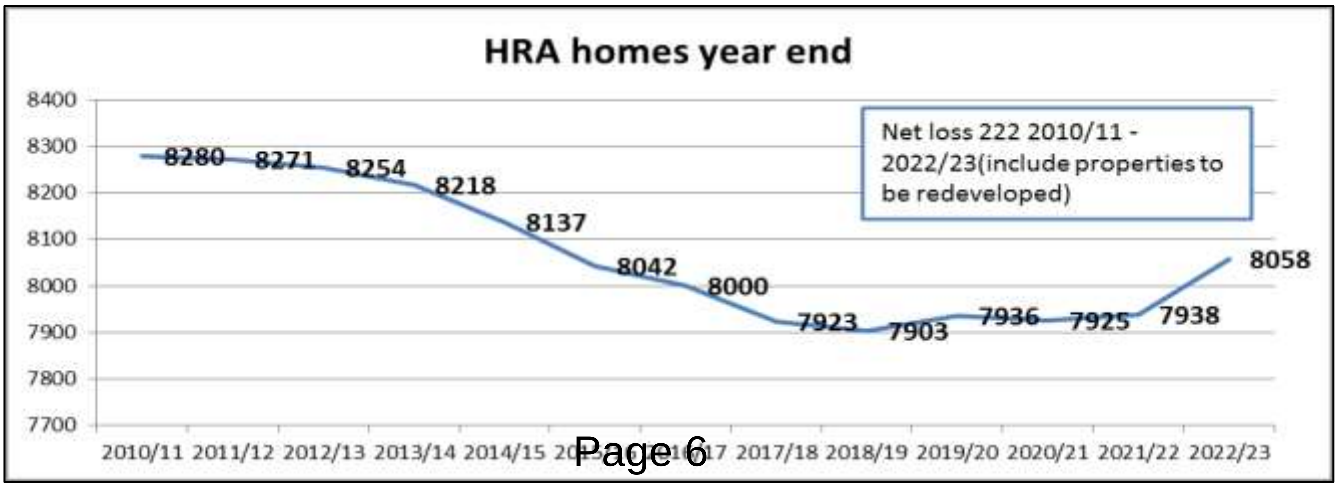
4.1.1 Rents are calculated on a formula of a CPI+1% increase for 2022/23. The CPI inflation increase is based on the September index which was 3.1%, this means the increase for 2022/23 for the council's housing stock is 4.1%.

4.1.2 The proposed average rents for 2022/23 are set out in the table below, there are currently 35 affordable rented properties (ranging from four bedroom-two-bedroom houses and flats). There is no change from the draft December HRA report.

Average Rents 2022/23	LSSO	Incr./ (decr.) %	social	Increase/ (decrease) %	Affordable	Incr./ (decr.) %
Average Rent 2021/22	£115.59		£99.01		£160.97	
Add rent impact 2022/23	£4.74	4.10%	£4.06	4.10%	£6.60	4.10%
Total 52 week Rent 2022/23	**£120.33**		**£103.07**		**£167.57**	

4.1.3 The net rental income increase for 2022/23 is estimated to be £2.1Million, which includes the impacts of estimated right to buys, a significant number of expected new properties and properties taken out of management (awaiting redevelopment).

4.1.4 The total number of properties available is estimated to have reduced by 222 homes between 2010/11 and 2022/23, (based on net impact of RTBs, new homes, homes awaiting development). The forecast numbers for 2022/23 are a the highest level since 2015/16 and reflect new schemes such as Kenilworth and Symonds Green.

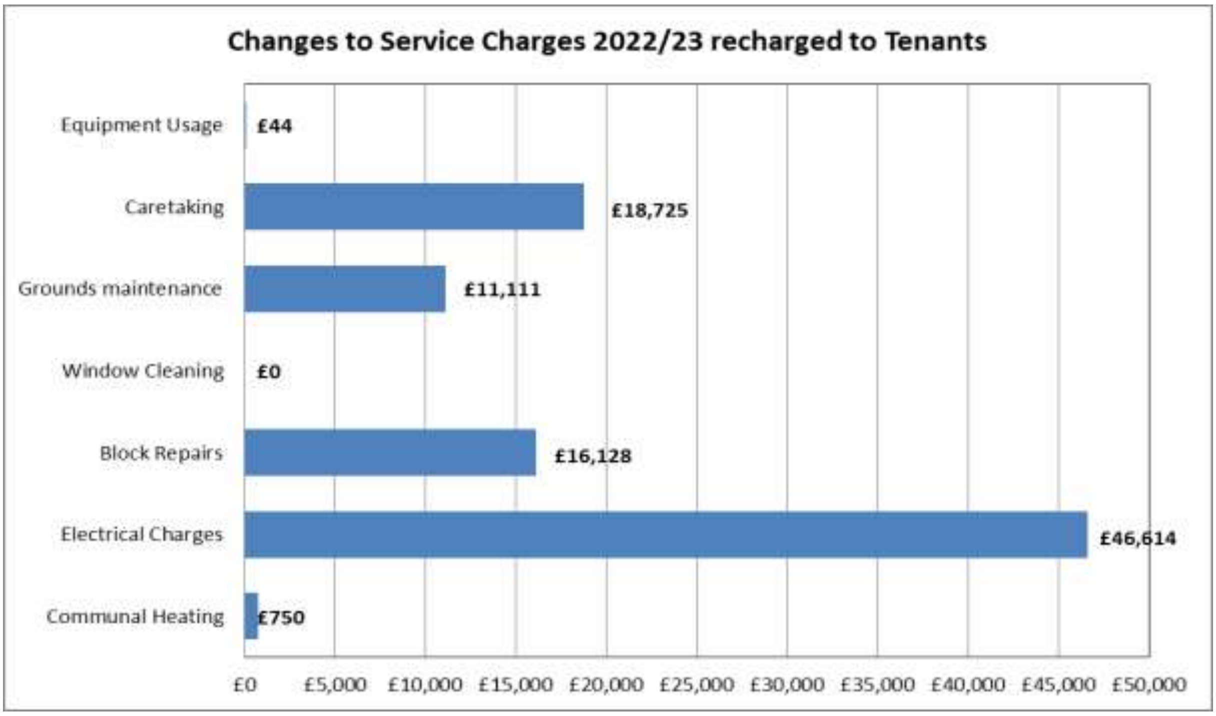


4.2 Service Charges

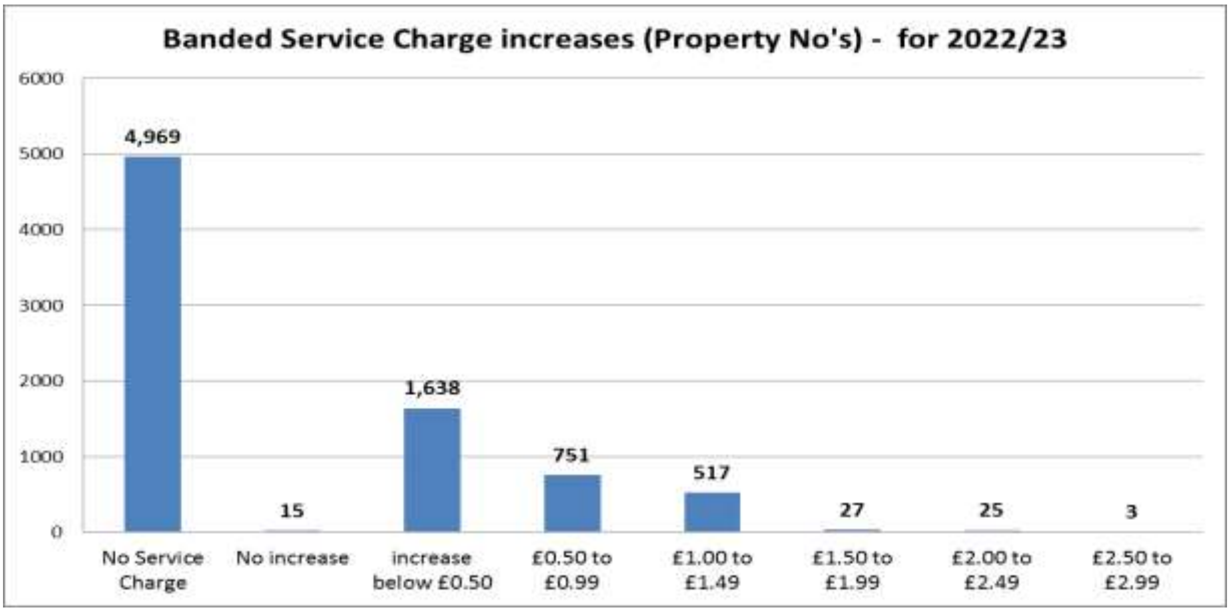
4.2.1 Service charges are calculated for each block individually for the 2976 properties, (2021/22, 2,956) or 37% of current SBC tenanted properties. Service charges currently provided, (eligible for housing benefit) are shown below.

Service Charges:
Caretaking
Grounds maintenance
Window cleaning
Block repairs (including pest control)
Electrical charges
Communal heating

4.2.2 Service charges are not subject to the rental increase of 4.1%, but are based on cost recovery. For 2022/23, service charge costs will increase with inflationary pressures and changes in usage. The chart below identifies the changes between 2021/22 and 2022/23 for service charges. The estimates are based on the projected budgeted costs for 2022/23, with the exception of block repairs, which is 'smoothed' over a five-year period to eliminate individual in-year spikes in repairs spend.



4.2.3 The spread of service charge increases for all tenants in 2022/23 is shown in the chart below. The impact of the changes means that 2,404, or 81%, of homes who receive a charge, will have increases below £1 per week. The highest increases are estimated to be below £3 per week for next year. There is no change from the December 2021 HRA report.

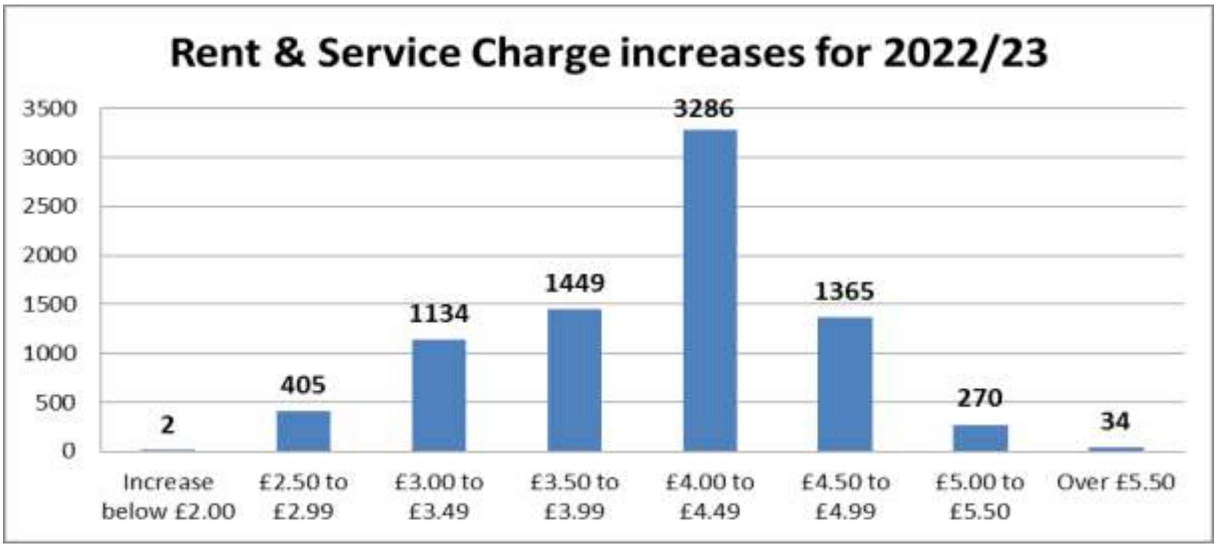


4.3 Rents and Service Charges

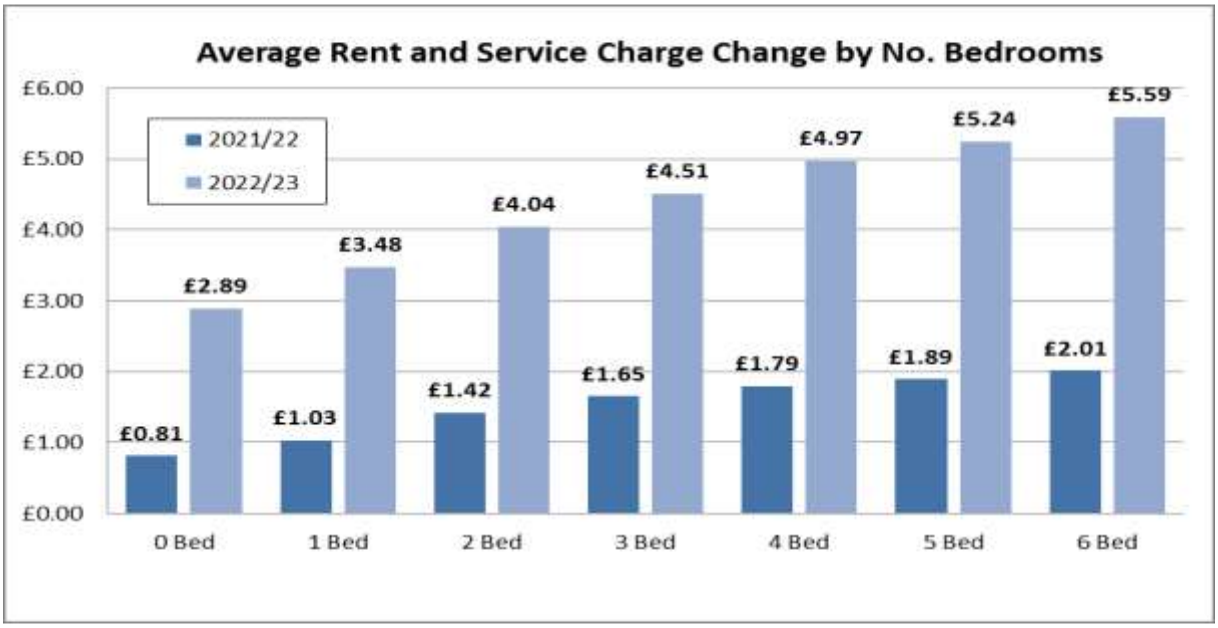
4.3.1 The impact of the 2022/23 rent increase and service charges is:

- 3,286 homes or 41% receive a weekly rent and service charge increase between £4.00 and £4.49, driven by the September CPI. However this is after lower increases for the 2021/22 financial year and rent reductions for the period 2016/17-2019/20.
- 1,541 homes or 19% of households will receive a weekly rent and service charge increase of less than £3.50 (based on 52 weeks).
- There are only 34 properties with an increase of more than £5.50 of which 25 are affordable homes with higher rents and the remaining social homes are larger properties.

4.3.2 The spread of the 2022/23 rent and service charge changes are summarised in the chart below.



4.3.3 The average rent and service charge increase/(decrease) by bedroom size has also been calculated and summarised in the chart below.



4.3.4 The comparison between HRA property rents per week and private sector rents per week, for one to four-bedroom properties, is shown in the table below. A three-bedroom private sector rental property costs an additional 131%, (2021/22,133%) more per week than a SBC council home and 30% more than the affordable let properties,(2021/22 32%).

	SBC Social Rent	SBC Affordable Rent	Median Private Rent	Local Housing Allowance (LHA) 2021/22	Median % v SBC Social	Median % v SBC Affordable
1 Bed Property	£91.87	£143.39	£171.14	£155.34	86%	19%
2 Bed Property	£106.56	£181.93	£226.94	£195.62	113%	25%
3 Bed Property	£118.68	£210.43	£274.30	£241.64	131%	30%
4 Bed Property	£131.13	£252.31	£331.27	£299.18	153%	31%

Private rent Data from ONS as at March 2021 updated by ONS rental inflation for East of England to September 2021. Please note the SBC rents are April 2022 prices and the private rents September 2021 prices.

4.3.5 The Local Housing Allowance (LHA) shown in the table above is the maximum amount of housing benefit payable by property size for private rented properties.

4.4 Borrowing

4.4.1 New loans totalling £29.5Million and £15.6Million are expected to be taken in the current and next financial years for 2021/22 and 2022/23 Capital Expenditure. However, the decision when to take the new borrowing will be reviewed, weighing up the cost of carry and the prevailing PWLB rates. The interest payable in 2021/22 and 2022/23 is estimated to be £7.489Million and £8.277Million respectively.

4.4.2 The HRA continues to invest in current and new stock, taking advantage of the new financial freedoms offered by the debt cap removal. These plans have been updated to reflect delivery timescales that have been impacted by the pandemic and material supply issues. However, the overall target investment and outcomes remains consistent with the last business plan.

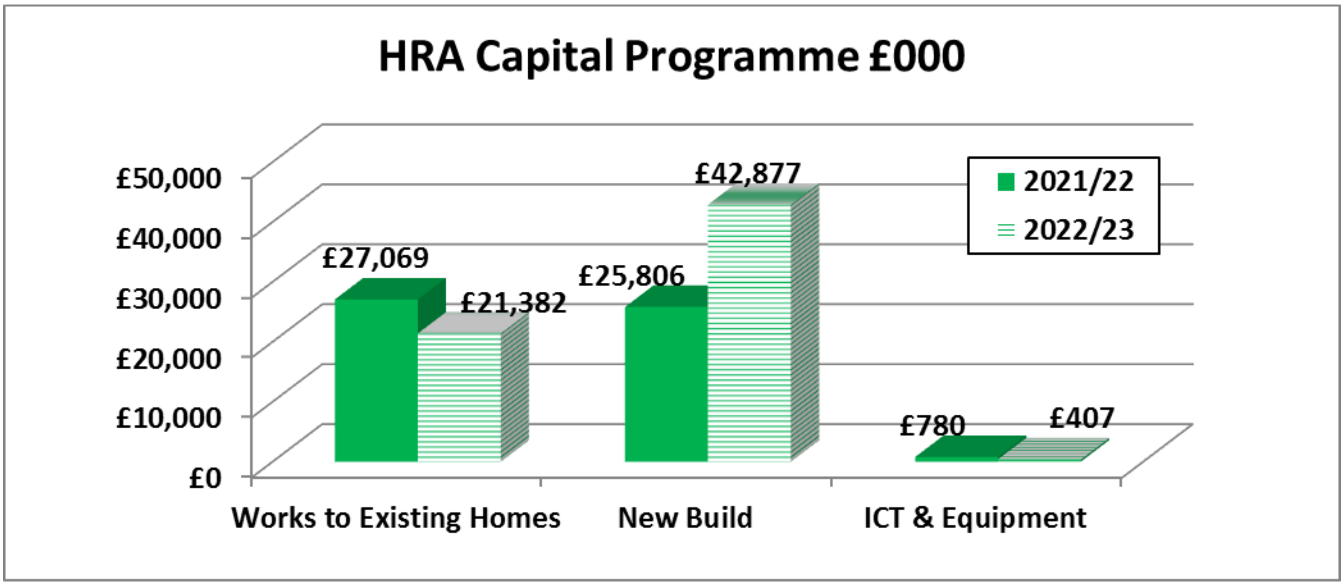
4.4.3 The Development team have identified a new pipeline of schemes and to ensure any schemes are within the Treasury Management levels for future borrowing (subject to business cases). An allowance of £15Million has been built into the treasury management authorised and operational limits to facilitate this.

4.4.4 These business cases will be developed by the Council's Housing Development and Finance teams with the leadership and oversight offered by the member led Housing Development Working Group. Where appropriate the construction schemes subject to these business cases (depending on size and budget requirements) will return to Executive for necessary approvals in connection with procurement and appointment of contractors or development partners depending on the particular needs of the scheme.

4.5 Contributions to Capital Expenditure

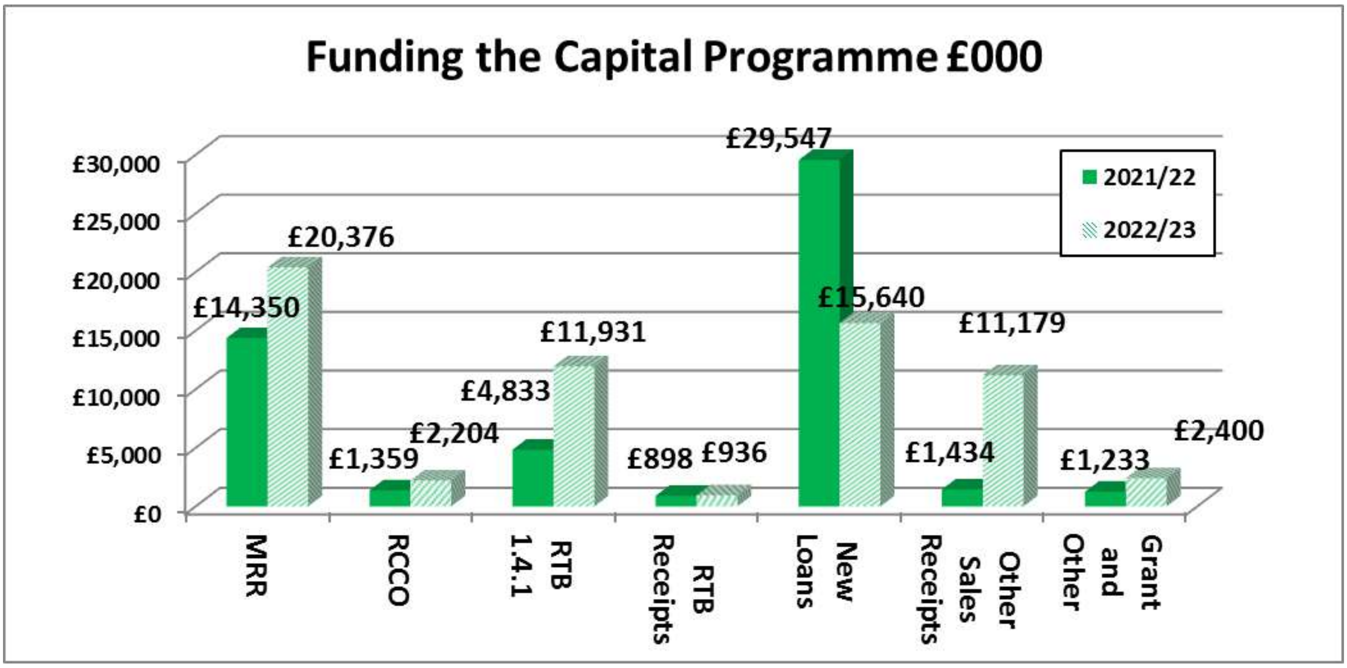
4.5.1 The Draft Capital Strategy Report 2022/23 assumes a £931K revenue contribution to capital (RCCO) to compensate for lower depreciation contribution to the Major Repairs Reserve, (than projected in the HRA BP). This will rise to £2.204Million in 2022/23 in order to keep capital funding for repairs in line with the current business plan and to match fund the new decarbonisation growth project detailed in paragraph 4.8.13, (change from December 2021 report.)

4.5.2 The 2022/23 budgeted depreciation allowance required by legislation to be transferred to the Major Repairs Reserve (MRR) to fund the capital programme is £11.9Million, an increase of £416K on the 2021/22 amount. A summary of the 2021/22-2022/23 capital programme is shown in the chart below.



4.5.3 The increase in the value of the 2022/23 capital programme compared to the current 2021/22 programme is mainly due to rescheduling of new build schemes, the impact of the Kenilworth scheme and the commencement of work on major new schemes. Expenditure on the existing stock is expected to be lower and this is mainly due to the completion of the sprinkler installation and the scheduling of the Major Repairs Contract (MRC) works.

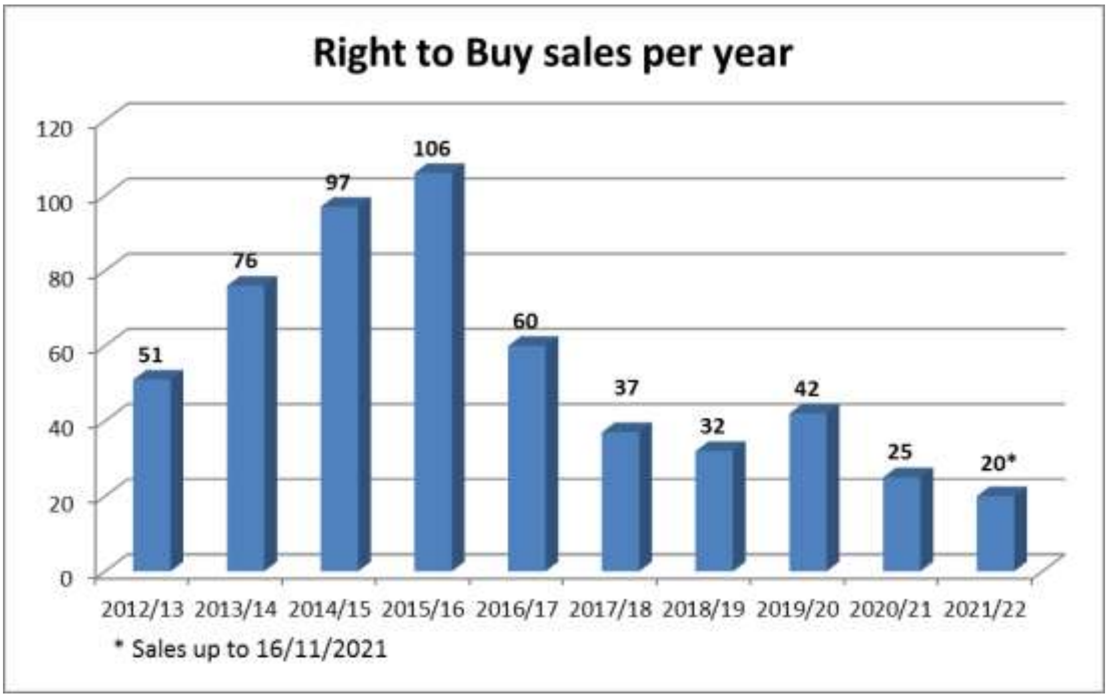
4.5.4 The capital programme funding for 2021/22 and the final HRA capital programme for 2022/23 is summarised in the chart below. This currently shows a shift in funding from new loans to the MRR in 2022/23. However, as stated earlier, this funding may be revised to achieve best value and take advantage of current interest rates.



4.6 Use of One for One Receipts

4.6.1 As mentioned earlier in the report, the Government has now amended the rules regarding the use of capital receipts arising from the sale of Right to Buy properties and the Council has entered into a new retention agreement that reflects these changes. Under the new rules, receipts will be accounted for annually rather than quarterly, the Council will be able to fund up to 40% of new property costs from RTB receipts and the time limit for using the funds has increased from 3 to 5 years. However, a limit on the use of these funds for buying existing properties on the open market is being phased in over the next 3 financial years. As the Council has many major new schemes under way, or planned, it is not expected that this will be a problem in the short to medium term, but depending on sales levels and future development opportunities it may cause problems in the longer term.

4.6.2 As previously reported, sales have reduced considerably from their peak in 2015/16 and this, in combination with the new rule changes, has lowered the risk of the Council needing to pay receipts to the Government. With the removal of the borrowing cap and record low interest rates on loans, the Council is also continuing to invest in new property and has an ambitious programme of new development that is expected to absorb the current level of receipts generated by sales. At the end of 2020/21 the Council had a balance of £10.364Million that would need to be spent by 2026/27. Current projections show that these should be fully spent and that no receipts will need to be paid to Government.



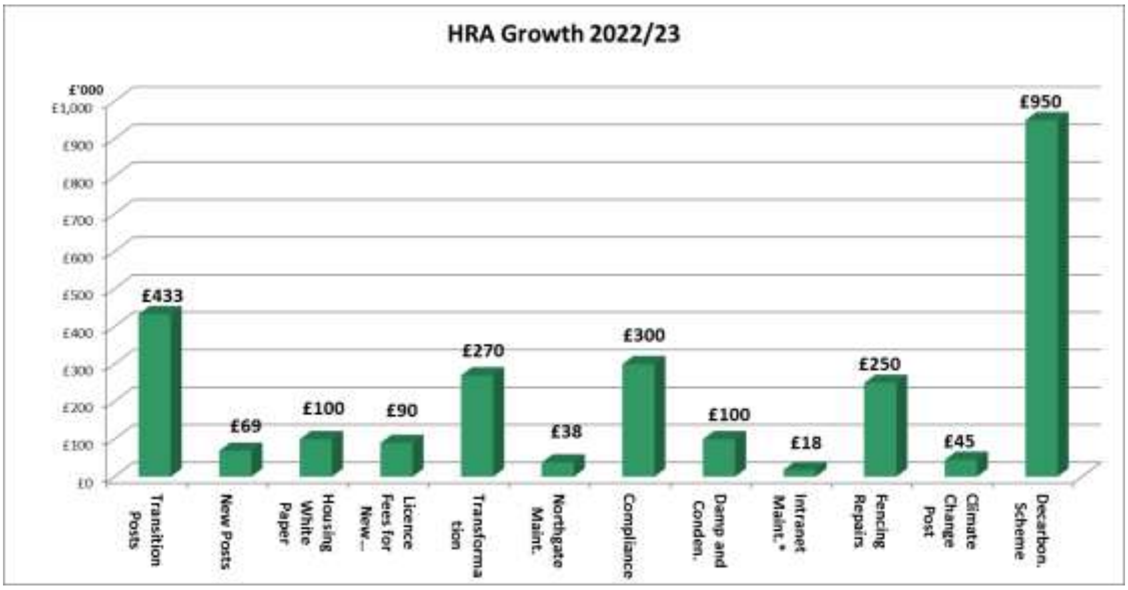
4.7 The 2022/23 making Your Money Count process for the General Fund and HRA

4.7.1 The 2022/23 savings included in the draft 2022/23 budget now total £39,370 and reduction of £18,000 for the HRA are subject to approval of the options as set out in the Draft General Fund report to this Executive. These options were supported by the Leaders Financial Security Group (LFSG) as part of their review during October and November.

4.7.2 Fees and charges totally £63,630 as set out in Appendix C have been included in the draft budget but were not part of the review by the LFSG.

4.8 Growth included in the HRA

4.8.1 The growth included in the 2022/23 HRA budget is summarised in the chart below.



**HRA share of General Fund expenditure*

4.8.2 **Transition Posts (19 FTEs) - £433K**.Following a comprehensive business unit review the establishment of the HRA was reduced, on the assumption that new business process improvements and transformation would lead to efficiencies. However, it was recognised that transition posts would be require to bridge the gap between the old and new structures. The Impact of the pandemic and accommodating new ways of working, has led to a request to fund the transition stage into 2022/23, while the permanent structure is reviewed, to be included in the new HRA Business Plan proposals in the summer.

4.8.3 **New Posts – £69K. (£38K on-going).** Four new permanent posts and one fixed term post have been proposed in the growth for next year. Four of the posts are either fully or part funded through existing capital schemes, or transfers from other budgets, with one new building safety post wholly funded from the revenue budget. Attached as Appendix B, is the detailed rationale for the continued employment of the original 'transition posts along with necessary supporting data. It is important to appreciate that given the continued impact of the pandemic, and the need to recognise that change to existing complex systems and processes will take time to implement, it is not therefore time to make significant adjustments to the present staffing resources. It is however the intention to review the resources required as new housing systems are deployed and the process of refreshing the longer term HRA BP unfolds in the early part of 2022. The outcome of this refresh and anticipated positive impacts on staffing resource will be reported accordingly.

4.8.4 **Housing White Paper £100K.** Officers have requested that a budget of £100K is included in 2022/23 to address the implication of meeting the requirements set out in the recent housing white paper. The timing and extent of any regulatory changes is not currently known, but this will give officers flexibility to respond to this issue. The first consultation paper relating to the Regulators role and the indications in respect of the consumer standards has recently been published. Whilst the £100k has therefore been identified to support any initial response to forth coming legislation the timetable remains uncertain and additional funds may be required during 22/23 depending on the speed at which final legislation or regulatory reform is confirmed.

4.8.5 **Licence Fees £90K. (on-going)** This growth is required to implement three new systems relating to arrears recovery and income management on, customer service insight in line with the White Paper and right to buy administration, to augment the current limited Northgate module. While Northgate remains the primary system for housing services, some specialist functions are better served by separate housing focussed applications and auxiliary systems that have been proposed for these areas. The approval process will involve taking account of the necessary linkages to the Transformation objectives. The Interim Head of IT service is involved and aware of the emerging intentions.

4.8.6 **Transformation - £270K.** A housing transformation budget of £1.5m was used to invest in the business and improve services for customers. This programme has now concluded, with the last of this funding used in 2021/22. However, there are still areas of the Northgate system that are in development and this growth will be used to support this work, but it's main use will be the HRA share of the Council's corporate transformation programme.

4.8.7 **Northgate Maintenance £38K. (on-going)** The transformation and development work on Northgate, has increased the need for periodic maintenance and updates from the software provider and other specialists. This had been accommodated in the transformation funding, but a separate budget is now required for these costs.

4.8.8 **Compliance £300K.** As part of the last business plan review additional funds were invested in compliance work to ensure that building safety met the required standards. However, it is now recommended that further ongoing funds are needed to increase the volume of electrical testing carried out in line with best practic. The longer term impact of the testing regime will be included in the Business Plan re-write in the summer of next year.

4.8.9 **Damp and Condensation £100K.** This is a demand led area with an existing budget of £250k and there have been an increased number of requests for work to be carried out in recent years. In order to deal with the underlying issues contributing to damp and condensation fully the cost of individual repairs has also increased. These factors have led to the proposed budget increase.

4.8.10 **Intranet Maintenance £18K (on-going).** This is the HRA's share of a corporate growth item, required to maintain and develop the Council's intranet. A service that has become more important since the pandemic and many more staff working remotely,

4.8.11 **Fencing Repairs £250K.** During the pandemic repairs were limited to emergency provision and this had led to a backlog. A one off growth of £250k has been requested in order to address the outstanding jobs in 2022/23.

4.8.12 **Climate Change Officer £45,000.**. To meet the Climate Change agenda and deadline of zero emissions by 2030, a dedicated post is required (plus the continuation of time limited resources) to drive the priority forward across the Council. The additional growth bid was approved by the Executive in December and supported by the Overview and Scrutiny meeting also in December 2021.

4.8.13 **Decarbonisation Scheme - £950,000.** The Council have made a bid to the Government's Public Sector Decarbonisation Scheme. The total value of the capital works to the housing stock would be £2,850,000 if the bid is successful, but a third of the scheme must be funded by the Council to meet the grant requirements. As these works were not anticipated in the business plan, an additional revenue contribution to capital of £950K has been included in the budget to secure the £1.9Million of grant. The Council has not been told whether the bid has been successful yet, but budget provision must be included in order to allow the scheme to proceed . This additional use of reserves will need to be re-balanced when the HRA Business Plan is reviewed in the summer, but will only be needed if the bid succeeds. Members are asked to approve the additional spend.

4.9 Final Budget Proposals

4.9.1 The Final 2022/23 HRA budget is estimated to be a net surplus of £1,956,200, which is a reduction of £1,280,030 to the Draft Budget. The table below shows the main movements in the budget and includes growth proposals for 2022/23.

Summary of 2022/23		
Draft HRA 2021/22 budget		**(£3,236,230)**
Changes from Draft to Final Budget		
Fencing backlog work	£250,000	
Climate Change Post	£45,000	
Decarbonisation Scheme	£950,000	
General Fund Recharges	£19,910	
Insurance Premium Increases	£17,680	
Other net adjustments	£15,460	
Removal of one off growth items	(£18,020)	
Total Changes:		**£1,280,030**
Final HRA 2022/23 budget		**(£1,956,200)**

4.9.2 All HRA balances, in excess of the minimum balance held for assessed risks in year, are required to fund the HRA 30-year capital programme.

4.9.3 A risk assessment of balances has been completed and is in Appendix D to this report. The HRA balances currently exceed this for the reasons set out in paragraph 4.10.3.

HRA Balances:	2021/22 £	2022/23 £
HRA Balance 1 April	(25,394,723)	(26,571,503)
Use of balances in Year	(1,176,780)	(1,956,200)
HRA Balance 31 March	**(26,571,503)**	**(28,527,703)**
Minimum Balances	(2,985,000)	(3,320,000)
Debt Repayments	(23,586,503)	(25,207,703)

4.10 Consultation

4.10.1 A Portfolio Holder Advisory Group meeting, to review the budget, was held on the 5Th January. A presentation was given by senior officers to highlight the main changes to the budget and several questions were asked regarding the recommended growth items and the level of balances.

4.10.2 The Assistant Director for Housing and Investment explained the rationale for the requested growth. The further growth bid for fencing of £250,000 in 2022/23 was welcomed by Members due to the level of customer feedback and of outstanding work.

4.10.3 The Strategic Director (Section 151) advised members that the HRA is required to keep a higher level of balances in the early years of the HRA Business Plan in order to ensure sufficient balances are available throughout the plan to repay the HRA borrowing. Members were also reminded that of the £279Million borrowing by 2023/24, the Council was required to pay the Treasury £199Million as part of the self-financing deal and that this forms the majority of the debt.

4.10.4 Members were also advised that, due to the levels of growth, the summer revision of the HRA Business Plan will require prioritisation of service expenditure in order to balance the plan for both revenue and capital areas.

4.10.5 Overview and Scrutiny at its meeting of the 14 December 2021 reviewed the draft HRA budget. The Strategic Director (CF) advised Members that the rent formula was government policy, which is a CPI+1% increase in 2022/23, or 4.1%.

5. IMPLICATIONS

5.1 Financial Implications

5.1.1 Financial implications are included in the body of the report.

5.2 Legal Implications

5.2.1 Legal implications are included in the body of the report.

5.3 Staffing Implications

5.3.1 The unions are being consulted on the options contained in this report. Human Resources staff are co-ordinating centrally the implementation of any staff related savings.

5.4 Risk Implications

5.4.1 Due to frequent Government policy changes, there are significant risks in setting the HRA budget. Historically the ring-fenced account has relied almost solely on rent income to finance both revenue and capital works. Many changes in policy, including the loss of £225Million from the Business Plan from four years of rent reductions, have made medium to long term planning difficult. These risks have increased with the removal of the debt cap in 2019, as the Council is making long term financing decisions, on capital investment, based on income streams set by the current policy.

5.4.2 Currently one of the continuing risks to the account is a large increase in arrears. These have increased, in part as a result of tenants switching from housing benefits to Universal Credit, but mainly due to the impact of the COVID 19 pandemic and the measures put in place by the Government, which included a suspension of evictions. To mitigate this position increased resources are still in place to help recover rent owed and the provision for bad debt has been increased to recognise that not all the outstanding debt will be recovered.

5.4.3 Current high inflation rates may put pressure on capital and revenue repairs budgets and may put further pressure on HRA resources.

5.4.4 The full operational implications of regulatory changes after the Grenfell tragedy are still being implemented. As policy and best practice across the sector is developed this could increase budget pressures on the HRA.

5.4.5 There is a risk of interest rates being higher than projected and leading to a reduction in the amount of expenditure for both revenue and capital. There is also a risk that the PWLB rate differential between gilts and borrowing rates might be adjusted (as happened in 2019/20). To mitigate this, the budget includes an interest rate reserve of £3.4Million to offset any future variances from expected rates.

5.4.6 The HRA has an annual Making Your Money Count target to achieve, which for 2023/24 onwards is £200,000 per year, linked to expected savings from the Transformation programme. There was an existing target of 2% per annum savings on responsive repairs linked to the investment in the major repairs programme.

5.5 Equalities and Diversity 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 Act replaced three previous equality legislations – the Race Relations Act (section 71), the Sex Discrimination Act (section 76A) and the Disability Discrimination Act (section 49A). 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 needs described in the legislation. These duties are non-delegable and must be considered by Council when setting the budget in January 2022.

5.5.2 To inform the decisions about the Budget 2022/23 officers have undertaken Brief Equality Impact Assessments (EqIAs) for service-related budget proposals. Where there is a potentially negative impact, officers have identified further action needed to inform a final decision and to mitigate the impact where this is possible.

6. BACKGROUND DOCUMENTS

BD1 Housing Revenue Account Budget 2022/23; Medium Term Financial Strategy (2021/22-2025/26); and HRA Business Plan Review 2021- December 2021 Executive

7. APPENDICES

Appendix A – Housing Revenue Account Summary

Appendix B – Growth Impacts

Appendix C- Fees and Charges

Appendix D – Risk Assessment of Balances

Appendix E - EQIA for HRA Rent

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APPENDIX A

HOUSING REVENUE ACCOUNT SUMMARY

	Actual 2020/21 £	Original Budget 2021/22 £	Original Budget 2022/23 £
Summary of Expenditure			
Supervision and Management	11,599,175	9,286,050	10,084,870
Special Services	4,609,251	5,090,240	5,235,580
Rent, Rates, Taxes and Other Charges	516,898	539,430	548,990
Repairs and Maintenance [(1)]	6,039,327	7,594,610	8,354,280
Corporate and Democratic Costs	1,056,360	1,085,810	1,106,780
Contribution to the Bad Debt Provision	370,103	224,220	224,220
Total Expenditure	**24,191,114**	**23,820,360**	**25,554,720**
Summary of Income			
Rental Income:			
Dwelling Rents	(40,095,788)	(40,891,590)	(43,020,770)
Non Dwelling Rents	(90,621)	(91,640)	(92,120)
	(40,186,409)	(40,983,230)	(43,112,890)
Charges for Services & Facilities - Tenants	(2,270,023)	(2,282,150)	(2,485,700)
Leaseholder Service Charges	(885,760)	(975,920)	(895,850)
Contributions Towards Expenditure	(255,436)	(346,400)	(346,800)
Reimbursement of Costs	(301,378)	(345,540)	(345,540)
Recharge Income (GF & Capital)	(1,867,358)	(2,029,100)	(2,374,980)
Total Income	**(45,766,364)**	**(46,962,340)**	**(49,561,760)**
Depreciation	11,900,417	11,484,000	11,900,420
Impairment/Loss on Revaluation	0	0	0
Interest Payable	6,931,794	7,800,270	8,277,040
Interest Receivable	(302,604)	(221,510)	(330,380)
Net (Surplus)/Deficit For Year	**(3,045,643)**	**(4,079,220)**	**(4,159,960)**
Appropriations:			
Revenue Contribution to Capital Outlay	0	1,359,260	2,203,760
Self Financing Contribution To Provision	0	0	0
Pension Reversal	(239,220)	0	0
Transfer to/(from) Reserves	(2,290,000)	0	0
Housing Revenue Account Balance			
Net Expenditure/(Income) for Year	**(5,574,863)**	**(2,719,960)**	**(1,956,200)**
Balance B/Fwd 1 April	**(21,302,059)**	**(26,876,922)**	**(26,571,503)**
HRA Balance C/Fwd 31 March	**(26,876,922)**	**(29,596,882)**	**(28,527,703)**

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Appendix B – Growth Impacts

<table>
<tr><th>Job Role</th><th>Impact of not securing growth</th></tr>
<tr><td colspan="2">1. Lettings Advisor</td></tr>
<tr><td>
In 2019 we complete a full scale Housing and investment Business Unit review in which we looked at current service provision and systems that could be implemented to assist in effective service delivery. The lettings services at that time had 4 posts and as part of the BUR the proposal was to reduce this to 3 posts after 18 months when Northgate Housing Online was implemented and in place.
The unforeseen challenges faced by the services during the pandemic have meant that we are not as far forward with Housing Online as originally proposed. The system is also not offering the service delivery improvement expected and the team are actually spending a huge amount of time dealing with processing enquiries.
Since the 1st of August 2021 we have received 635 applications. 229 were registered onto the housing register and 266 were rejected. We currently have about 140 applications pending within the 28 day KPI. On Average we receive 150 applications a month so 7.5 per working day that require processing.
Of the past 240 rejected application, they were rejected for the following reasons:
<table>
<tr><th>Number Rejected</th><th>Rejection Reason</th><th>Percentage of Rejections</th></tr>
<tr><td>125</td><td>Completion Error</td><td>52%</td></tr>
<tr><td>3</td><td>Homeowners</td><td>1%</td></tr>
<tr><td>79</td><td>No Local Connection</td><td>33%</td></tr>
<tr><td>33</td><td>Not Eligible</td><td>14%</td></tr>
</table>
Half of those rejected have to resubmit their applications. We have been working with Housing IT to amend some of the wording on the online application to see if we can reduce the errors. This is evidence of the system not working in the anticipated way and we are some 17 months after the implementation of Northgate Housing Online.
We are currently considering alternative software solutions for our Housing Options services and whether we can introduce an alternative allocations module with this also.
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Applications for the housing register will not be processed within the 28 day KPI leading to an increase in complaints and member enquiries
Applications for part 6 accommodation in the register will not be processed correctly due to the lack of resource leading to applicant obtaining accommodation they should not otherwise access
Properties will not be let within the 6 working day KPI leading to additional void loss which is already projected to be an additional £190k for the remainder of the financial year plus the current £500k loss.
Staff will leave due to the intense pressure on the very reactive service being unmanageable

</td></tr>
</table>

Below is the number of applicants on the waiting list in 2015/2016 compared to this financial year which shows a 54% increase over a 6 year period;

Financial Year	Number on the Housing Needs register
2015/2016	2263
2021/2022	3486

This is an average of a 9% increase per year however it is important to note that we are due to commence an Allocations Policy review this financial year which may reduce number of the housing register. This review of the Allocations Policy will in turn lead to further work requirements such as a full scale review of the housing register where we will not have capacity to reduce existing resource

The team consists of 4 officers managing offers of SBC owned stock and the nominations process for registered providers, managing the lettings and monitoring of voids throughout the voids process and housing register enquiries and processing.

Below detailed the total lettings completed per year out of our total SBC owned stock

	Number of Lettings	Percentage of total stock let
2018/2019	356	5%
2019/2020	445	6%
2020/2021	270	3%
2021/2022 (To Sep 21)	161	2%

In 2020/2021 we let a lot less properties due to the pandemic restrictions where all non-essential lettings were delayed during the periods of national restrictions in order to stop the spread of COVID.

There is a backlog of 80 void units currently and when properties returns needing re let within 6 working days. Void rates have been 3x the anticipated amount which does not suggest that lettings numbers will increase drastically from 2020/2021 and therefore there will not be any capacity to reduce staffing in this team in the near future.

Following the Business Unit review there had been 0.5 of the Lettings team's

- Without effective software and sufficient resources this will increase complaints, cause a lack of staff retention and lead to low staff morale and cause delays and ineffective application of our duties under part 6 of the Housing Act original resource redirected to the Specialist Support team to assist with ILS lettings. The work within this team has also seen an increase and as part of the Allocations Policy review the proposal will be to direct let ILS units and remove from CBL.

There is no capacity within the Lettings team to support work in the specialist support team due to increasing workload.

2. Strategic Complaints Managers

There are currently 3 Strategic Complaints Managers for Housing and Investment "H+I" for each area; Providing, Managing and Investing in Homes.

The Providing Homes Strategic Complaints Manager "PHSCM" started in this role in January 2020 after the need was identified for additional resource to focus on this area of work following high levels of customer contact, complaints and feedback. Since introducing the role there have been no complaints escalated to stage 2 or 3 showing a clear improvement in case handling by introducing a consistent response across the teams. The below figures evidence that in the previous year there had been case escalations.

Escalated cases

	Investing in Homes	Managing Homes	Providing Homes	Corporate
April – October 2021				
Stage 2 complaints	6	13	0	54
Stage 3 complaints	4	3	0	12
2020/21 full year				
Stage 2 complaints	17	21	12	63
Stage 3 complaints	9	3	5	15

The work undertaken for the PHSCM has included the implementation of the 10 working day turnaround for communication across H+I, liaison with the CSC on wording of complaints to be in the customers own words, writing feedback for the newsletter and ensuring a consistent approach across H+I for customer contact, complaints and feedback.

Taking into account the success of the PHSCM and the introduction of the White Paper consultation confirming requirements for Housing providers and the number of contact for Housing there were complaints managers

- Complaints will not be dealt with in a consistent approach
- The level of complaints and contact received within H+I is unmanageable for team managers to complete alongside the ever increasing pressures of the day to day operational work they are required to deliver.
- The pressure of this additional work will cause managers to look for alternative jobs- we are not seeing the calibre of candidates requires applying for specialist Housing roles meaning there are gaps and leads to a further issue with staff retention

introduced in Investing and Managing Homes. The 2 additional Complaints Managers started their roles in August 2021 therefore as they are relatively new in post there has not been the opportunity to see such dramatic results as there has been for Providing Homes who has had the role for 10 months. Below shows the level of complaints received in Q1 2021/2022 for the 3 areas of H+I and complaints received corporately. The below figures evidence that there 361 complaints received corporately and for H+I making up 40% of total number of complaints received with is reflective of the size of H+I in comparison to other services areas. Similarly 37% of the total number of member enquiries made are to H+I. It is also important to note the sheer level of member enquiries into the Providing Homes services.	• Complaints and member contact will be delayed due to the operational service delivery needing to be prioritised along with the pressure of taking on more distributed work following the distribution of work from corporate work areas that having functionality reduced eg; Human Resources • We will not be compliant with the White paper demands as teams do not have capacity to simply manage complaints let alone additional duties to be introduced.

Customer Complaints closed Q1						**Member Enquiries closed Q1**			
	IN	OUT	TOTAL	S/L		IN	OUT	TOTAL	S/L
Investing in Homes	29	15	44	65.91%		24	2	26	92.31%
Managing Homes	28	29	57	49.12%		22	23	45	48.89%
Providing Homes	46	0	46	100%		90	0	90	100%
Corporate	150	65	214	70.09%		229	39	268	85.45%

Taking into account the level of members enquiries received and that all were processed within time with very positive feedback this is evidence of the success of the role. The feedback received from members has been;

From The Leader - *Thank you Caroline. A great response*.

Also from the Leader - *Thank you so much for dealing with this so quickly Caroline.*

From Cllr Jeanette Thomas - *Your response to the resident is brilliant and I hope she takes the apology and the hope it gives well.*

From Cllr Myla Arceno - *Thank you for your prompt reply as always, and the detailed information for our learning.*

In Q2 2021/2022

Customer Complaints closed						**Member Enquiries closed**			
	IN	OUT	TOTAL	S/L		IN	OUT	TOTAL	S/L
Investing in Homes	39	9	48	81.25%		27	4	31	87.10%

Managing Homes	36	49	85	42.35%		34	39	73	46.58%
Providing Homes	42	0	42	100%		109	0	109	100%
Corporate	183	127	310	59.03%		242	62	304	79.61%

For Q2 the highest level of complaints has been received by Managing Homes which is reflective of the pressures faced by the services with staff retention and complex casework. Bearing in mind that there has been double the amount of complaints received for Managing Homes than Providing Homes the Complaints Manager has closed a similar number of cases within time which is reflective of the good work from the Managing Home Strategic Complaints Manager “MHSCM” and to date there is no backlog of cases. There has also been a similar number closed by Investing In Homes in this quarter.

The level of member contact is again the highest for Providing Homes yet again all responded to within target due to the effective management from the PHSCM.

Channel shift will not stop the need for a physical officer to deliver this work taking into account the requirements in the white paper to be more transparent, consistent and effective.

3. **Income posts**

As part of the Business Unit Review we carried out late 2019/20 we based the staffing numbers on the world we were living in at that time and being able to implement a number of IT solutions to aid income collection.

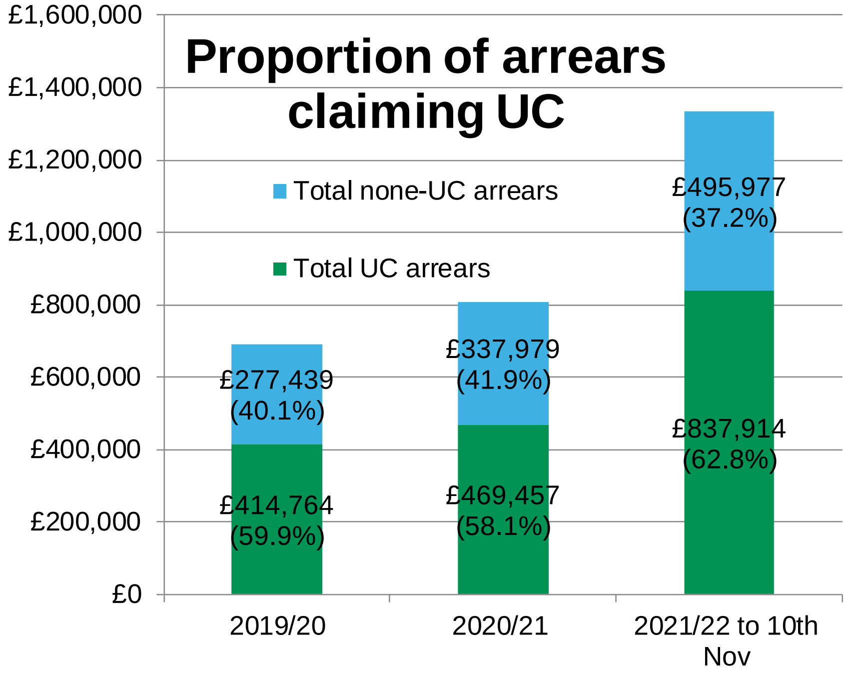
The world that we worked in changed just before implementing the Business Unit Review and we very quickly noticed an increase in arrears due to the pandemic, increase in Universal Credit applications and produced an arrears recovery plan. As part of that plan additional posts were requested to support the income recovery work.

Whilst we have been working through the arrears recovery plan, there are a number of areas which have not been able to be progressed, some of which are around the IT solutions. This has been held up due to development needed from the corporate IT side.

We have also seen the impact of the pandemic and Universal Credit being realised and changing the way the team need to work. For the past 18 months the team have been very reactionary due to workload demands supporting those on furlough, job retention schemes and those made redundant. Also spending time with people who have not claimed benefits before and educating them on budgeting.

The team will not be able to focus on:

- Proactively targeting those experiencing financial difficulties especially as this is the highest cost of living since a decade with the increase in energy and fuel costs (petrol is up by 25p per litre, Gas up by 28%, Electricity up by 19%)
- Invest more time on early intervention for new debtors and UC applicants and



The level of contact has continued to shift from direct incoming call and service request to emails .The customers' have adapted to the new ways of working and responding. We are experiencing an increasing level of email use. The figures for last Q2 are as follows;

• 36 on average telephone calls received per week

• 45 Av Service requests received per week

• 122 Av Emails received per week

The number of people using Housing On line for income related matters has increased. In Q2 they received 1536 compared to Q1 when they received 1252.

The enquiries and contacts regarding income, arrears and benefits have become increasingly more complex and demanding and will continue to remain complex in nature. The time spent on dealing with customer contacts has increased. Previously the officers spent on average 2- 5 minutes dealing with telephone enquiries and this has steadily increased to 35 – 50 minutes over the last year with follow up work taking up approximately 1.5 hours (this does not include all other contacts).

For example one such typical call involves the following;

- running through current account status
- Running benefit awards and payment
- Running through income and expenditure ,
- if the household has children over 18 years , then most likely will have a non-dependant charge which means that they will not receive housing costs to cover the charges in most cases educating tenants on maximising money from within the households towards rent and council

keep up with the employment status and impact on ability to pay rent.

- Offering intensive support to UC cases to ease the adjustment to the new benefit and maintain payments.
- More Intensive management of high level arrears case as Court intervention is taking so long which stalls the arrears recovery process.
- Effort on reviewing arrangements in place and all the cases for all those in receipt of UC following the deduction of £20pw and those who have historically been in receipt of DHP as this funding pot has reduced and is expected to reduce further.

The team will receive more complaints as they won't be able to deal with the level of enquiries coming into the service from tenants and leaseholders

The team will not have capacity to deal with the eviction cases needing to be taken to court including the backlog.

Tenants and leaseholders will not get the intense support needed to pay their rent, service charges or arrears as staff will not have time which will mean a

- negotiating repayments

The follow up work after the call;

- Liaising with DWP/Benefits Services in terms of any UC/HB issues
- Applying for APAs
- Applying for Third Party Deduction for water rates on most cases where they have applied for APAs
- Making referrals for further support for those who need this

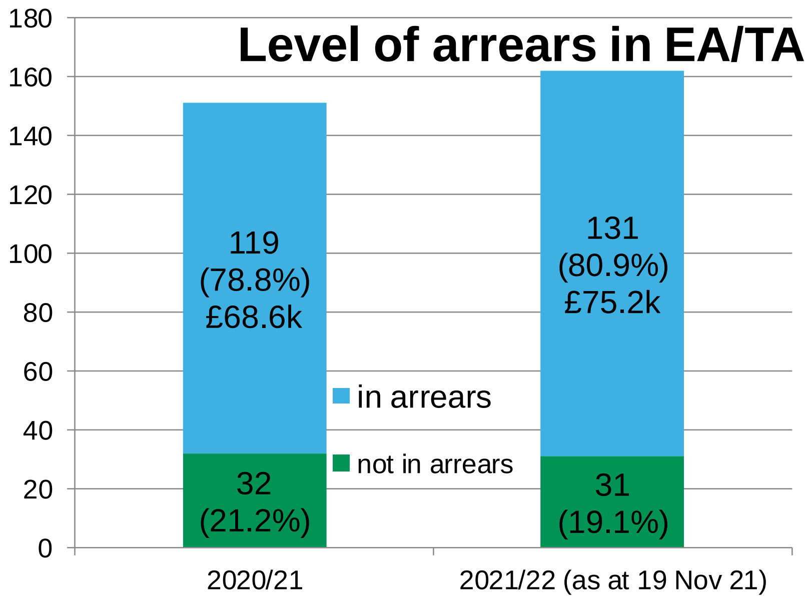
This involves officer intervention and cannot be automated.

The team have set up 1468 arrangements with tenants since March 2021.

The ratio of Housing Benefit claimants to Universal Credit claimants has shifted. As at end August 2021 there were 34% of total current tenants on Housing Benefit which has decreased significantly.

There is still a backlog of Court cases due to eviction cases being on hold. We have only been able to progress 2 so far in 2021. This involves a lot of work by the team to ensure we pursue more in the coming months but are facing delays in getting hearing dates.

There has been an increase in Emergency (EA) and Temporary Accommodation (TA) demand due to high levels of homeless presentations.



greater increase in arrears.

Former tenant arrears will not be collected and the amount will increase.

The MRC billing enquiries and payment actions will not be dealt with on time due to demands on other workloads.

4. **Specialist Accommodation Lettings Officer**

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This area of work is too much work load for 1 person.

The complex cases that are coming through require time and attention and a single point of contact. The assessments are complex and require a very special skill set to have sensitive conversations.

This post is far more than just a letting co-ordinator, it requires the specialist skills to complete the complex assessments and liaise with families and professionals which can sometimes be more challenging than the client themselves.

This post would also manage the assisted bidding and co-ordinating of removals enabling the Accommodation and Complex Needs Officer to work on the pro-active elements of this role, the different projects, managing the incentive scheme once finalised, marketing and promotion of independent living schemes etc.

Ultimately we are aiming to reduce our voids and have an active waiting list (49 applicants to date) so that when a property becomes available we are working with individuals on the waiting list preparing them to move.

This is an example of how many lettings have taken place over the number of voids received each month to demonstrate the work being carried out by the post holder.

<table>
<tr><th>Month 2021</th><th>Lettings</th><th>Voids</th></tr>
<tr><td>November</td><td>18</td><td>6</td></tr>
<tr><td>October</td><td>9</td><td>7</td></tr>
<tr><td>September</td><td>10</td><td>6</td></tr>
<tr><td>August</td><td>9</td><td>3</td></tr>
<tr><td>July</td><td>8</td><td>10</td></tr>
<tr><td>June</td><td>10</td><td>8</td></tr>
<tr><td>May</td><td>16</td><td>7</td></tr>
<tr><td>Total</td><td>80</td><td>47</td></tr>
</table>

On 27 April 2021 and we had 85 voids in total. This has reduced to 42 as at 29th November 2021 due to the intense work from the post holder.

</td>
<td>
Voids will increase due to the level of complexities that are coming through as there is only 1 person working in this area. People are unlikely to move without support to do this. This will form part of the downsizing incentives scheme and is also in the Housing for Older People Strategy.

We would not be able to pro-actively contact the red flag referrals we receive from aids and adaptations – these are residents that require aids and adaptations to their current home. If we can get in there early we can talk about a possible move which would potentially save money for aids and adaptations but also release family homes back to general needs.

The post holder wouldn't have time to work with environmental health to support older residents that are privately renting possibly in poor housing conditions that need to move.

Without the additional role we would not be able to do the proactive work of contacting all existing council tenants over 55 and introducing them to the services and to support them to move if they wish
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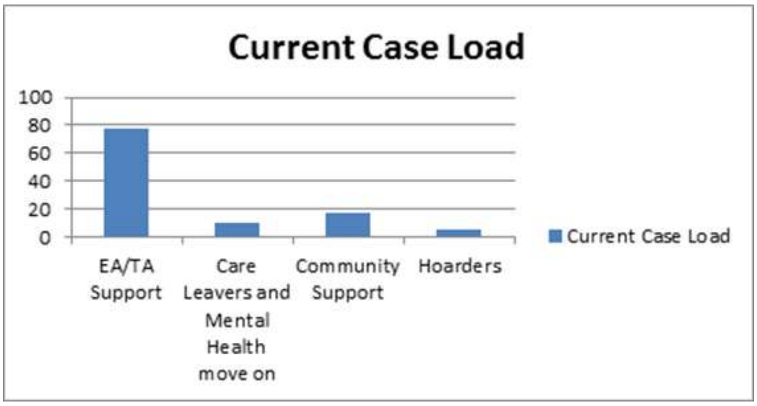
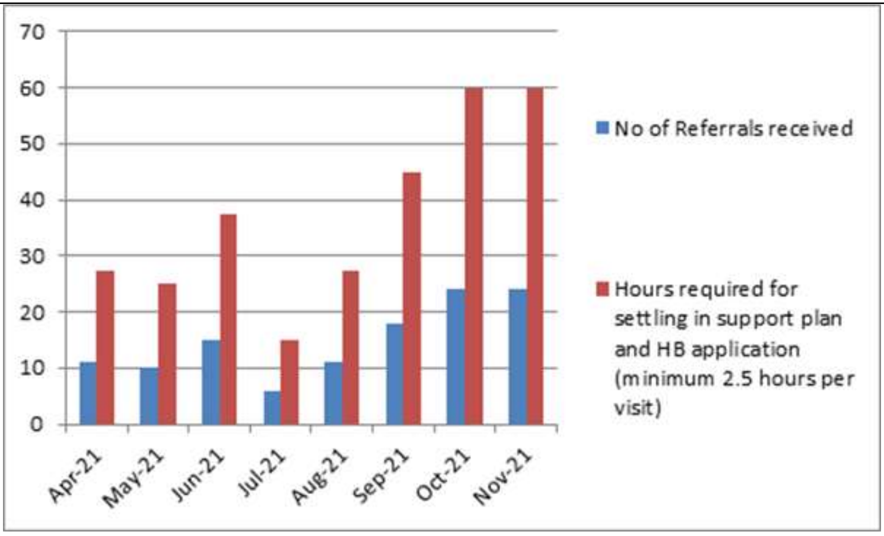
	which could potentially release family accommodation back into general needs. The additional role is also needed to support Independent living properties coming out of the Choice Based Lettings system.
5. Specialist Support – Homeless and communities	
 This on-going support case load is split between 3 Specialist Support Officers (2 permanent and 1 transitional post). The level of support required is medium to high and can change from week to week depending on the individual and their circumstances. The team are predominantly supporting those in EA/TA. The graph below shows the number of referrals received and the minimum number of hours spent on their initial settling in visit to complete a support plan and housing benefit form.	In terms of unmet demand, the team have just started to take on hoarding cases which is a minimum of 6 months support and is intensive support that requires dedicated time with that individual. There are at least 30 hoarders that resident and estates team have flagged that need intensive support as well as other residents in general needs requiring extra support. Following the pandemic, but also with the various works going on in flat blocks, it is highlighting more and more residents that need extra support to maintain their tenancy. The team currently have a very high case load each and cannot maintain the level of demand. The waiting list will be

 The number of new referrals has been increasing which has led to 60 hours of the team's time being spent just on the initial visit to complete the support plan to identify support needs and housing benefit forms. This is in addition to the on-going support provided. The team also support care leavers and mental health move ons which involves a lot of time liaising with Hertfordshire County Council and the mental health supported accommodation provider and then supporting once the person moves in. The 3rd post is needed permanently to ensure we are able to deliver the intensive support to as many tenants/EA/TA people as is needed acknowledging that there will be a waiting list due to the demand on this area of work.	so long there will be a lot of people not receiving the right support which could lead to evictions or a fire risk (hoarding).
6. **Housing Officers**	
Housing Officers are dealing with an increased case load of complex cases each week that usually involve other agencies or teams. They are spending at least 70% of their time on casework which includes work such as progressing changes of tenancy, successions, terminations etc. The time needed on these cases take away the officer's time on other areas of work such as Right to Buys, tenancy audits and flat block inspections as they cannot achieve the numbers needed each month. For Right to Buys there is roughly 10 new applications received each month each requiring at least 6 hours – processing the application; interviewing tenants; reviewing the document; auditing the property; liaising with legal. It needs dedicated resource to carry out these functions as we have a statutory timeframe to work in. There is a high level of hoarding cases (around 50 that we are aware of) ranging from low level to severe which require a significant amount of officer time weekly/biweekly. The more severe cases need to be referred to Specialist Support but they do not have the capacity at present to take these	Right to buy applications are delayed and miss the statutory deadlines. Increased backlog of flat block inspections. Health and safety risk. Increased backlog of tenancy audits Tenants could lose their tenancies if they do not have the support. Complaints increase.

on. Tenancy audit KPIs at full capacity would be 10 accessed visits per months – this is aside from tenancy auditing properties with ongoing change of tenancy applications etc. At the moment, there is not capacity and on average 2/3 are being carried out per month.	Staff leave due to increased workload.

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Appendix C – Fees and Charges

Service		Description of Chargeable Service	2021/22 GROSS FEE PAYABLE BY CUSTOMER	NET FEE (2022/23)	VAT (exemption can be applied for on certain	2022/23 GROSS FEE PAYABLE BY CUSTOMER	Increase £	increase %	Total Budget 2021/22 £	Budget Increase	Budget 2022/23	Options considered/Rationale
Housing Revenue Account												
Supported Housing:												
Guest Bedrooms		All schemes other than those listed below (per night, per person)	£12.50	£10.83	£2.17	£13.00	£0.50	3.97%				
Guest flats	**HG110 955300**	Hobbs Ct, Silkin Court and Norman Court (any bedsit type guest room, per night, per person)	£22.50	£19.17	£3.83	£23.00	£0.50	2.24%				All Guest rooms except Norman Court to be removed
Short Stay Units		Assessment (per day)	£11.50	£11.60	£0.00	£11.60	£0.10	0.87%				
	HG610 977700	Respite	£22.50	£23.00	£0.00	£23.00	£0.50	2.22%				
									10,630	**270**	**10,900**	
Laundry Charges		Sheltered schemes first wash (per week)	£3.15	£2.67	£0.53	£3.20	£0.05	1.71%				This has been free during covid - can we start charging again. It was agreed 21/22 to charge the first wash which needs to be implemented. We will look at setting a service charge for washing machines for 2023/24 instead of tokens.
		Second wash and thereafter	£3.15	£2.67	£0.53	£3.20	£0.05	1.71%				
		Guest bedrooms and short stay (per wash)	£3.15	£2.67	£0.53	£3.20	£0.05	1.71%				
	HG110 977500								**7,270**	**130**	**7,400**	
Room Hire		Hairdressing at Silkin/Fred Millard, (Hourly charge) *	£5.00	£4.58	£0.92	£5.50	£0.50	9.92%				
		Private chiropodist and other services, (per hour) *	£5.00	£4.58	£0.92	£5.50	£0.50	9.92%				
	HG110 977700								**1,500**	**100**	**1,600**	
Support Services and careline for HRA tenants	**HG110 977807**	Housing related support (includes all services shown under careline alarms)	£19.65	£19.65	£0.00	£19.65	£0.00	0.00%	496,980	**60,020**	**557,000**	Full costing of the service hasn't been concluded due to finance pressures. Early indication shows that this figure needs to decrease due to some activity being covered under rent ie building safety checks and some activities that can be rebatable. The support element will be around £12. We would then need to have a communal management cost to pick up the charges that fall outside of the support and rent element.
		SIM Careline Unit (additional weekly charge)	£1.00	£0.83	£0.17	£1.00	£0.00	0.00%				No increase from supplier.
		independent living and flexi care support charge for previous hHRS protected clients and new residents entitled to HB	£8.00	£10.00	£0.00	£10.00	£2.00	25.00%				will book in some time with you to finalise the costings
	HG110/977801	response service for new customers (50 weeks)	£8.64	£7.25	£1.45	£8.70	£0.06	0.69%	68,040	**1,960**	**70,000**	We are up to our ceiling in what we can reasonably charge without pricing ourselves out of the market.
		Response service to other provider equipment (50 weeks)*	£4.92	£4.10	£0.82	£4.92	£0.00	0.00%				This is the difference between response service for new customers and the monitoring only charge.
		Monitoring only service (50 weeks) *	£3.72	£3.15	£0.63	£3.78	£0.06	1.61%				We need to be remain competitive alongside Herts Careline who is currently charging.
									565,020	**61,980**	**627,000**	
Careline Alarm- private (Shortfall funded from General Fund)		Response service **(52 weeks)** *	£8.64	£7.25	£1.45	£8.70	£0.06	0.69%				Previously charged for 50 weeks per year; amended to 52 week charging from 2021/22
		Response service out of area (**52 weeks**)*	£8.64	£7.25	£1.45	£8.70	£0.06	0.69%				
		Response service to other provider equipment (**52 weeks**)*	£4.92	£4.10	£0.82	£4.92	£0.00	0.00%				
		Monitoring only service (**52 weeks**) *	£3.72	£3.15	£0.63	£3.78	£0.06	1.61%				
	HG110 941100								**126,400**	**1,600**	**128,000**	**This Saving (£1,600) is for the GENERAL FUND - shown on there as a "one liner" - and only shown here for REFERENCE**
		Careline (Winkhause) keys*	£13.20	£11.50	£2.30	£13.80	£0.60	4.55%				
		Fobs - Sheltered Schemes (Black)	£21.50	£18.65	£3.73	£22.38	£0.88	4.09%				
		Fobs - Sheltered Schemes (Shark)	£13.00	£10.90	£2.18	£13.08	£0.08	0.62%				This includes an admin fee
Replacement Pendants		Tynetec pendant	£52.50	£48.00	£9.60	£57.60	£5.10	9.71%				Includes an admin fee
		Doro pendant		£40.00	£8.00	£48.00	new					Includes an admin fee
Key safe		Supply	£21.25	£18.33	£3.67	£22.00	£0.75	3.51%				clarify the difference between fobs black and shark-JC
		Fit	£61.00	£53.08	£10.62	£63.70	£2.70	4.42%				
Lock Change			£88.50	£75.00	£15.00	£90.00	£1.50	1.69%				
	HG110 968800								**3,580**	**120**	**3,700**	

Service		Description of Chargeable Service	2021/22 GROSS FEE PAYABLE BY CUSTOMER	NET FEE (2022/23)	VAT (exemption can be applied for on certain	2022/23 GROSS FEE PAYABLE BY CUSTOMER	Increase £	increase %	Total Budget 2021/22 £	Budget Increase	Budget 2022/23	Options considered/Rationale
General Needs Tenants and Leaseholders:												
Key Fobs	**HJ990 976202**	Old Style "Black fobs"*	£22.00	£18.67	£3.73	£22.40	£0.40	1.84%				
		New "Shark" Fobs*	£13.00	£10.92	£2.18	£13.10	£0.10	0.80%				This includes an admin fee
Communal door entry keys	**HJ990 976200**	Replacement keys for entry doors to flat blocks.	£20.60	£17.92	£3.58	£21.50	£0.90	4.39%	1,260	40	1,300	
Laundry charges - Roundmead, Brent and Harrow		Wash tokens	£5.75	£5.00	£1.00	£6.00	£0.25	4.35%				
		Dry Tokens	£3.10	£2.71	£0.54	£3.25	£0.15	4.90%				
Management Fees for Westwood Court & Kilner Close		Administration Fees	£1.00	£1.00	£0.20	£1.20	£0.20	20.00%	7,090	110	7,200	Round up
	HJ990 977500								**8,350**	**150**	**8,500**	
Stores	**HC110 978101**		£6.00	£6.50	£0.00	£6.50	£0.50	8.33%	15,520	480	16,000	
Lock change	**HR613 976200**	Callout	£140.00	£120.83	£24.17	£145.00	£5.00	3.57%	0		0	
	HA110 992200	Admin charge	£50.00	£43.33	£8.67	£52.00	£2.00	3.99%	11,000	0	11,000	
		Charge	on Application (is VAT A	POA							0	
									26,520	**480**	**27,000**	
Tenant's Retrospective Charges	**HA120/977700**		£200.00	£0.00	£0.00	£0.00	-£200.00	-100.00%				To be replaced with further breakdown below
Inspection charge - depending on cost of work		From £0 to £999	£205.00	£225.00	£0.00	£225.00	£20.00	9.76%				
		From £1,000 to £1,999	£210.00	£230.00	£0.00	£230.00	£20.00	9.52%				
		From £2,000 to £2,999	£220.00	£250.00	£0.00	£250.00	£30.00	13.64%				
		From £3,000 to £3,999	£230.00	£260.00	£0.00	£260.00	£30.00	13.04%				
		From £4,000 to £4,999	£290.00	£310.00	£0.00	£310.00	£20.00	6.90%				
		From £5,000 to £5,999	£390.00	£420.00	£0.00	£420.00	£30.00	7.69%				
Adminstration				£160.00	£0.00	£160.00	£160.00	0.00%				New charge
									6,000	**400**	**6,400**	
		GRAND TOTAL							**£755,270**	**£65,230**	**£820,500**	
Notes				**Additional Income (fees & charges)**					**£65,230**			
1.charges are rounded to the nearest 5p				**Less: £1,600 (G Fund Saving)**					**£63,630**			

2.All charges are inclusive of VAT @ 20% with the exception of items marked with an *

3.Careline and Community Support are subject to VAT for private residents unless they complete an exemption declaration.

APPENDIX D: RISK BASED ASSESSMENT OF THE LEVEL OF HOUSING REVENUE ACCOUNT BALANCES 2022/23

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 post COVID recovery, but could also be as a result of increased void rates, lower collection rates, disputed bills, 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**	**Risk assessed at**	**Balances Required**
Rechargeable works not raised or recovered	£153,790	10.00%	£15,379
Leaseholder charges not realised (excluding insurance)	£807,520	5.00%	£40,376
Rental income (increase in voids rates)	£42,972,770	0.75%	£322,296
Service Charges (increase in voids rates)	£1,882,740	0.75%	£14,121
Heating charges	£242,110	5.00%	£12,106
Total			**£404,277**

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 due to COVID and regulatory requirements. 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**	**Risk assessed at**	**Balances Required**
Storm damage and fire damage uninsured costs (excess is £25,000 for fire damage)	£25,000	100.00%	£25,000
Response and Emergency repairs increase as a result of inflationary pressures or unforseen repairs	£8,355,430	5.00%	£417,772
Unforeseen Capital works not budgeted for requiring a contribution to capital (based on a proportion of the capital programme)	£64,001,260	2.00%	£1,280,025
Inflation pressures on capital works requiring additional revenue resources to fund the shortfall	£64,001,260	0.75%	£480,009
Insufficient budget identified for damp and mould works	£350,000	10.00%	£35,000
Total			**£2,237,806**

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**	**Risk assessed at**	**Balances Required**
Increase in borrowing costs for internal borrowing	£3,046,508	0.25%	£7,616
Transitional Vacancy Rate 4.5% not achieved	£258,820	10.00%	£25,882
Increase in bad debt provision	£224,220	10.00%	£22,422
Utility inflation (Electricity increase in April 2018, Gas increase from Oct 2018)	£746,300	5.00%	£37,315
NEW pay award is higher than budgeted for	£8,462,770	0.50%	£42,314
Total			**£135,549**

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 changes in government policy and legislation mean income from activities where the Council is charging for services will not be achieved.		
		Calculated Risk	
Specific Areas	**Estimated Income**	**Risk assessed at**	**Balances Required**
Increased Right to buys as a result of Government initiatives reducing the amount of collectable rent. Assume an additional 20 RTB's increasing the number to 65 in 2021	£107,193	50.00%	£53,596
NEW higher rent arrears as a result of COVID	£500,000	2.50%	£12,500
Total			**£66,096**

Potential Risk Area	Comments including any mitigation factors		
Estimated balances required for any over spend or under -recovery of expenditure	This calculation replaces the calculation based on Net Expenditure		
		Calculated Risk	
Specific Areas	**Estimated Exposure**	**Risk assessed at**	**Balances Required**
Gross Expenditure (excluding fixed interest costs and depreciation and RCCO)	£25,886,800.00	1.50%	£388,302
Total			**£388,302**

Potential Risk Area	Comments including any mitigation factors		
Greater exposure to interest rate changes	Moving from RCCOs to new borrowing to support capital increases the risk of higher borrowing costs due to increased interest rates.		
		Calculated Risk	
Specific Areas	**Estimated Exposure**	**Risk assessed at**	**Balances Required**
General allowance in the balances to meet any potential increased cost of borrowing (new 2022/23 loans)	£15,640,000	0.56%	£87,740
Total			**£87,740**

Level of Balances Assumed in Housing Revenue Account Based on risk	**£3,320,028**
Balances held for future debt and capital programme.	**£25,207,675**
Total Required balances	**£28,527,703**

Appendix E

Full Equality Impact Assessment

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

What is being assessed?		**HRA: Rent and Service Charge 2022/24**			
Lead Assessor	Chris Stratford			Assessment team	Elizabeth Ddamulira
Start date	Jan 2022	End date	Jan 2024		
When will the EqIA be reviewed?		Jan 2024			

Who may be affected by it?	All tenants
What are the key aims of it?	Rent increases are prescribed by Government and it is extremely difficult therefore not to apply the determination made by Government annually. To increase the rent on dwellings from week commencing 4 April 2022 by 4.1%, which is ,an average increase of £4.06 for social rents, £6.60 for affordable rents and £4.74 for Low Start Shared Ownership homes per week (based on a 52 week year). This has been calculated using the rent formula CPI (3.1) +1% in line with government policy and the Council's Rent and Service Charge Policy. The Council's Rent and Service Charge Policy provides a framework for setting our rents and service charges within legislative requirements. The rent and service charge income underpins the delivery of the Housing Revenue Account Business Plan's key housing objectives to deliver effective services, to invest in its properties to ensure homes are of a modern standard and to provide new social housing to rent. The policy was revised in

	December 2019. The revisions aimed to ensure that the policy complied with the government's direction on the Rent Standard 2019 and to clarify the Council's position in relation to service charge increases and affordable rents. A further aim since 2020 is to mitigate the impact of COVID 19 on our customers and their ability to pay rent and service charges. Key elements include: • To increase rents on social rent and affordable rent properties by up to CPI+1% each year from 2020, for a period of at least five years. • Increase the rents for all excluded properties by CPI +1%, e.g. LSSO • Set the rent for a proportion of new build homes at affordable rents. • Set the rent where adaptations or extensions have resulted in the property being increased in size (for example, an additional bedroom), in accordance with the formula rent as detailed in the policy. • Further to the Welfare Reform and Work Act 2016, charge the rent payable by new tenants of existing social rent housing at the higher of the formula rent (i.e. the 'social rent rate'), or the actual rent (i.e. the 'assumed rent rate') as at 8th July 2015, with the appropriate rent increase applied in line with the current Rent Standard Direction (February 2019). • Charge actual costs for service charges but with the provision to apply a cap, subject to any legal constraints, on affordability grounds where appropriate. • Mitigation of COVID19 impact

What **positive measures** are in place (if any) to help **fulfil our legislative duties** to:					
Remove discrimination & harassment		Promote equal opportunities	The aim of the Rent & Service Charge Policy is to provide a fair method of calculating rents and service charges for all of our tenants. It also aligns with the council's Concessions for Fees and Charges Policy, and the principle of recovering the cost of providing services.	Encourage good relations	

What sources of data / information are you using to inform your assessment?	• Policy Statement on Rents for Social Housing, February 2019 • Direction on the Rent Standard, 2019 • Welfare Reform and Work Act 2016 • Housing and Planning Act 2016 • Rent and service charge policy agreed by Exec December 2019 and recommended to Council in January 2020 • Rent account information • Housing System data • Supported housing service data

In assessing the potential impact on people, are there any overall comments that you would like to make?	Approval to increase rents by CPI + 1% for 5 years from 2020/21 required a revision of HRA Budget plans priorities. The HRA Business Plan was agreed at the December 2019 Executive Meeting. The average rent increase for 2022/2023 is (Adjusted Limited Basic 2021) + 1.0% (General stock) and + 1.0 % (LSSO stock). When calculating rents and service charges accounts, consideration will be taken of the need to balance any increase in the combined rent and service charge with the potential financial impact on customers. This relates to 37% of homes to which a service charge applies, which are predominantly flats as well as sheltered accommodation. The Council must recover the actual cost of providing the service and service charge costs will increase with inflationary pressures and changes in usage. The impact of the 2022/23 rent increase and service charges is • 306 homes or 4% receive a rent and service charge reduction; • 7,657 homes or 96% of households will receive a weekly rent and service charge increase of less than £4.06 (based on 52 weeks). •

	We had 7653 general social rented properties, 36 affordable rent properties, 857including Walpole Court and Hobbs Court) Sheltered Accommodation and 85 LSSO as at Jan 2022. The setting of a proportion of new build lets at affordable rents will contribute positively to increasing the supply of new homes in Stevenage. All target groups will benefit given the need for affordable housing is common across all socio-economic and minority groups. The current low supply of new affordable housing and the high cost of the private rented sector in Stevenage have impacted adversely on those groups whose incomes are average or below average. This also further supports work with people who need help to live independently at home and those at risk of homelessness, through wider housing options, continued provision of support, and financial assistance for adaptations and more homelessness preventative programmes respectively. Any groups that are potentially disadvantaged are still expected to be able to benefit from a council property set at a social rent. Tenants benefited from four years of rent reduction from 2016-2020 so the impact of the rent increase is mitigated partially by having to use a lower base than it would have been had there not been a mandatory rent reduction (cumulative) of 1 % between 2016-2020.

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		Negative		Unequal	The increase is applied to all properties; it is not possible to exempt any

impact		impact		impact	particular groups. A proportion of tenants may see an increase in service charges in any given year. The majority of tenants who are charged for services live in flats and/or sheltered accommodation. Tenants living in sheltered housing do so because they have additional needs that require support relating to age, disability or both. The minimum age for entry into sheltered housing is 55 years and data from Northgate indicates that the proportion of tenants aged 60+ in sheltered housing, is almost three times the proportion for all tenant housing. In relation to flat blocks, the data indicates that there is a higher proportion of people aged 18-29 years in flat blocks compared with all SBC housing. For people living in independent living/flexicare schemes, in addition to basic rent and service charges, those who pay for the support/emergency response services that are not eligible for Housing benefit may see an increase in overall payment due each week . We currently know that COVID-19 is disproportionately of particular risk to older people and those with underlying conditions. This may result in in this age group incurring extra expenses that may affect their ability to pay rent and service charges.

Please evidence the data and information you used to support this assessment	See page two and three.

What opportunities are there to mitigate the impact?	Ongoing consultation will take place with residents in 2022/23 to establish the impact of the rent & service charge increase. Please also refer to the mitigations outlined in the socio-economic section below, most of which will also apply to this protected characteristic group.	What do you still need to find out? Include in actions (last page)	

Disability					
Positive impact		Negative impact		Unequal impact	The increase is applied to all properties; it is not possible to exempt any particular groups. Northgate data on tenants in relation to disability was collected a number of years ago and is not up to date. This information was also disclosed at the tenants' discretion so some tenants may not have provided it. To give some context, the data indicates that the proportion of tenants in sheltered housing declaring that they had a disability was almost double the proportion for the whole SBC tenant population. The proportion of tenants living in flat blocks declaring a disability was very similar to the proportion living in all properties; therefore a disproportionate impact on these tenants is not anticipated.

Please evidence the data and information you used to support this assessment	See page two and three.

What opportunities are there to promote equality and inclusion?		What do you still need to find out? Include in actions (last page)	

Gender reassignment, Marriage or civil partnership, Pregnancy & maternity, Race, Religion or belief, Sex, Sexual orientation N/A					
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-economic[1] e.g. low income, unemployed, homelessness, caring responsibilities, access to internet, public transport users					
Positive impact		Negative impact	The rent increase will be applied across all tenancies prescribed by the Work and Welfare Reform Act and in line with the current Rent Standard Direction (February 2019) regardless of circumstances. This will be applied for at least the next 3 years. Those reliant on Housing Benefit (HB) and Universal Credit (UC) Housing costs to cover their full rent and eligible service charges won't be affected by the increase in rent and service charges as their benefit award will be recalculated. The number of bids on the new build properties let at affordable rents are similar to the number received for new build let at social rents. There is a mixture of employed and unemployed applicants. Applicants in receipt of benefits are not excluded or unfairly treated. Those who receive services for which a service charge is made will be charged the actual cost of those services. Heating charges are exempt from HB and tenants are expected to pay this. Water charges are also exempt from HB and are set by the Water Authority. SBC collects the water charges on behalf of the Water Authority. The COVID19 pandemic has caused	Unequal impact	

[1]Although 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.

			unemployment and unstable employment. So for example we have 249 residents as at 16 December 2021 who are furloughed, on job retention or made redundant. Residents experiencing exceptional economic hardship who are unable to work due to a duty to self-isolate and are receiving a drop in earnings.		

Please evidence the data and information you used to support this assessment	See page two and three

What opportunities are there to mitigate the impact and promote equality and inclusion?	The policy allows for capping of service charges, subject to any legal constraints. As a means of mitigating the impact of an increase that would cause hardship, the council may subsidise the costs. Rent increase information will be published on our website early February 2022 to start preparing tenants. The rent notification letter (to be sent out at the end of February) will offer tenants the opportunity to discuss any queries they have with staff. It will explain why the rent has increased and also explain any increase in service charges. Where a property has a number of service charges they will be fully explained, with a summary of how the weekly charge has increased overall. Where support charges are also included (mainly but not exclusively for sheltered and flexi care schemes) separate notifications will be sent out to these residents to ensure it is clearly set out how each element of the weekly charge is made up.	What do you still need to find out? Include in actions (last page)	

	To ensure that this is explained as clearly as possible there will be a FAQ sheet and details on the website and hard copies available for those who need them. The policy states that the Council will have regard to the Local Housing Allowance when setting affordable rents. If affordable rents are set at this level, HB/ UC housing cost will cover the rent in full for those tenants who are entitled to the maximum amount of housing benefit. Setting at the Local Housing Allowance will also benefit tenants who are, for example on a low wage or zero hour contracts and where partial housing benefit can be paid. For those moving into Affordable Rent (AR) properties a comprehensive affordability assessment is carried out prior to offer to ensure that the tenancy is sustainable. The implementation of the policy in respect of AR will be kept under review by the Housing Development Executive Committee and should adverse impacts be identified this will inform future decision making in this regard. Support provision for this group has been increased as part of an income recovery action plan, to ensure that they can pay through sustainable arrangements to maintain payments towards rent and service charges. Additional staffing resources have been secured to continue work to target and support UC cases to maximise income collection and minimise the level of arrears for this group of tenants. We will make links to support and guidance clear on all of our communication platforms. We will prepare staff to enable them to respond effectively and empathetically with tenants.		

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 mitigate the impact?			What do you still need to find out? Include in actions (last page)			

What are the findings of any consultation with:

Residents?	Planned consultation with residents during 2021/22 regarding the impact of the new rent policy was postponed to 2022/23 due to work load catch up due COVID19 over 2020 and 2021. This will be the second year of increase since the rent reduction regime was introduced and consultation will enable us to establish the impact and put in place systems to mitigate this accordingly.	Staff?	
Voluntary & community sector?		Partners?	
Other stakeholders?	Housing Management Advisory Board (HMAB) was consulted in November 2019 and was supportive of the policy to charge service charges at actual costs but with the provision in the policy to cap any increases if this would cause hardship. In terms of affordable rents, HMAB broadly supported this policy. There are still some concerns about the affordability of such schemes and the position if tenants lost employment/were on a low wage. The rent would be covered in full for those tenants entitled to full HB/ UC housing costs due to the rent being set		

	at the LHA level. Also those in low paid employment may be entitled to partial HB/ UC housing costs. Thorough affordability assessments will be carried out.	

Overall conclusion & future activity

<table>
<tr><td colspan="3">Explain the overall findings of the assessment and reasons for outcome (please choose one):</td></tr>
<tr><td colspan="2">1. No inequality, inclusion issues or opportunities to further improve have been identified</td><td></td></tr>
<tr><td rowspan="2">Negative / unequal impact, barriers to inclusion or improvement opportunities identified</td><td>2a. Adjustments made</td><td></td></tr>
<tr><td>2b. Continue as planned</td><td>The future viability of the HRA Business Plan will be reliant upon us being able to recover the costs of service provision where it’s possible to do so.

Only a proportion of new builds will be at affordable rent in line with the revised HRA Budget plan. The proposal to offer a mix of new build rents at affordable rent levels and at social rent levels would result in additional income to the HRA over 30 years which makes a significant contribution to the sustainability of the plan and the Council’s ability to build new homes and to deliver other housing priorities.

There are plans to build 240 social rented and 270 affordable rented houses over the 5 years of the revised Business Plan. The policy and the aim is for a 50/50 split, but due to the timing of delivery on schemes the weighting is slightly biased towards affordable, but it evens out over the whole 30 year plan.

This means that there will be a total of approximately 4% of council homes at affordable rent at the end of the 5 year period. The majority of annual lettings (i.e. of new build and re-let properties) would continue to be at a social rent level and it is estimated that after 30 years the vast majority of council property rents (an estimated 88%) will be set at the</td></tr>
</table>

		social rent rate, subject to any changes in legislation or Government guidance.
	2c. Stop and remove	

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?
Consultation with residents to establish the impact of the rent increase	Remove discrimination and promote equal opportunities	Elizabeth Ddamulira	March 2023	Systems will be put in place to mitigate impacts

Approved by Assistant Director (Housing and Investment) : Chris Stratford

Date: 12/01/22

Part I – Release to Press

Stevenage BOROUGH COUNCIL

Agenda item:

Meeting	**EXECUTIVE**
Portfolio Area	Resources
Date	**19 JANUARY 2022**

DRAFT CAPITAL STRATEGY 2021/22-2025/26

KEY DECISION

Authors	Belinda White x2515
Contributors	Senior Leadership Team
Lead Officers	Clare Fletcher
Contact Officer	Clare Fletcher

1. PURPOSE

1.1 The purpose of the report is:

(1) to seek approval for the proposed revisions to the 2021/22 General Fund and Housing Revenue Account Capital Programme and;

(2) to outline the draft Capital Programme for 2022/23 for consideration.

1.2 To provide Members with an update on the Council's draft 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

It is recommended that the:

2.1 Draft General Fund Capital Budget for 2022/23 of £31.1Million, as set out in Appendix C to the report, be proposed for consultation purposes (subject to review by Leaders Financial Security Group) .

2.2 CFO brings a report forward during the 2022/23 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 which could be used to meet these Corporate priorities.

2.3 Draft HRA Capital Budget for 2022/23 of £64.7Million, as set out in Appendix D to the report, be proposed for consultation purposes.

2.4 HRA Capital Budget be brought back to Executive in 2022/23 as part of the HRA Business Plan refresh.

2.5 Updated forecast of resources 2022/23 as detailed in Appendix C (General Fund) and Appendix D (HRA) to the report be approved subject to the consultation process.

2.6 Council's investment strategy for non-treasury assets as detailed in Appendix E be approved for consideration by the Executive.

2.7 Approach to resourcing the General Fund capital programme as outlined in the report be approved.

2.8 Funding increase requested for the Bus Station project as set out in paragraph 4.1.2 be approved.

2.9 Progress on Locality Reviews be noted.

2.10 Progress on Towns Fund be noted.

2.11 General Fund growth bids identified for inclusion in the Capital Strategy (paragraph 4.2.2, table five and Appendix A to the report) be approved in principle, This is subject to further review work on Capital Priorities being undertaken by officers and the Leaders Financial Security Group (LFSG).

2.12 HRA budget increases identified for inclusion in the Capital Strategy (paragraphs 4.9.2, table ten and Appendix B to the report) be approved.

2.13 2022/23 de-minimis expenditure limit (section 4.11 of the report) be proposed for consideration by the Executive.

2.14 2022/23 contingency allowances respectively in paragraphs 4.12.1 and 4.12.2 of the report be proposed for consideration by the Executive.

2.15 That the Executive delegation set out in paragraph 4.12.3 of the report, allowing Executive to approve increases to the capital programme for grant funded projects, be proposed for consideration by the Executive.

3. BACKGROUND

3.1 Introduction

3.1.1 The purpose of the Capital Strategy is to outline how the Council determines it's priorities for capital investment and how much it can afford to borrow as well as setting out any associated risks.

3.1.2 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.

3.1.3 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; and
- the steps taken to ensure that elected Members and Statutory officers have the appropriate skills and governance.

3.1.4 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 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 along with some, other capital projects and the Capital Reserve as follows:

Table 1: New Homes Bonus	2021/22	2022/23
Play & Bins (Capital) CNM	£342,000	£65,027
Electric Car Charging Points	£2,630	
Town Centre Ramps Improvements	£350	

Table 1: New Homes Bonus	2021/22	2022/23
Contribution to Capital Reserve	£250,000	£177,588
Total Expenditure	**£594,980**	**£242,615**
Balance in NHB reserve	856,066	261,086
In year Funding		
Expenditure in year	594,980	242,615
Balance remaining in NHB reserve	**261,086**	**18,471**

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. Generally this 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 continued impact of the coronavirus pandemic on the Council's finances.

3.2.7. The Council has approved some land and asset disposals and an updated schedule of these (net of disposal fees) is set out in table two. There are some further key disposal assets and consideration will have to be given as to how these assets are used to meet the Council's Cooperative Corporate priorities. The CFO will bring a report setting out some specific proposals during the 2022/23 financial year.

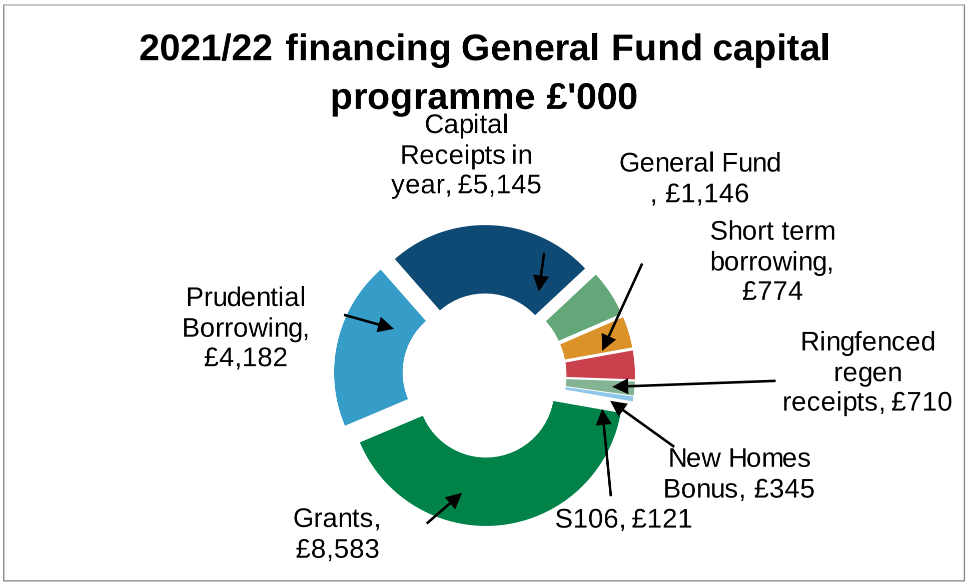
Table 2: 2020/21 Disposal Schedule (General Fund)			
Forecast receipts	**Q2 Working Budget**	**January Draft Revised Position**	**Variance**
	£	**£**	**£**
Total 21/22 Capital Receipts Estimate	(5,851,275)	(5,183,715)	**667,560**
Total 22/23 Capital Receipts Estimate	(5,081,256)	(5,736,816)	**(655,560)**
Total 23/24 Capital Receipts Estimate	(10,172,500)	(10,172,500)	**0**
Total 24/25 Capital Receipts Estimate	0	0	**0**
Major Capital Receipts Programme	**(21,105,031)**	**(21,093,031)**	**12,000**

3.2.8 In addition to these there are SG1 receipts identified for the Public Sector Hub, 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 4.4 of this report.

3.2.9 The capital strategy includes the use of Section 106 (S106) monies that have been earmarked to support current and future capital schemes. The table below shows the current anticipated usage of these:

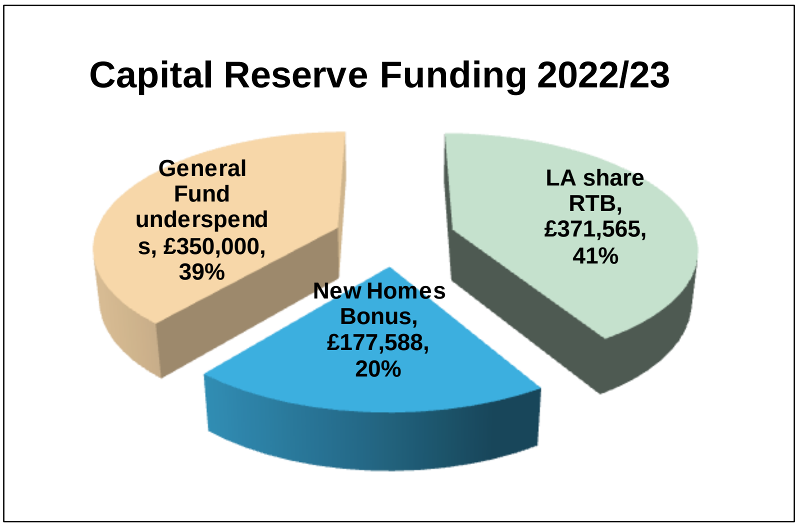
Table 3: S106 Update				
Available for financing		2021/22 Forecast use	Budgeted in Future Years	remaining
	£'s	£'s	£'s	£'s
Affordable Housing	302,825	302,825	0	0
Children's Play space	14,986	14,986	0	0
Outdoor Sports/Open Space Facilities	18,957	18,957	0	0
Community / Greenspace / Ecological Infrastructure	70,338	70,338	0	0
Parking / Transport	118,550	0	0	123,760
Gardening Club	4,576	0	0	4,576
Arboretum	25,420	0	0	25,420
Biodiversity Net Gain	45,867	0	0	45,867
Pedestrian Link	35,000	0	0	35,000
Household Surveys	15,990	0	0	15,990
Air Quality	5,335			5,335
Total	**657,842**	**407,105**	**0**	**255,947**

3.2.10 The current capital programme (approved February 2021 and as subsequently amended through the quarterly monitoring and supplementary reports), is fully funded and shown in the following chart which reflects the Quarter one and two monitoring report to the October 2021 Executive. The Grants figure includes £3.7Million of LEP funding.



3.2.11 The level of General Fund resources available at the end of 2021/22 in the Quarter one and two report was £1.5Million (all from Capital Receipts) which increased to £4.8Million in 2022/23. However this position has been updated and is now as set out in paragraph 4.1.3 table four and reflects the slippage identified during the budget setting process.

3.2.12 The Capital Reserve has been a significant source of the programme funding in prior years. It will receive a NHB contribution of £178K in 22/23 along with a forecasted £350K from revenue underspends and £372K from the Local Authority Share of Right to Buy receipts, as shown in the following chart.



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.

3.3.6 A refresh of the first 5 years of the HRA BP has recently been undertaken and a full review will take place in 2022.

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-22	Executive	Draft 2021/22 General Fund and HRA Capital Strategy
	Overview and Scrutiny	Draft 2021/22 General Fund and HRA Capital Strategy
Feb-22	Executive	Final 2021/22 General Fund and HRA Capital Strategy
	Overview and Scrutiny	Final 2021/22 General Fund and HRA Capital Strategy
	Council	Final 2021/22 General Fund and HRA Capital Strategy

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Capital Programme – 2021/22-2022/23 General Fund

4.1.1 Due to the ongoing financial pressures arising from the COVID pandemic 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 2022/23:

- 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 onwards.

4.1.2 For 2021/22 £300K additional funding has been requested for the Bus Interchange scheme. This funding is required to complete works by mid-March 2022 and it will be funded by underspends from another project, town centre reserves/general receipts, and ring-fenced Town Centre Transformation receipts. The additional funding is required due to an expansion of the scope of the original scheme to include additional elements such as enhancement of the public realm connection between the Town Square and the Bus Interchange. This funding will also allow for an element of contingency to be retained, as the existing contingency has been utilised due to the impacts of carrying out construction during the Covid-19 pandemic. Any unspent monies will be returned to the ring-fenced Town Centre Transformation receipts.

4.1.3 The result of this exercise 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 2022/23 Capital Bids process						
	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	Total £
SLIPPAGE	(2,107,310)	2,107,310	0	0	0	0
SAVINGS						0
GROWTH BIDS		2,800,115	1,075,720	646,000	341,000	4,862,835
TOTAL	**(2,107,310)**	**4,907,425**	**1,075,720**	**646,000**	**341,000**	**4,862,835**

(reduction)/increase in forecast expenditure

4.2 Capital Bids Included in the Capital Programme

4.2.1 The capital growth bids received 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 £4.863Million over the period 2022/23 - 2025/26, £2.8Million of which falls in 2022/23.

Table 5: Update following 2021/22 Capital Bids process						
		22/23 £	23/24 £	24/25 £	25/26 £	Total £
Priority 3	Mandatory requirements (including Health & Safety)	810,000	415,500	170,000	65,000	1,460,500
Priority 4	Schemes to maintain operational efficiency	977,115	459,220	275,000	135,000	1,846,335
Priority 8	Schemes that further the Council's Corporate Plans	223,000	201,000	201,000	141,000	766,000
Priority 11	New Burdens	790,000	0	0	0	790,000
Total		**2,800,115**	**1,075,720**	**646,000**	**341,000**	**4,862,835**

4.2.2 It is recommended that all of the bids totalling £4.863Million are noted by the Executive for the Draft Capital Strategy, subject to a review by Leaders Financial Security Group which has started and due to be completed for the Final Capital Priorities being undertaken by Members. Scoring and prioritisation will be Strategy in February 2022.

4.2.3 It should be noted that the bid of £100K in 2022/23 for Ridlins Athletics represents the minimum work required to maintain operational integrity. There could be a requirement for major capital expenditure within the next three years of circa £900K depending on a long-term review of the site and facilities.

4.2.4 It is recommended that the growth bids submitted for future years, totalling £2.063Million for the period 2023/24 - 2025/26, should form part of the full review of the Strategy planned as per paragraph 4.1.1, at which time the capital receipts position will be reviewed again to consider the availability of capital resources.

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 previous level of £200k per annum.

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 Council's Estates Team has reviewed the sites identified and reported to the Locality Review Board, which has been meeting regularly and is sponsored by the Strategic Director (CFO). The Board includes officers from different business units who use or manage the Council's assets.

4.4.3 It was previously estimated that the potential sales should generate around £4.5Million in receipts, after taking into account disposal fees of approximately 4%. A number of site issues have come to light while the Estates Team has been progressing this work and as a consequence some of these sites have been removed from the disposals list while the estimated receipt value of others has changed.

4.4.4 A schedule of the forecast receipts (net of disposal fees) and the timing of these is set out in table six below**:**

Table 6: Locality Review Site Disposals	
Tranche	**Estimated receipt**
Tranche 1 – Year 1 2021/22	£336,000
Tranche 2 – Year 2 2022/23	£2,361,600
Tranche 3 – Year 3 2023/24	£960,000
Total Forecast Locality Review Receipts	**£3,657,600**

4.5 Towns Fund Update

4.5.1 The most recent report to Members relating to the Towns Fund were Item 5 'Towns Fund - Station Gateway report' and Item 6 'New Station North MSCP report' to Executive on 8 December 2021. Further reports are due to be taken to Special Executive meetings scheduled for 2 February 2022 and 4 March 2022 to consider business cases for other Towns Fund schemes. The profile shown below is indicative based on the content of the submission, which will be reviewed following the submission of all of the business cases. The profiling of the full £37.5Million at project level will be included in the Final Capital Strategy, once all business cases are completed.

Table 7: Towns Fund profile (summary)						
	2021/22 £	**2022/23 £**	**2023/24 £**	**2024/25 £**	**2025/26 £**	**Total £**

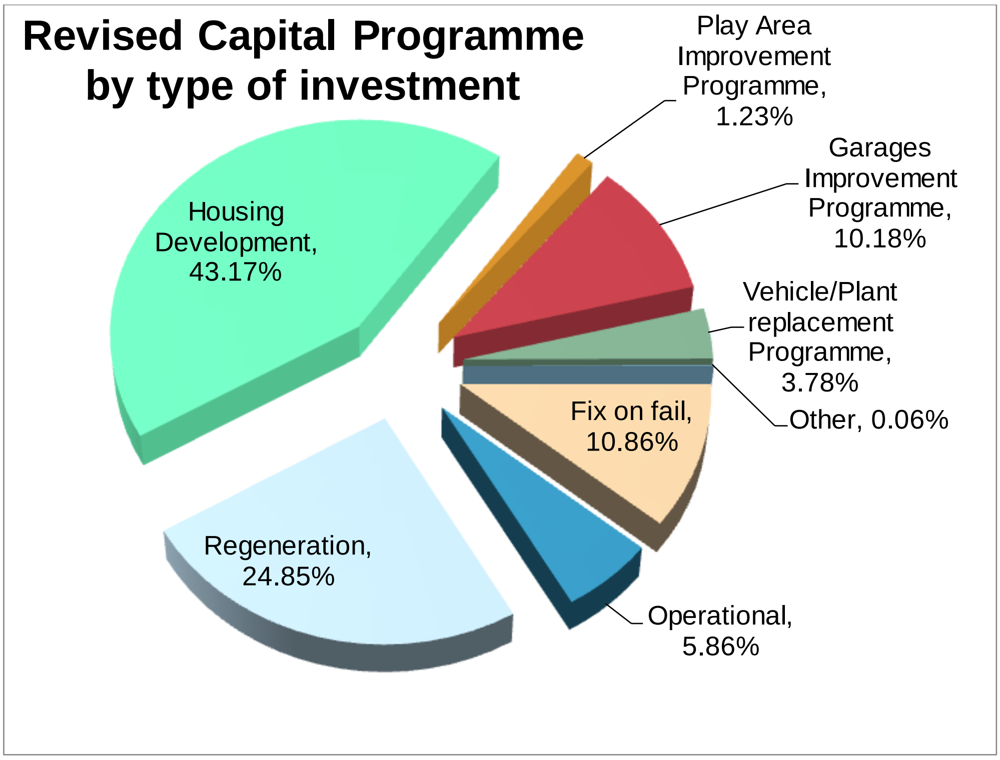
Table 7: Towns Fund profile (summary)						
	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	Total £
Capital	650,000	8,100,000	12,100,000	9,150,000	7,400,000	37,400,000
Revenue	50,000	50,000	-	-	-	100,000
Total	700,000	8,150,000	12,100,000	9,150,000	7,400,000	37,500,000

4.6 Summary Capital Programme 2021/22-2025/26

4.6.1 The revised Capital Strategy for 2021/22-2025/26 totals £68.1Million, including the growth bids totalling £4.863Million. This is summarised in table eight below, and in detail in Appendix C.

Table 8: Revised Capital Programme						
	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Total £000
Stevenage Direct Services	2,762	5,447	3,586	315	183	12,293
Housing Development	7,051	13,257	8,504	575	0	29,386
Finance and Estates	1,650	2,365	810	365	135	5,325
IT & Digital	399	674	104	104	0	1,282
Regeneration	8,279	8,100	0	0	0	16,379
Communities and Neighbourhoods	364	735	90	65	15	1,269
Planning and Regulatory	418	278	373	373	8	1,450
Deferred Works Reserve	83	200	200	200	0	683
TOTAL	**21,006**	**31,055**	**13,667**	**1,997**	**341**	**68,067**

4.6.2 As set out in section 3.2, 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 eight 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.



4.6.3 The revised capital programme set out above and in Appendix C does not include items such as: a requirement for additional capital expenditure relating to:

- Refurbishment needs for remedial works for garage impacted by asbestos;
- Funding for both the estate and fleet in order to help meet the Council's commitment to be carbon zero by 2030;
- Digital interventions to support the transformation programme,
- Actions arising from the SOCITM review due to conclude in March 2022 and a refresh of the IT Strategy and which would be subject to business cases.

The programme will remain fix-on-fail too. There is currently insufficient information available on these and other areas where additional capital expenditure may be needed, so they will be brought to Members for consideration in subsequent reports.

4.7 Capital Resources for the General Fund Capital Strategy

4.7.1 The projected resources used to fund the Capital Strategy totalling £68.1Million, including the growth bids totalling £4.863Million. This is summarised in table nine below, and detailed in Appendix C.

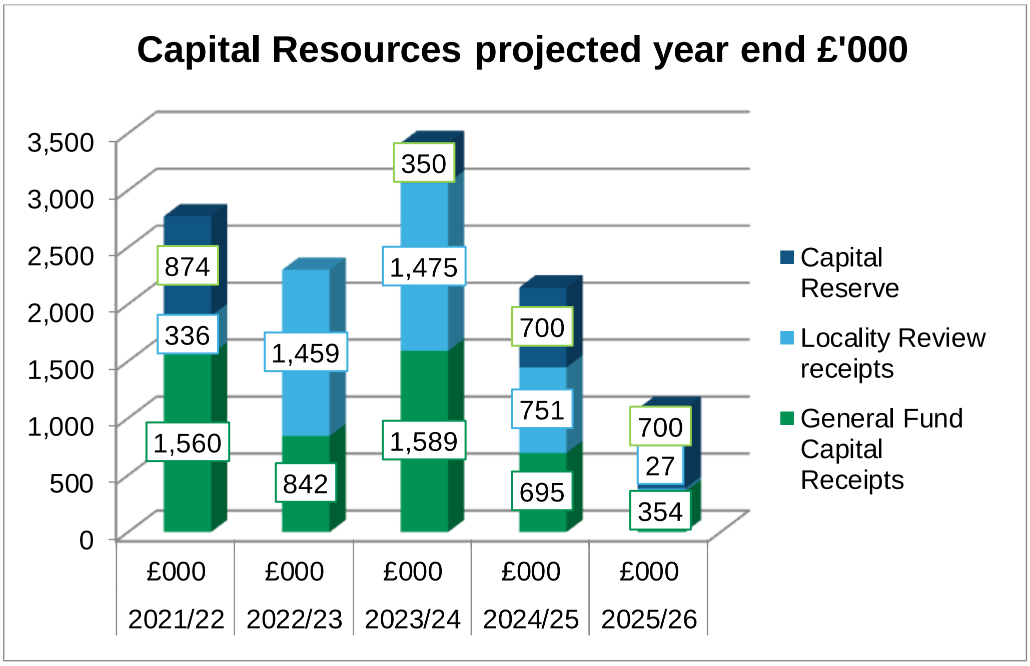
Table 9: Revised Capital Programme

	21/22 £000	22/23 £000	23/24 £000	24/25 £000	25/26 £000	Total £000
Capital Receipts	4,075	5,680	6,372	894	341	17,362
Locality Review Receipts	0	1,239	944	724	0	2,907
Grants and other contributions	4,908	4,746	3,916	0	0	13,570
S106's	121	0	0	0	0	121
LEP	3,674	0	0	0	0	3,674

Table 9: Revised Capital Programme						
	21/22 £000	22/23 £000	23/24 £000	24/25 £000	25/26 £000	Total £000
RCCO	88	0	0	0	0	88
Reserves	192	0	0	0	0	192
Ring-fenced regeneration receipts	710	1,050	0	0	0	1,760
SG1 receipts	800	5,000	0	0	0	5,800
Capital Reserve (Housing Receipts)	271	534	375	379	0	1,559
Capital Reserve (Revenue Savings)	866	1,240	0	0	0	2,106
New Homes Bonus	345	65	0	0	0	410
Prudential Borrowing Approved	4,182	8,448	2,060	0	0	14,689
Short Term borrowing and funded from private sale	774	3,054	0	0	0	3,828
Funding Gap	0	0	0	0	0	0
TOTAL	**21,006**	**31,055**	**13,667**	**1,997**	**341**	**68,067**

4.7.2 The limited capital receipts have been further reduced by the capital bid to fund food waste collection costs, that should be met from new burdens. However no such government announcements have been made thus far, which effectively reduces the capital receipts the council has available to spend. The relevant growth bids included in the revised capital strategy are £630K for 5 Food Collection Vehicles and £160K to meet the cost of the receptacles for the new rounds, both in 2022/23.

4.7.3 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 leaves balances remaining at the end of the years as summarised in the chart below, which 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.



4.7.4 The yearend level of capital receipts/capital reserve balances estimated to be required by the CFO is a minimum £800K-£1 Million. Based on an assessment of the profile of sites in the disposal programme, (noting that there are a small number of high value sites) and considering:

- A delay in the disposal of individual sites
- Capital receipt values being less than currently forecast.
- The Locality Review Receipts are required for future years
- The Capital Reserve balance relies on unbudgeted revenue underspends,

If all the growth bids set out in Appendix A are approved, the balance is forecast to be £842K at the end of 2022/23, which includes £350K unbudgeted revenue underspend in 2022/23. If this does not arise the remaining balances would only be £492K. LFSG have taken this into consideration when reviewing the growth bids and recommending them for approval in February.

4.7.5 The other main risks to the capital programme are:

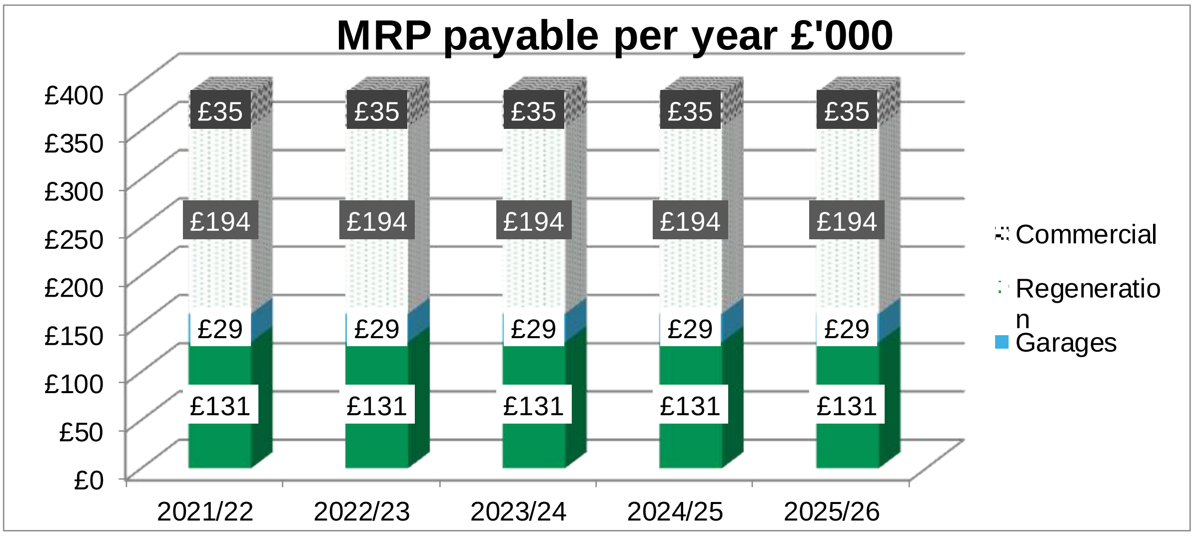
- Potential for scheme overspends
- Insufficient funding for new projects such as the wider town regeneration of assets including neighbourhoods, leisure centre and community assets or for emerging issues not currently in the capital programme
- Potential to not spend all the Local Enterprise Partnership (LEP) monies by the deadline and therefore some costs falling on the Council's resources
- Potential for delay in realising capital receipts – there are £8.1Million of land/asset sales to be achieved in 2022/23 as shown in tables two and six, however the Locality Review Receipts are required for later years
- The deferred works budget of £200K may not be sufficient to fund any schemes not currently funded in the Strategy due to the ongoing fix-on-fail approach.

- Potential for General Fund underspends not materialising (£350K). The Capital Reserve had been reliant on General Fund underspends of £350K per year (not included in General Fund projected year end balances), although due to the impact of the coronavirus pandemic on the Council's finances this was not included in 2020/21 or 2021/22.
- Potential for not spending all of the Towns Fund monies in accordance with the financial profile and/or by the deadline, therefore some costs may fall on the Council's resources
- 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 Covid-19, which has resulted in supply chain pressures and significant price increases across the construction sector

4.7.6 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.

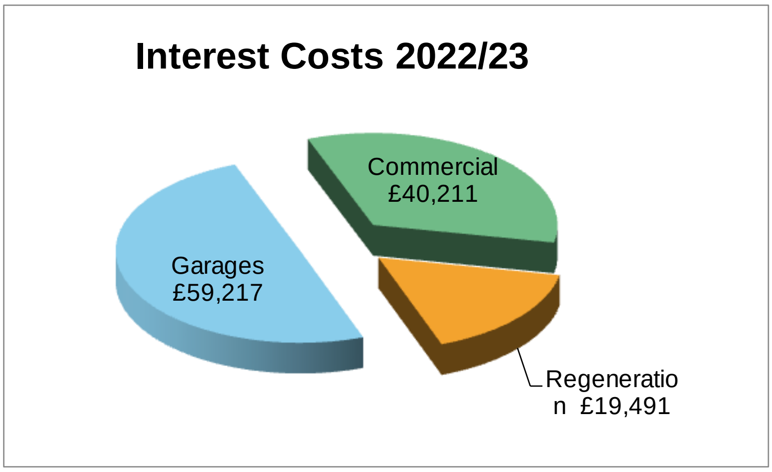
4.7.7 The alternative is to consider borrowing to fund capital expenditure. In the recent past borrowing has been used when the costs of borrowing have been funded from receipts generated, e.g. commercial property purchases or the business case has determined that the borrowing costs are in the main, funded as was the case in relation to the garage investment programme.

4.7.8 The use of borrowing would place an on-going pressure on the General Fund and would require an increase in the level of Financial Security savings required in future years. The current level of Minimum Revenue Provision (MRP) paid in the General Fund is shown in the following chart.

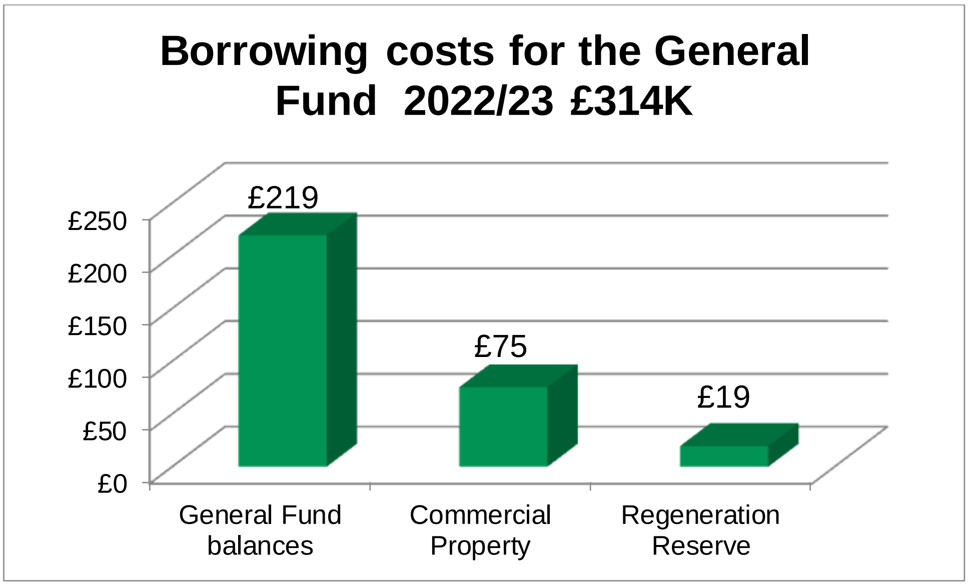


4.7.9 All of the commercial and regeneration property MRP (and interest) is funded from income generated from those assets, as would any borrowing costs relating to the Housing Wholly Owned Company when activity commences. MRP is payable regardless of whether the borrowing is taken externally or whether internal investment balances are used.

4.7.10 The 2022/23 projected interest costs on borrowing is estimated to be £118,919 (2021/22 £123,750).



4.7.11 The total cost of borrowing in 2022/23 is £314K or an estimated 1% of gross General Fund expenditure. However the majority of this cost is met from within the income generated from assets as shown below.



4.7.12 Interest rates were 2.07% for a 25 year loan as at 5/1/2022 which would mean a cost per £million (based on assets with a 25 year life) of £60,700 (interest and MRP). An annual use of borrowing would represent an incremental increase in General Fund costs, which would need to be met from increasing the Making Your Money Count Target for the General Fund.

4.8 Other capital investments and Finance Lease

4.8.1 The Council purchased a number of 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 Links to the Council's Cooperative Commercial and Insourcing Strategy **-** The Council's investment in loans, shares and commercial property plays a part in the more commercial approach to the Council's activities, including its work with businesses and community partners. The Service and Commercial Investment Strategy at Appendix E sets out the investment activity and risk management processes which support this.

4.8.4 External legal, financial and commercial advice is procured to ensure the validity and viability of business cases presented to Members.

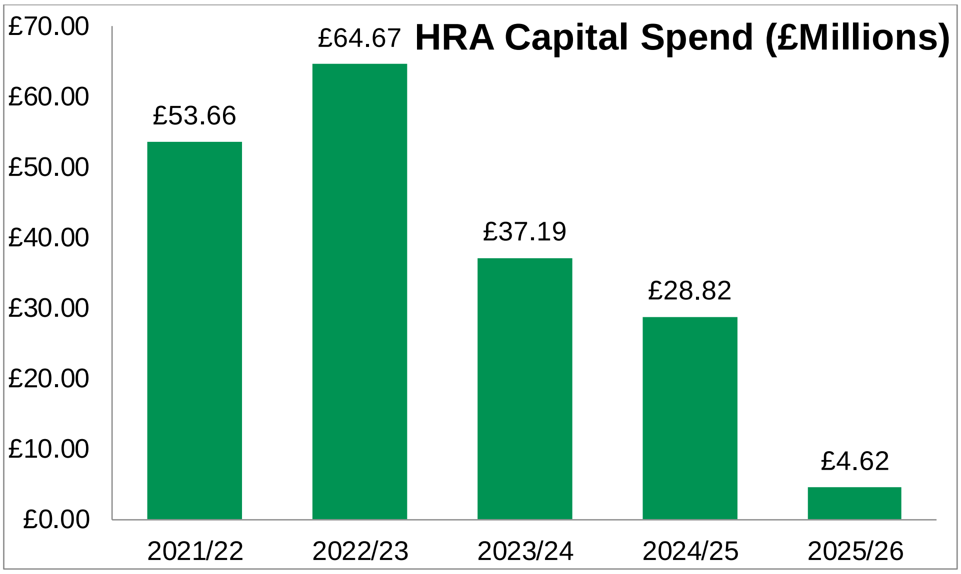
4.9 Capital Programme - Housing Revenue Account (2021/22-2025/26)

4.9.1 The HRA business plan identified an increase in borrowing and a reduction in revenue contributions to capital (see also section 3.3). Some of the borrowing identified has been taken externally, the remainder has utilised internal balances.

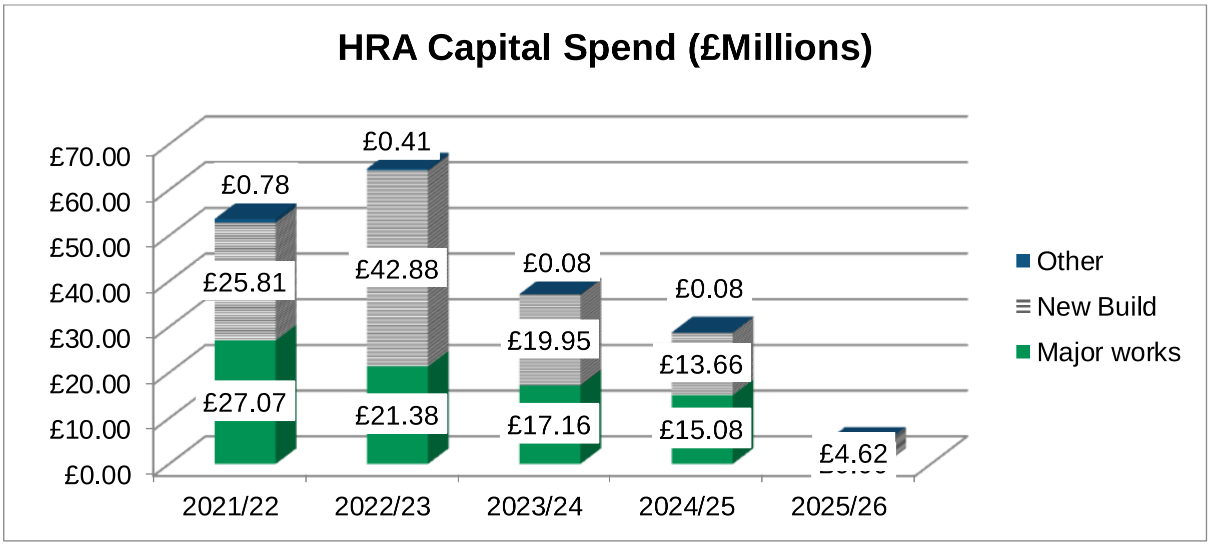
4.9.2 Alongside the General Fund exercise set out in paragraph 4.1.1, officers have also identified some slippage in the HRA capital programme of £202K from 2021/22 to 2022/23 and have requested consideration of an HRA budget increase totalling £2.850Million for decarbonisation in 2022/23. The Council has made a bid to the Government's Public Sector Decarbonisation Scheme. The total value of the capital works to the housing stock would be £2.850Million if the bid is successful, but a third of the scheme must be funded by the Council to meet the grant requirements. As these works were not anticipated in the business plan, an additional revenue contribution to capital of £950K has been included in the budget to secure the £1.9Million of grant. The Council has not been told whether the bid has been successful yet, but budget provision must be included in order to allow the scheme to proceed if it is. This additional use of reserves will need to be re-balanced when the HRA Business Plan is reviewed in the summer, but will only be needed if the bid succeeds. The changes are set out in the table below.

Table 10: Update from the 2022/23 Capital Bids process						
	2021/2022 £	2022/2023 £	2023/2024 £	2024/2025 £	2025/2026 £	Total £
SLIPPAGE	(201,610)	201,610	0	0	0	0
GROWTH BIDS	0	2,850,000	0	0	0	2,850,000
TOTAL	**(201,610)**	**3,051,610**	**0**	**0**	**0**	**2,850,000**

4.9.3 The revised draft capital strategy budget for 2021/22 - 25/26 totals £188.9Million is set out in Appendix D and summarised below.

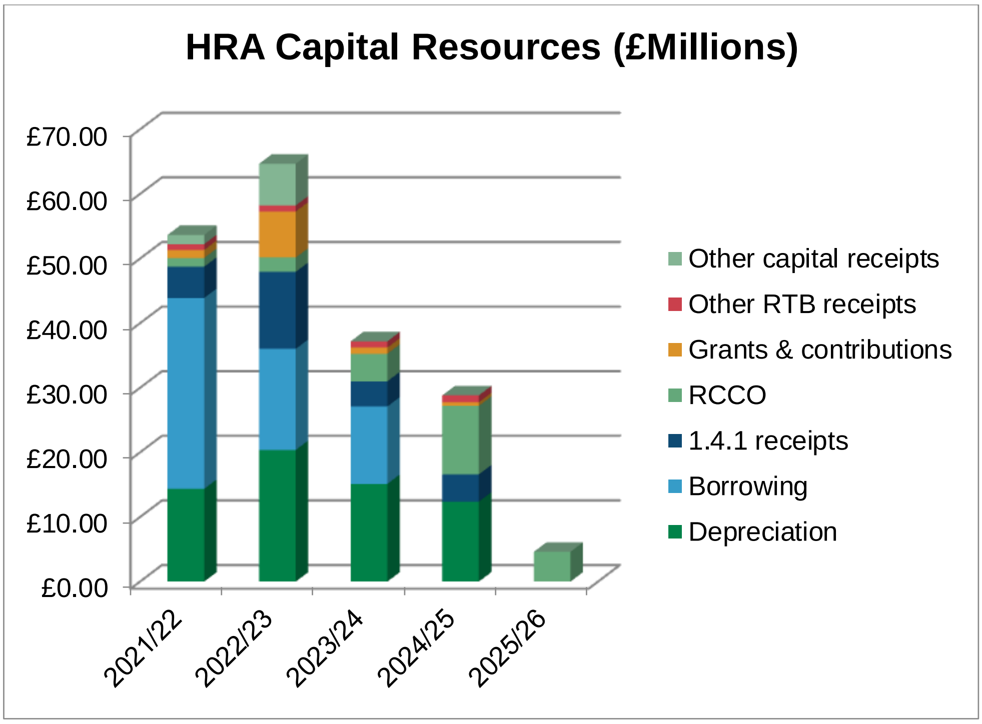


4.9.4 The split between major works, new build and other is shown in the following chart.

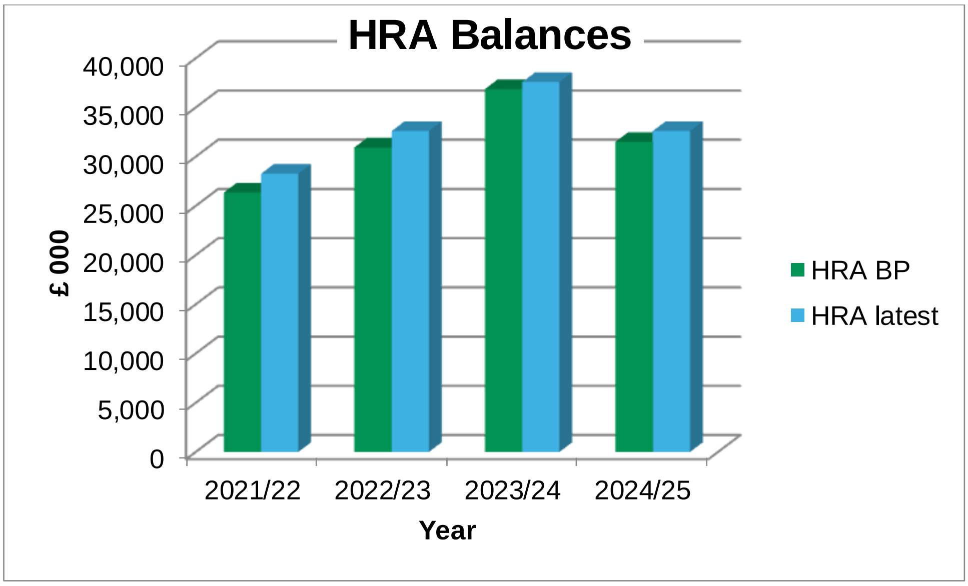


4.10 Capital Programme – HRA Resources (2021/22-2025/26)

4.10.1 The resourcing of the current HRA capital programme funding is summarised in the following chart. The largest percentage is funded by the Major Repairs Reserve (MRR) via depreciation charges (33%) followed by borrowing (30%). Capital receipts from right to buy sales of council houses (New Build 1-4-1 receipts) forms 13% of total funding; however as Members are aware the 1.4.1 receipts have restricted use.

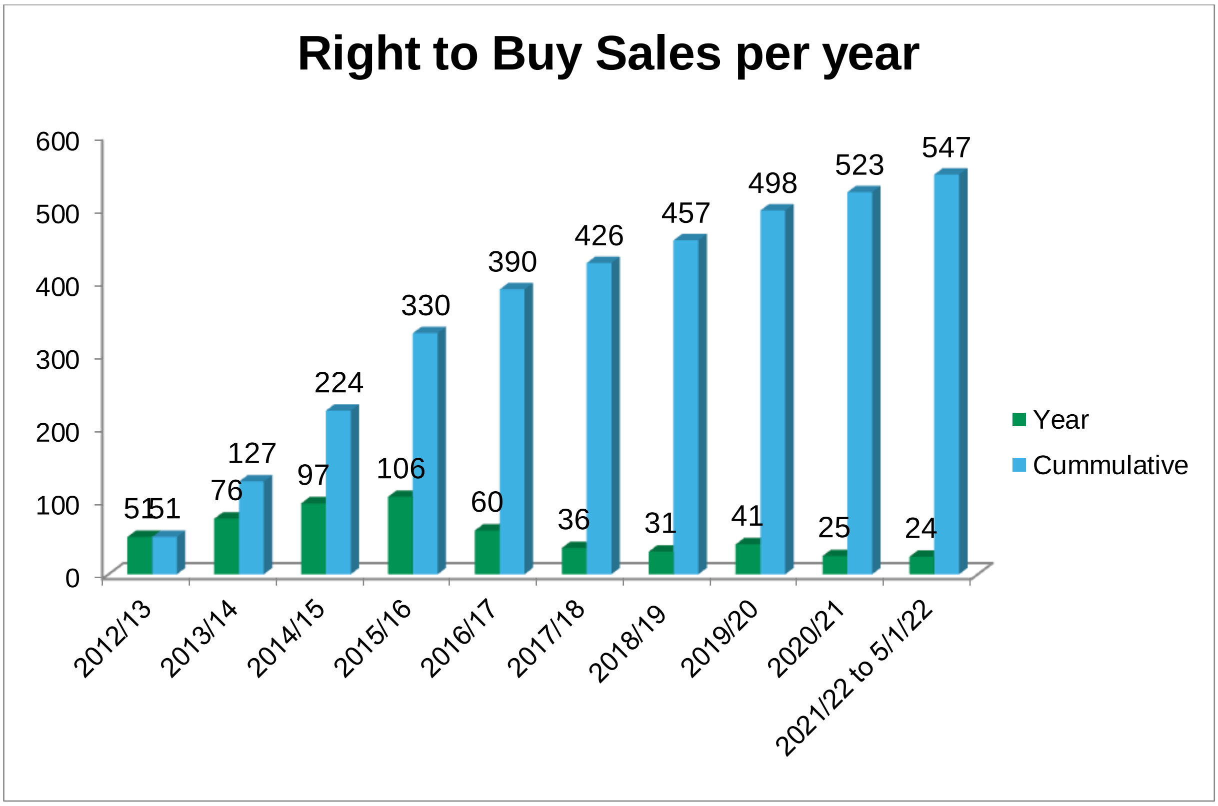


4.10.2 The closing HRA balances for the period 2021/22-2024/25 are set out in the chart below. The next HRA BP will review the full 30 year projection.



4.10.3 The HRA risk assessment of balances reflects the need to hold higher reserves to fund interest rate fluctuations and a Water Rates provision. £5.7Million has set been aside in allocated reserves for these purposes. The recent HRA MTFS set the minimum level of balances for the HRA as £2.985Million.

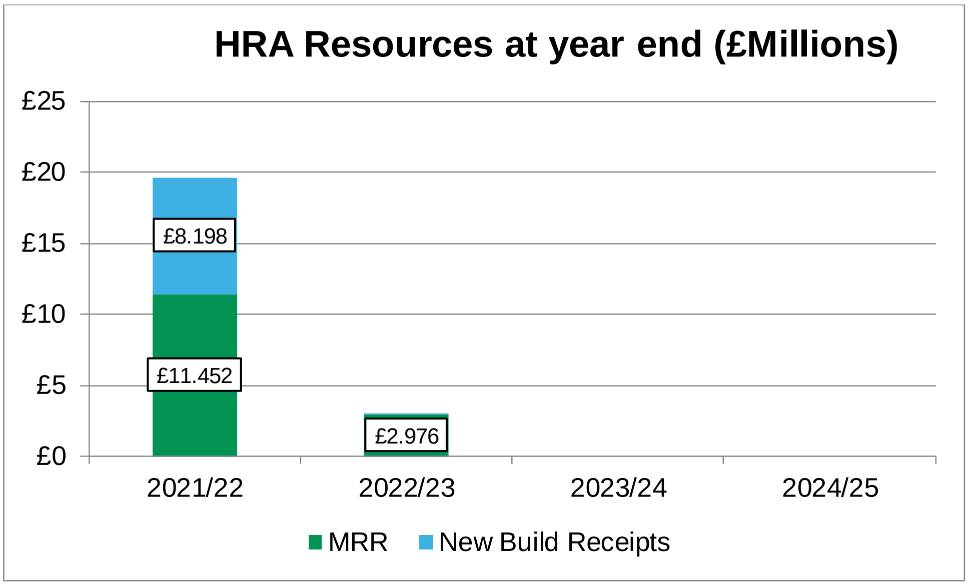
4.10.4 The HRA capital programme funding has been based on 35 Right To Buy (RTB) sales per year (2019/20 onwards) although it was reduced for 2020/21 due to a reduction in house sales following restrictions under the first period of lockdown during the coronavirus pandemic. RTB's have fluctuated since self-financing was introduced and in 2021/22 (up to 5/1/2022) there have been 24 RTB sales.



4.10.5 There has been one government policy change impacting upon the HRA since the last capital strategy was set. There is now a five year deadline to spend the one for one balance of the HRA Right to Buy receipts. If not spent the receipt must be returned to the government with interest (calculated at 4% above base rate). Under the new regulations, spending on open market acquisitions is now restricted. These restrictions will be phased in over the next 4 years and from 2024/25, will only permit 30% of these properties to be funded from receipts. However, the cap does not apply to the first 20 properties delivered in any one year. The phasing of RTB funded build schemes will be reviewed as part of the refresh off the HRA Business Plan.

4.10.6 The capital expenditure financed by borrowing for 2019/20 was £7.057Million, of which £4.010Million external borrowing was taken. There was further slippage of external borrowing in 2020/21, as external borrowing of £10.0Million was taken compared to financing of £20.857Million. None of the 38.594Million planned borrowing for 2021/22 has been taken externally to date but is still planned to be taken before the end of the financial year.

4.10.7 A variable element of the resources available at year end are restricted use 1-4-1 receipts as shown in the following chart. As set out in paragraph 4.10.5, the government changed the deadline by which these receipts needed to be spent or returned with interest. The following chart sets out the current forecast position.



4.10.8 Given the slippage identified and the level of unrestricted HRA resources available it is recommended that the budget increases are approved. The revised Capital Strategy for 2021/22-2024/25 including the slippage identified and the budget increases is set out in detail in Appendix B and Appendix D.

4.11 De Minimis Level for Capital Expenditure 2022/23

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 limit set for 2022/23 remains unchanged at £5,000 in the Draft Capital Strategy; this applies to a scheme value rather than an individual transaction.

4.12 Contingency Allowance for 2022/23

4.12.1 The contingency allowance for 2021/22 is £250,000, the contingency proposed for 2022/23 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 2021/22 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 a recommended to remain at the same level of £500,000 for 2022/23.

4.12.3 Separate to the contingency allowance in paragraph 4.11.1, 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.

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 None identified at this time

5.3 Equality and Diversity Implications

5.3.1 This report is of a technical nature reflecting the projected spend for the year for the General Fund capital programme. None of the budget changes reported will change any existing equalities and diversity policies and it is not expected that these budget changes will impact on any groups covered by statutory equalities duties.

5.3.2 Schemes contained within the capital programme will have an EQIA particularly those relating to housing schemes.

5.4 Risk Implications

5.4.1 The significant risks associated with the capital strategy are largely inherent within this report.

5.4.2 There is a risk that the value of land sales is not realised due to the impact of COVID on the confidence on the market or prices are lower than anticipated due to higher material costs as set out in paragraph 4.7.5 linked to BREXIT/COVID.

5.4.3 The 2021/22 year end level of available receipts is low in comparison to the size of the programme and is reliant on the delivery of key sales which could be impacted as set out above. Should this happen, in-year action may be required to hold expenditure or prudential borrowing may be required increasing the burden to the General Fund.

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 deferred due to lack of funding become urgent in year, requiring completion on grounds of health and safety. A reasonable assessment has been made in the prioritisation process to try to keep this risk to a minimum, and these schemes are monitored by Assets and Capital Board.

5.4.6 The risk in achieving the level of qualifying HRA spend to fully utilise retained one for one receipts has been reduced (unlike in previous years) with the change to the one for one receipt rules as set out in this report.

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.

BACKGROUND DOCUMENTS

BD1 Quarter 1 and 2 monitoring report (Executive, 20 October 2021)

BD 2 Final Housing Revenue Account Rent Setting & Budget report 2022/23 (January 2022 Executive) – elsewhere on this agenda

BD 3 Medium Term Financial Strategy: Housing Revenue Account – Business Plan Review (including 1st and 2nd Quarter HRA Revenue Budget Monitoring 2021/22) (November 2021 Executive)

BD 4 HRA Business Plan 2020 update (December 2019 Executive)

Appendices

A - General Fund Capital Bids for consideration

B - HRA Capital Bids for consideration

C - General Fund Capital Strategy

D - HRA Capital Strategy

E - Service and Commercial Investment Strategy

APPENDIX A - GENERAL FUND GROWTH BIDS

Scheme	Priority	2022/2023 Growth Bid £	2023/2024 Growth Bid £	2024/2025 Growth Bid £	2025/2026 Growth Bid £	Reason for Request	Any other Relevant Information	Service
*	*	*	*	*	*	*		
Priority 3: Mandatory requirements (including Health & Safety)								
EPC remedial	3	250,000				To comply with current regulations. Energy improvements to achieve an energy rating of E or better required to existing let commercial properties .	Cost estimates based on improvement works required to anticipated 15 properties at average cost £15K = £250K	F&E
Daneshill fire doors	3	150,000				Estimated growth bid required to upgrade the fire doors as detailed in a recent Fire Risk Assessment.	Estimated bid based on original tender returns. Scope of works are being reviewed by the fire company to reassess the risk (doors leading on to stair cases versus the wider building.	F&E
Fire stopping works at SALC	3	100,000				Recent fire risk assessment has identified the requirement to undertake some works, further investigations to ascertain exact cost of priority works .	The cost is currently estimated for investigations are being undertaken	C&N
MSCP lighting upgrade - LED (phased)	3	75,000	75,000	75,000		To ensure adequate lighting levels are maintained. High level replacements / maintenance. Legislation in Sept 2023 phases out the sale of Fluorescent lights.	High level replacements / maintenance	F&E
Provision for maintenance works at closed cemeteries	3	50,000	50,000	50,000	50,000	Works required at closed cemeteries i.e. Paths, Walls etc. In the last two years works has been needed not previously budgeted	A condition survey should be carried out to assess the level of works	SDS
Cemeteries System	3	50,000				Critical to operate service and legal requirements for record keeping	Old database not supported going forwards (365 / Windows 10)	SDS
Bedwell Community Centre roof fascia replaceme	3	50,000				Replacement of rotten external stud wall above perimeter windows. -	Part of structure has been inspected and a detailed full survey in the new year to expose concealed structural timbers to confirm full scope of the works	F&E
Bedwell Neighbourhood centre canopy repairs	3	30,000	0	0	0	Metal gutters and structure corroded with risk of pieces falling .	Detailed survey to be carried out on structure to confirm full scope of the works	F&E
Replacement Camera programme	3	25,000	35,000	40,000	10,000	This is for the end of life replacement for 18 cameras in 22/3, and 24 cameras in 23/24, and 26 cameras 24/25, plus 7 cameras 25/26.		C&N
MSCP resurface worn stairwell floor	3	20,000	40,000			Required to maintain the stairwell	Phased over 2 years £20K increase in capital programme for 2022/23 to complete the 2 higher use staircases and the remaining 2 in 2023/24	F&E
Bedwell CC - Replace extract fans and electric h	3	5,000				To ensure internal environment for occupation	Extract fans need repair or replacing to reduce condensation and ensure adequate ventilation. The heating system was repaired and replaced two years ago, the electric heaters are supplementary and can be repaired\replaced as required.	F&E
ASB team mobile camera	3	5,000	5,000	5,000	5,000	This is a mobile camera replacement programme as required to ensure cameras can be placed in hotspots of ASB as they occur	As required by the SoSafe Community Safety action and agreed by RAG members.	C&N
BTC Essential works - Replace / upgrade doors, Lighting and control upgrade and replacement of lift in the new block	3		195,000			Replacing end of life lighting with LED complying with regulations (fluorescents phased out). Existing doors require replacement and some fire upgrades. Lift also at end of life cycle.	All works identified during the 2018 condition survey by specialist M&E consultant.	F&E
Chells manor - lightning upgrade	3		10,000			To ensure compliant lighting levels rep[lacing with LED. Legislation in Sept 2023 phasing out the sale of Fluorescent lights.	Fitting LED will improve energy efficiency and saving on electric costs.	F&E
Westin Road ABS Pump	3	0	5,500	0	0	To prevent site flooding		SDS
Mandatory requirements total		**810,000**	**415,500**	**170,000**	**65,000**			

APPENDIX A - GENERAL FUND GROWTH BIDS

Stevenage BOROUGH COUNCIL

Scheme	Priority	2022/2023 Growth Bid £	2023/2024 Growth Bid £	2024/2025 Growth Bid £	2025/2026 Growth Bid £	Reason for Request	Any other Relevant Information	Service
*	*	*	*	*	*	*		
Priority 4: Schemes to maintain operational efficiency								
St Nicholas Pavilion reroofing	4	150,000				The roof currently shows no signs of leaking the flat roof is in poor condition and at risk of water ingress causing damage to the fabric and structure) and disruption to the operations and possible closure of areas or the whole building.	There are currently no bookings until May 2023 , bookings are limited , patchwork repairs may be viable this is dependant on the location of any leaks and if it is repairable the council needs to consider uses of this facility.	F&E
Lift replacement at SALC	4	140,000	0	0	0	As identified in 2019, the lift will need replacing during 2023, and a temporary lift solution may be required whilst works are being undertaken		C&N
Ridlins Athletics	4	100,000		0	0	Condition surveys have been completed for the building M&E plus athletics track and supporting facilities there will be a requirement for major capital spend within the next 3 years c.£900K.	The budget is to repair the floodlights and carry out essential H&S works and maintain operational integrity	C&N
Replacement bridge at Golf Centre & other bridg	4	90,000				A bridge collapsed this year due to erosion caused by flooding at the course, the bridge is in a key location and needs to be resolved to avoid injury to players, other bridges are at risk due to erosion and works will need to be undertaken to avoid further damage to bridges	Cost is a worse case estimate, could be 70k	C&N
St Nicholas Pavilion replace windows	4	75,000				Windows end of life. Replacement to ensure security, ventilation and improved energy performance	The windows are made of soft wood and are rotting, if this was agreed the works would need to be completed in conjunction with the roof works as the windows are at high level. Given the investment required the council should consider the use of the facility.	F&E
Chells Manor - boiler replacement and hot water	4	50,000				Risk of boiler failure - Building will not operate if boiler fails. Has been regular serviced high risk of failure end of life ,	The boiler is currently working and serviced on a regular basis, further investigations are taking place to understand if parts are available should it fail. The boiler has reached the end of its economic life. The facility has been well used as a vaccination centre but the general usage of the facility is low	F&E
Maxi Truck EL 4WD 48V 4WD articulated truck with a 1,000kg - 1,500kg load capacity	4	35,000	0	0	0	Had been budgeted for in 21/22 but the funding was reallocated to purchase a replacement mower which was required urgently		SDS
Flat block waste management infrastructure	4	30,000				Pilot project to deliver improvements for access, infrastructure, receptacles and signage to support increased recycling in flat blocks, and to enable future food waste collections	Linked to national Resources & Waste Strategy, and requirement to provide separate weekly food waste service to all residents in future. The pilot will inform a future capital bid for wider roll-out	SDS
Vehicle (Grounds)	4	30,000	0	0	0	Commercial skip development impacts on being able to service grounds after ceasing yellow huts	Only highlighting at this stage as potential to convert existing Housing vehicle if it can be transferred	SDS
Vehicle (Play)	4	30,000	0	0	0	Play Fitter - New duty on service review. Box Van		SDS
St Nicholas play centre roof	4	30,000	0	0	0	Roof covering end of life. Reroofing required to ensure building operations are maintained. Risk of water ingress causing damage to the fabric and structure leading to possible health and safety issues (Electrics) and disruption to the operations.	The building is of a modular type in poor condition and beyond designed lifespan. it is supported by metal struts which have twisted over time, it is structurally sound the consequence is that pools of water could lay on the roof as there is no not any falls to drainage, and the roof surface is in poor condition. Whilst there is no evidence of leaking at this time there is a risk that the roof will fail although some patch repairs may be viable dependant on the source of the problem. What has not been costed is that the roof insulation would also likely need to be replaced	F&E

APPENDIX A - GENERAL FUND GROWTH BIDS

Stevenage BOROUGH COUNCIL

Scheme	Priority	2022/2023 Growth Bid £	2023/2024 Growth Bid £	2024/2025 Growth Bid £	2025/2026 Growth Bid £	Reason for Request	Any other Relevant Information	Service
*	*	*	*	*	*	*		
Priority 4: Schemes to maintain operational efficiency (Cont.)								
8-10 The glebe roof replacement	4	30,000	0	0	0	Roof covering end of life and in very poor condition. Reroofing required to ensure building operations are maintained. High Risk of water ingress causing damage to the fabric and structure and disruption to the operations and possible closure of areas or the whole building.	This facility is well used by the Living Room Charity, the modular building itself is in fair condition but the roof is in poor condition and no leaks are apparent, patch repairs may be able to rectify any problems that do occur but this is dependent on the type of problem and its location.	F&E
MSCP / Indoor Market guttering	4	30,000				If not completed could lead to water ingress causing water damage to market.		F&E
The Oval reroofing ('youth wing')	4	30,000				Roof covering end of life. Reroofing required to ensure building operations are maintained. Risk of water ingress causing damage to the fabric and structure and disruption to the operations and possible closure of areas or the whole building. Used as preschool, the rest of the roofs at the Oval have been done, if it leaks it can be patched repaired	The main roofs of the Oval have all been replaced, with the exception of this part of the building, patchwork repairs can be undertaken depending on the location and nature of the problem. This may be dependent on the timing of the any regeneration at the Oval.	F&E
Play Area Improvements	4	25,515	24,220	0	0	The original budgets were put in the capital programme at 2017 values. This uplifts the remaining programme to 2022 prices	Relevant for 2022/2023. The budget has not increased in line with inflation so we will achieve less for the investment.	SDS
Rotary Gang Mowers	4	25,000	0	0	0	Meadow Grass - increased demand of meadow areas under bio-diversity agenda		SDS
Wood Chippers	4	25,000	25,000	0	0	Replacement for end of life equipment - critical to role		SDS
Water Tank and system, Shephalbury Bowls	4	15,000	0	0	0	Failed system which means manual watering / cost		SDS
Replacement for Cemeteries Dump Truck	4	15,000	0	0	0	End of life vehicle		SDS
Douglas Drive day centre - replace electric wall h	4	10,000				Heaters at end of life	Use of Temporary heaters could be used if heating fails	F&E
Applied Sweeper LK18 HCF	4	5,800	0	0	0	top-up as existing budget too low for 22/23 prices	Current budget is for £58,200	SDS
Applied sweeper green machine LK18 HCE	4	5,800	0	0	0	top-up as existing budget too low for 22/23 prices	Current budget is for £58,200	SDS
Bedwell Community Centre reroofing	4		125,000			Roof covering end of life. Reroofing required to ensure building operations are maintained. Risk of water ingress causing damage to the fabric and structure and disruption to the operations and possible closure of areas or the whole building.		F&E
Peartree pavilion - reroofing	4		100,000			Risk of water ingress causing damage to the fabric and structure. Risk of flood causing areas of centre to close.	Worn pitched roof covering to the older part of the building – this is a metal sheet system made to look like traditional tiling –Survey Report recommends to renew the covering in 2021 2022 at an estimated cost £50k there is no evidence of any current leaks. Poor condition of Shower Area requiring total upgrade/refurbishment - at estimated cost then of £30k however there is limited use of the showers	F&E
KGV reroofing and gutter replacement	4		75,000			Roof covering end of life.	There is no evidence of leaks in the roof and gutter, can take a fail and fix approach	F&E

APPENDIX A - GENERAL FUND GROWTH BIDS

Scheme	Priority	2022/2023 Growth Bid £	2023/2024 Growth Bid £	2024/2025 Growth Bid £	2025/2026 Growth Bid £	Reason for Request	Any other Relevant Information	Service
*	*	*	*	*	*	*		
Priority 4: Schemes to maintain operational efficiency (Cont.)								
St Nicholas Annex refurbish metal roof	4		60,000			Extend life of asset (10-15 years) If refurbishment not carried out now full reroofing required in next couple of years Metal corrosion treatment	This is occupied by the Community Centre preschool, the metal of is unique and failure to treat with anti-corrosion treatment within the next two years will result in the roof being beyond repair and will therefore cost significantly more to replace	F&E
Mobbsbury Way Neighbourhood Centre canopy reroofing	4		30,000			Roof covering end of life. Risk of water leaks dripping on the public using the shops and causing long term deterioration of the structure. If left this could lead to collapse.	To keep the centres maintained and in good condition to encourages use by the public. Easier to retain and attract new lettings Detailed survey to be carried out as part of the stock condition surveys	F&E
KGV Pavilion Replace electric heating and lighting	4		20,000			maintaining the operation of the building, this is still in working operation but old	The system is adequate for this building at the moment.	F&E
BTC - Replace roof lights, gutters and fascia's to the old block and workshops	4			150,000		The rainwater goods, roof lights and fascia's are at the end of their life and now have an increasing risk of failure causing water ingress, damaging the fabric of the building and leading to possible closure of part of the building and health and safety implications.	All works identified during the 2018 condition survey by specialist M&E consultant. Subject to repair responsibilities	F&E
Timebridge - reroofing	4			85,000		Roof covering end of life. Reroofing required to ensure building operations are maintained. Risk of water ingress causing damage to the fabric and structure leading to possible health and safety issues (Electrics) and disruption to the operations and possible closure of areas or the whole building.	Building leased and is currently part of the community asset review (Locality Review)	F&E
The Glebe Neighbourhood Centre canopy reroofing	4			40,000		Roof covering end of life. Risk of water leaks dripping on the public using the shops and causing long term deterioration of the structure. If left this could lead to collapse.	To keep the centres maintained and in good condition to encourages use by the public. Easier to retain and attract new lettings Detailed survey to be carried out as part of the stock condition surveys	F&E
St Nicholas CC reroofing	4				125,000	Roof covering end of life. Reroofing required to ensure building operations are maintained. Risk of water ingress causing damage to the fabric and structure leading to disruption to the operations and possible closure of areas or the whole building.		F&E
The Oval - replace heaters in Hall and dining room	4				10,000	Risk of heaters failing - operations of building affected.	Life of building unknown	F&E
Maintain operational efficiency total		**977,115**	**459,220**	**275,000**	**135,000**			
Priority 8: Schemes that further the Council's Corporate Plans								
Shrub bed programme	8	133,000	133,000	133,000	133,000	Replacement / improvements to public realm		SDS
Core ICT Equipment for Additional Staff	8	70,000	0	0	0	Roll-out of new ways of working	Different kit is required to work the new hybrid model	IT
Review of Biodiversity Action Plan	8	12,000	0	0	0	Current plan (2017-2022) for review in 2022.	Intend to incorporate Biodiversity Net Gain proposals which will generate income (from developers) to support delivery of BAP.	SDS
SBC grants to businesses to reduce their carbon emissions	8	8,000	8,000	8,000	8,000	As per Oct 2021 Exec. Report. Grants to help local Stevenage businesses decrease this carbon emissions.		P&R
Cashless on street parking transition	8	0	60,000	60,000	0	Replace the current cash only on street parking machines with, cashless / and card only machines.		P&R
Council's Corporate Plans total		**223,000**	**201,000**	**201,000**	**141,000**			

APPENDIX A - GENERAL FUND GROWTH BIDS

Stevenage BOROUGH COUNCIL

Scheme	Priority	2022/2023 Growth Bid £	2023/2024 Growth Bid £	2024/2025 Growth Bid £	2025/2026 Growth Bid £	Reason for Request	Any other Relevant Information	Service
*	*	*	*	*	*	*		
Priority 11: New Burdens								
Receptacles for new rounds etc.	11	160,000	0	0	0	Possible 23/24 - new burden funding	Based on food only. If went for recycling option would be £700,000 but funding may be available for some of this	SDS
Food collection vehicles (x5)	11	630,000	0	0	0	Possible 23/24 - new burden funding	Need to use other resources to fund this until the new burden funding is received. Increased to reflect food only based on further work done on Round-Op	SDS
New Burdens total		**790,000**	**0**	**0**	**0**			
TOTAL GROWTH BIDS		**2,800,115**	**1,075,720**	**646,000**	**341,000**			

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

Growth bid priority		2022/2023	2023/2024	2024/2025	2025/2026	TOTAL
Priority 1	Return on investments	0	0	0	0	0
Priority 2	Income generating	0	0	0	0	0
Priority 3	Mandatory requirements (in	810,000	415,500	170,000	65,000	1,460,500
Priority 4	Schemes to maintain operat	977,115	459,220	275,000	135,000	1,846,335
Priority 5	Match funding schemes	0	0	0	0	0
Priority 6	Financial efficiency	0	0	0	0	0
Priority 7	Urgent works (that reduce th	0	0	0	0	0
Priority 8	Schemes that further the Co	223,000	201,000	201,000	141,000	766,000
Priority 9	Schemes that reduce or miti	0	0	0	0	0
Priority 10	Schemes that develop or im	0	0	0	0	0
Priority 11	New Burdens	790,000	0	0	0	790,000
Total growth bids		**2,800,115**	**1,075,720**	**646,000**	**341,000**	**4,862,835**
		0	0	0	0	

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APPENDIX B - HRA GROWTH BIDS

Scheme	2022/2023 Growth Bid £	2023/2024 Growth Bid £	2024/2025 Growth Bid £	2025/2026 Growth Bid £	Reason for Request
Capital Programme Excluding New Build					
Decarbonisation	2,550,000	0	0	0	To be EPC C by 2030
Decarbonisation	300,000	0	0	0	Net Zero, Scoping works, pilots (whole house inclduing heat sorce), PAS 2035 surveys, additional data collection and modelling.
HRA Growth Bids	2,850,000	0	0	0	

Both growth items would be subject to funding from the Public Sector Decarbonisation Scheme, net cost to SBC £950K

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Stevenage BOROUGH COUNCIL

APPENDIX C - GENERAL FUND CAPITAL STRATEGY

Cost Centre	Scheme	2021/2022				2022/2023			2023/2024	2024/2025	2025/2026
		Working Budget £	Actuals 26 September 2021 £	January Draft Budget £	Variance Working v Draft Budget £	Working Budget £	January Draft Budget £	Variance Working v Draft Budget £	January Draft Budget £	January Draft Budget £	January Draft Budget £
	General Fund - Schemes										
	Stevenage Direct Services	3,686,352	511,426	2,761,582	(924,770)	3,244,620	5,446,505	2,201,885	3,586,440	315,000	183,000
confirmed	Housing Development	7,051,059	372,546	7,051,059	0	13,256,607	13,256,607	0	8,503,718	574,900	0
	Finance and Estates	2,394,020	28,738	1,649,790	(744,230)	694,850	2,364,750	1,669,900	810,000	365,000	135,000
	Digital & Transformation	896,830	241,069	399,190	(497,640)	106,820	674,460	567,640	104,220	104,220	0
	Regeneration	7,779,480	4,356,006	8,279,480	500,000	2,474,000	8,100,000	5,626,000	0	0	0
	Communities and Neighbourhoods	364,440	8,288	364,440	0	275,000	735,000	460,000	90,000	65,000	15,000
confirmed	Planning and Regulatory	417,900	185,338	417,900	0	270,000	278,000	8,000	373,000	373,000	8,000
	Deferred Works Reserve	23,310	0	82,640	59,330	200,000	200,000	0	200,000	200,000	0
	Total Schemes	**22,613,391**	**5,703,411**	**21,006,081**	**(1,607,310)**	**20,521,897**	**31,055,322**	**10,533,425**	**13,667,378**	**1,997,120**	**341,000**
	General Fund -Resources										
BG902	Capital Receipts	5,733,408		4,874,579	(858,829)	4,595,387	10,680,331	6,084,944	6,371,942	894,087	341,000
	Locality Review receipts	474,000		0	(474,000)	765,000	1,239,000	474,000	944,000	724,000	
BG461	Grants and other contributions	**4,908,201**		4,908,201	0	4,746,012	4,746,012	0	3,916,192	0	
BG860	S106's	**121,332**		121,332	0	0	0	0	0	0	
BG904	LEP	**3,674,480**		3,674,480	0	0	0	0	0	0	
	RCCO	**87,870**		87,870	0	0	0	0	0	0	
	Reserves	**92,000**		192,000	100,000	0	0	0	0	0	
BG905	Ringfenced regeneration receipts	**210,000**		710,000	500,000		1,050,000	1,050,000			
BG903	Capital Reserve (Housing Receipts)	432,886		270,772	(162,114)	371,565	533,679	162,114	375,280	379,033	
BG916	Capital Reserve (Revenue Savings)	**1,578,323**		865,955	(712,368)	527,588	1,239,956	712,367	0	0	
BG920	New Homes Bonus CNM	**344,980**		344,980	0	65,027	65,027	0	0	0	
	Prudential Borrowing Approved	**4,181,901**		4,181,901	0	6,397,512	8,447,512	2,050,000	2,059,964	0	
	Short Term borrowing and funded from private sale	**774,010**		774,010	0	3,053,806	3,053,806	0	0	0	0
	Funding Gap	0		0	0	0	0	0	0	0	
	Total Resources (General Fund)	**22,613,391**		**21,006,081**	**(1,607,310)**	**20,521,897**	**31,055,322**	**10,533,425**	**13,667,378**	**1,997,120**	**341,000**
				0	**0**	**0**	**0**	**0**	**0**	**0**	**0**

APPENDIX C - GENERAL FUND CAPITAL STRATEGY

Stevenage BOROUGH COUNCIL

Cost Centre	Scheme	2021/2022				2022/2023			2023/2024	2024/2025	2025/2026
		Working Budget £	Actuals 26 September 2021 £	January Draft Budget £	Variance Working v Draft Budget £	Working Budget £	January Draft Budget £	Variance Working v Draft Budget £	January Draft Budget £	January Draft Budget £	January Draft Budget £
BG902	<u>**General Funds Receipts**</u>										
	Unallocated B/fwd	(999,592)		(999,592)	0	(1,468,727)	(1,559,995)	(91,269)	(842,471)	(1,589,223)	(695,136)
	In Year Receipts	(6,751,275)		(5,183,715)	1,567,560	(7,456,296)	(5,736,816)	1,719,480	(10,172,500)	0	
	Used in Year	5,733,408		4,074,579	(1,658,829)	4,595,387	5,680,331	1,084,944	6,371,942	894,087	341,000
	Ring Fenced Receipts Used to Repay ST Borrowing	548,732		548,732	0	774,010	774,010	0	3,053,806	0	0
	General Fund Receipts Unallocated C/fwd	**(1,468,727)**		**(1,559,995)**	**(91,269)**	**(3,555,626)**	**(842,471)**	**2,713,155**	**(1,589,223)**	**(695,136)**	**(354,136)**
BG911	<u>**Locality Review receipts**</u>										
	Unallocated B/fwd				0	(33,200)	(336,000)	(302,800)	(1,458,600)	(1,474,600)	(750,600)
	In Year Receipts	(507,200)		(336,000)	171,200	(1,963,200)	(2,361,600)	(398,400)	(960,000)	0	0
	Used in Year	474,000		0	(474,000)	765,000	1,239,000	474,000	944,000	724,000	0
	Receipts Unallocated C/fwd	**(33,200)**		**(336,000)**	**(302,800)**	**(1,231,400)**	**(1,458,600)**	**(227,200)**	**(1,474,600)**	**(750,600)**	**(750,600)**
BG905	<u>**Ringfenced regeneration receipts**</u>										
	Unallocated B/fwd				0	0	(4,350,000)		(3,300,000)	(3,300,000)	(3,300,000)
	In Year Receipts			(5,060,000)	(5,060,000)						
	Used in Year			710,000	710,000		1,050,000				
	Reserve Unallocated C/fwd	**0**		**(4,350,000)**	**(4,350,000)**	**0**	**(3,300,000)**	**(3,300,000)**	**(3,300,000)**	**(3,300,000)**	**(3,300,000)**
	SG1 Receipts										
	Unallocated B/fwd				0	0	800,000		0	0	0
	In Year Receipts	(900,000)			900,000	(2,474,000)	(5,800,000)				
	Used in Year	900,000		800,000	(100,000)	2,474,000	5,000,000		0	0	
	Reserve Unallocated C/fwd	**0**		**800,000**	**800,000**	**0**	**0**	**0**	**0**	**0**	**0**
BG903 & BG916	<u>**Capital Reserve**</u>										
	Unallocated B/fwd	(1,393,323)		(1,393,323)	0	0	(874,482)	(874,482)	0	(350,000)	(700,000)
	In Year Resource	(617,886)		(617,886)	0	(899,153)	(899,153)	0	(725,280)	(729,033)	0
	Used in Year	2,011,209		1,136,727	(874,482)	899,153	1,773,635	874,481	375,280	379,033	0
	Capital Reserve Unallocated C/fwd	**0**		**(874,482)**	(874,482)	**1**	**0**	**(0)**	**(350,000)**	**(700,000)**	**(700,000)**

APPENDIX C - GENERAL FUND CAPITAL STRATEGY

Cost Centre	Scheme	2021/2022				2022/2023			2023/2024	2024/2025	2025/2026
		Working Budget £	Actuals 26 September 2021 £	January Draft Budget £	Variance Working v Draft Budget £	Working Budget £	January Draft Budget £	Variance Working v Draft Budget £	January Draft Budget £	January Draft Budget £	January Draft Budget £
	Stevenage Direct Services										
	Parks & Open Spaces										
KC218	Hertford Road Play Area (S106 Funded)	25,000		25,000	0			0			
KE911	Play Area Improvement Programme	325,030	44,975	325,030	0	243,500	243,500	0	220,000		
GROWTH	Play Area Improvement Programme				0		25,515	25,515	24,220		
KE097	Litter bins	103,000	9,363	103,000	0	83,000	83,000	0	10,000	4,000	
KE329	Play Areas Fixed Play	40,810	22,741	40,810	0			0			
KE494	Green Space Access Infrastructure	100,000	91,624	100,000	0	201,000	201,000	0	128,000	128,000	
KE916	Peartree skate park	40,000		40,000	0						
KE917	Ridlins Athletics Facility	30,000		30,000	0						
	Other										
KG002	Garages	2,400,870	317,989	1,500,000	(900,870)	2,265,720	3,166,590	900,870	2,265,720		
KS263	Waste and Recycling System	43,900		20,000	(23,900)		23,900	23,900			
KE520	Welfare improvements at out based hubs	10,000		10,000	0			0			
KE914	FVP Dam Works	45,000		45,000	0			0			
KE915	Waste receptacles	40,000		40,000	0			0			
GROWTH	Flat block waste management infrastructure				0		30,000	30,000			
GROWTH	Water Tank and system, Shephalbury Bowls				0		15,000	15,000			
GROWTH	Shrub bed programme				0		133,000	133,000	133,000	133,000	133,000
GROWTH	Review of Biodiversity Action Plan				0		12,000	12,000			
GROWTH	Cemeteries System				0		50,000	50,000			
GROWTH	Provision for maintenance works at closed cemeteries				0		50,000	50,000	50,000	50,000	50,000
	Vehicles,Plant,Equipment										
KE349	Waste Receptacles	0		0	0						
KE497	Trade Waste Containers	40,000		40,000	0	20,000	20,000	0	20,000		
Various	Vehicle/Plant replacement Programme - see Appendix A1	442,742	24,735	442,742	0	431,400	1,393,000	961,600	735,500	0	
	Total Stevenage Direct Services	**3,686,352**	**511,426**	**2,761,582**	**(924,770)**	**3,244,620**	**5,446,505**	**2,201,885**	**3,586,440**	**315,000**	**183,000**
	Housing Development Scheme (Joint GF/HRA)										
Various	**Housing Development Schemes (Joint GF/HRA)**	**3,836,912**	**372,546**	**3,836,912**	**0**	**8,874,818**	**8,874,818**	**0**	**8,334,474**	**574,900**	**0**
KG038	Wholly Owned Housing Development Company (WOC)*	3,214,147		3,214,147	0	4,381,789	4,381,789	0	169,244	0	0
	Total Housing Development (including grants to Registered Providers)	**7,051,059**	**372,546**	**7,051,059**	**0**	**13,256,607**	**13,256,607**	**0**	**8,503,718**	**574,900**	**0**

**the capital programme includes £7.765Million for the WOC as per the reports to Executive in January 2021 and Council in February 2021, however members have approved up to £15Million*

APPENDIX C - GENERAL FUND CAPITAL STRATEGY

Stevenage BOROUGH COUNCIL

Cost Centre	Scheme	2021/2022				2022/2023			2023/2024	2024/2025	2025/2026
		Working Budget £	Actuals 26 September 2021 £	January Draft Budget £	Variance Working v Draft Budget £	Working Budget £	January Draft Budget £	Variance Working v Draft Budget £	January Draft Budget £	January Draft Budget £	January Draft Budget £
	Finance & Estates										
	Estates										
KS278	New Management Software	75,000		75,000	0			0			
KR916	Commercial Properties Refurbishment (MRC Programme)	207,300		207,300	0	231,850	231,850	0	0		
KR150	Works to improve vacant premises prior to re-letting	55,000		55,000	0	15,000	15,000	0	15,000	15,000	
KR155	EPC Surveys	60,000		60,000	0	60,000	60,000	0			
KR156	EPC remedials	20,000		20,000	0		250,000	250,000			
KR157	Building condition and Insurance valuation Survey	75,000		75,000	0	75,000	75,000	0			
	Play Centres										
GROWTH	St Nicholas play centre roof				0		30,000	30,000			
	Community Centres							0			
KE902	Community Centres General	1,820		1,820	0			0			
KE471	St Nicholas - Boiler and Hot Water Installation Upgrade	0		0	0			0			
KE515	St Nicholas Annexe - External Decorations	0		0	0			0			
KE472	The Oval - Replace Radiators	0		0	0			0			
KE499	The Oval - Replace Windows	0		0	0			0			
KE484	Springfield House - Boiler upgrade	0		0	0			0			
KE488	Springfield House - Boundary Wall	0		0	0			0			
KE528	Community Centres: 2019/20 Backlog H&S Works	15,000		15,000	0			0			
KE529	Community Centres Urgent and H&S Works	41,350		41,350	0	60,000	20,000	(40,000)			
KR159	St Nicholas POD removal	15,000		15,000	0			0			
GROWTH	Bedwell CC - Replace extract fans and electric heaters				0		5,000	5,000			
GROWTH	Bedwell Community Centre roof fascia replacement				0		50,000	50,000			
GROWTH	Chells Manor - boiler replacement and hot water works				0		50,000	50,000			
GROWTH	Douglas Drive day centre - replace electric wall heaters				0		10,000	10,000			
GROWTH	Bedwell Community Centre reroofing				0			0	125,000		
GROWTH	Chells manor - lightning upgrade				0			0	10,000		
GROWTH	St Nicholas Annex refurbish metal roof				0			0	60,000		
GROWTH	Timebridge - reroofing				0			0		85,000	
GROWTH	St Nicholas CC reroofing				0			0			125,000

APPENDIX C - GENERAL FUND CAPITAL STRATEGY

Stevenage BOROUGH COUNCIL

		2021/2022				2022/2023			2023/2024	2024/2025	2025/2026
Cost Centre	Scheme	Working Budget £	Actuals 26 September 2021 £	January Draft Budget £	Variance Working v Draft Budget £	Working Budget £	January Draft Budget £	Variance Working v Draft Budget £	January Draft Budget £	January Draft Budget £	January Draft Budget £
	Neighbourhood Centres										
GROWTH	Bedwell Neighbourhood centre canopy repairs				0		30,000	30,000			
GROWTH	8-10 The glebe roof replacement				0		30,000	30,000			
GROWTH	The Oval reroofing ('youth wing')				0		30,000	30,000			
GROWTH	Mobbsbury Way Neighbourhood Centre canopy reroofing				0			0	30,000		
GROWTH	The Glebe Neighbourhood Centre canopy reroofing				0			0		40,000	
GROWTH	The Oval - replace heaters in Hall and dining room				0			0			10,000
	Park Pavilions										
GROWTH	St Nicholas Pavilion reroofing				0		150,000	150,000			
GROWTH	St Nicholas Pavilion replace windows				0		75,000	75,000			
GROWTH	Peartree pavilion - reroofing				0			0	100,000		
GROWTH	KGV Pavilion Replace electric heating and lighting				0			0	20,000		
GROWTH	KGV reroofing and gutter replacement				0			0	75,000		
	Depots										
KE526	Depots: Urgent and H&S Works	339,900		125,000	(214,900)		374,900	374,900			
KE527	Depots: Planned Preventative Works (reroof)	469,330	0	30,000	(439,330)	55,000	280,000	225,000			
KE526	Cavendish Road Fire protection works	250,000		125,000	(125,000)		125,000	125,000			
KR160	Cavendish depot - IT server room - gas suppression air permeability prevention works	20,000		20,000	0			0			
KR161	Cavendish Depot IT/CCTV gas suppression works	40,000		40,000	0			0			
	Other										
Growth	MSCP: Urgent and H&S Works	0		0	0	20,000	20,000	0			
KE536	Multi Storey Car Park - Installation of emergency lighting	50,000		50,000	0			0			
KR158	Town Plaza	35,000		35,000	0			0			
	Fairlands valley farmhouse roofing works			35,000	35,000			0			
GROWTH	MSCP lighting upgrade - LED (phased)				0		75,000	75,000	75,000	75,000	
GROWTH	MSCP resurface worn stairwell floor				0		20,000	20,000	40,000		
GROWTH	MSCP / Indoor Market guttering				0		30,000	30,000			
	Council Offices										
KR900	Council Offices	0		0	0						
KR141	Corporate Buildings - Essential Health & Safety Electrical Works	0		0	0						
KR149	Daneshill House - Test & Risk Assessment Remedial Works	0		0	0						
KR151	Daneshill: 2019/20 Backlog Urgent and H&S Works	0	4,883	0	0			0	65,000		
	Daneshill: Urgent and H&S Works	58,190		58,190	0			0			
GROWTH	Daneshill fire doors				0		150,000	150,000			

APPENDIX C - GENERAL FUND CAPITAL STRATEGY

Stevenage BOROUGH COUNCIL

Cost Centre	Scheme	2021/2022 Working Budget £	2021/2022 Actuals 26 September 2021 £	2021/2022 January Draft Budget £	2021/2022 Variance Working v Draft Budget £	2022/2023 Working Budget £	2022/2023 January Draft Budget £	2022/2023 Variance Working v Draft Budget £	2023/2024 January Draft Budget £	2024/2025 January Draft Budget £	2025/2026 January Draft Budget £
	Estates cont.										
	Operational Buildings										
KE503	Indoor Market - Urgent Health & Safety Works	0	(1,047)	0	0			0			
KR152	BTC 2019/20 Backlog H&S Works	30,000		30,000	0			0			
KR153	BTC Urgent and H&S Works	80,300	17,302	80,300	0	6,000	6,000	0			
KR154	BTC Planned Preventative Works	455,830	7,600	455,830	0	172,000	172,000	0	0	0	
GROWTH	BTC Essential works - Replace / upgrade doors, Lighting and control upgrade and replacement of lift in the new block				0			0	195,000		
GROWTH	BTC - Replace roof lights, gutters and fascia's to the old block and workshops				0			0		150,000	
	Total Finance & Estates	**2,394,020**	**28,738**	**1,649,790**	**(744,230)**	**694,850**	**2,364,750**	**1,669,900**	**810,000**	**365,000**	**135,000**
	Corporate Projects, Customer Services & Technology										
	IT General										
KS268	Infrastructure Investment	743,140	238,439	341,630	(401,510)	104,220	505,730	401,510	104,220	104,220	
KS318	Core ICT Equipment for Additional Staff	70,000		0	(70,000)		70,000	70,000			
GROWTH	Core ICT Equipment for Additional Staff				0		70,000	70,000			
KS319	2012 Migration Servers	26,130		0	(26,130)		26,130	26,130			
	Total IT General	**839,270**	**238,439**	**341,630**	**(497,640)**	**104,220**	**671,860**	**567,640**	**104,220**	**104,220**	**0**
	Connected to Our Customer (CTOC)										
KS271	Corporate Website - Redesign	4,420	131	4,420	0	2,600	2,600	0			
KS274	New CRM Technology	53,140	2,500	53,140	0			0			
	Total CTOC	**57,560**	**2,631**	**57,560**	**0**	**2,600**	**2,600**	**0**	**0**	**0**	**0**
	Total Corporate Projects, Customer Services & Technology	**896,830**	**241,069**	**399,190**	**(497,640)**	**106,820**	**674,460**	**567,640**	**104,220**	**104,220**	**0**

Stevenage BOROUGH COUNCIL

APPENDIX C - GENERAL FUND CAPITAL STRATEGY

Cost Centre	Scheme	2021/2022				2022/2023			2023/2024	2024/2025	2025/2026
		Working Budget £	Actuals 26 September 2021 £	January Draft Budget £	Variance Working v Draft Budget £	Working Budget £	January Draft Budget £	Variance Working v Draft Budget £	January Draft Budget £	January Draft Budget £	January Draft Budget £
	<u>Regeneration</u>										
KE384	Town Centre Improvements Phase 2 incl Wayfinding signage	0	11,997		0			0			
KE467	Swingate Relocation & Acquisitions (GD1)	0	150		0			0			
KE505	Demolition of Towers Garages and other sites (GD1)	0		800,000	800,000			0			
Various	**Land Assembly (GD1)**	**0**		**800,000**	**800,000**			0			
KE439	Town Square Improvements (GD1)	0		0	0			0			
KE466	Bus Interchange (GD3)	3,499,970	3,200,209	3,799,970	300,000			0			
KE533	Multi Storey Car Park (GD3) 'Sustainable Transport'	172,630	68,846	172,630	0			0			
KE535	Town Fund Delivery - North Block fit-out	1,121,880	1,073,426	1,021,880	(100,000)			0			
KE506	Public Sector Hub	900,000			(900,000)	2,474,000	5,000,000	2,526,000			
	Repay LEP Site Assembly loan	210,000		210,000	0			0			
KE541	Railway Station Multi-Storey Car Park			400,000	400,000		3,100,000	3,100,000			
KE538	Towns Fund	1,875,000		1,875,000							
.	**Total Regeneration**	**7,779,480**	**4,356,006**	**8,279,480**	**500,000**	**2,474,000**	**8,100,000**	**5,626,000**	**0**	**0**	**0**
	<u>Community & Neighbourhoods</u>										
KC900	Arts and Leisure Centre - Pipework	0	1,067	0	0			0			
KC202	Fairlands Valley Park - Aqua	11,360		11,360	0			0			
KC224	Leisure Stock Condition	0		0	0	20,000	20,000	0			
KC230	Pin Green Play Centre Equipment	20,000	910	20,000	0			0			
KE224	CCTV - Replacement Cameras (Community mobile cameras)	4,670	4,371	4,670	0	5,000	5,000	0	5,000	5,000	
KE507	Cycleways Installations (subject to £100k Arts Council grant bid)	10,000		10,000	0			0			
KC232	SALC and the Swim Centre Urgent and H&S Works	241,460		241,460	0	100,000	100,000	0	45,000		
KC231	SALC, Swim Centre, and Fairlands Valley Sailing Centre	19,950		19,950	0			0			
KC233	Stevenage Arts & Leisure Water leak - Reroofing	30,000	980	30,000	0			0			
GROWTH	Stevenage Swimming Centre Pool circulation pumps	0		0	0			0		15,000	
GROWTH	Stevenage Swimming Centre Electrical distribution boards	0		0	0			0	0		
GROWTH	SLL Leisure management - end of contract capital provision					150,000	150,000	0			
KC235	Boat house as essential H&S works for dry rot	27,000	961	27,000	0			0			
GROWTH	Ridlins Athletics				0		100,000	100,000			
GROWTH	Fire stopping works at SALC				0		100,000	100,000			
GROWTH	Lift replacement at SALC				0		140,000	140,000			
GROWTH	Replacement bridge at Golf Centre & other bridge works				0		90,000	90,000			
GROWTH	Replacement Camera programme				0		25,000	25,000	35,000	40,000	10,000
GROWTH	ASB team mobile camera						5,000	5,000	5,000	5,000	5,000
	Total Community & Neighbourhoods	**364,440**	**8,288**	**364,440**	**0**	**275,000**	**735,000**	**460,000**	**90,000**	**65,000**	**15,000**

APPENDIX C - GENERAL FUND CAPITAL STRATEGY

Stevenage BOROUGH COUNCIL

Cost Centre	Scheme	2021/2022 Working Budget £	2021/2022 Actuals 26 September 2021 £	2021/2022 January Draft Budget £	2021/2022 Variance Working v Draft Budget £	2022/2023 Working Budget £	2022/2023 January Draft Budget £	2022/2023 Variance Working v Draft Budget £	2023/2024 January Draft Budget £	2024/2025 January Draft Budget £	2025/2026 January Draft Budget £
	Planning & Regulatory										
KE119	Off Street Car Parks (Multi Storey Car Parks)	278,560	171,820	278,560	0	215,000	215,000	0	250,000	250,000	
KE530	Car Park Equipment - Digitalisation	20,000		20,000	0			0			
KE516	Town Centre Ramps Improvements	10,000	9,598	10,000	0			0			
KE201	Hard standings	25,000	75	25,000	0	25,000	25,000	0	25,000	25,000	
KE100	Residential Parking	23,160		23,160	0			0			
KE470	Electric Car Charging Points	2,630		2,630	0			0			
KE217	Parking Restrictions	17,550	2,317	17,550	0	15,000	15,000	0	15,000	15,000	
KE444	Coreys Mill Lane - Additional Parking Capacity	26,000	1,529	26,000	0			0			
KE531	Workplace Travel Plan	15,000		15,000	0	15,000	15,000	0	15,000	15,000	
GROWTH	SBC grants to businesses to reduce their carbon emissions				0		8,000	8,000	8,000	8,000	8,000
GROWTH	Cashless on street parking transition	0		0	0			0	60,000	60,000	
		0									
	Total Planning & Regulatory	**417,900**	**185,338**	**417,900**	**0**	**270,000**	**278,000**	**8,000**	**373,000**	**373,000**	**8,000**
KR911	**Deferred Works Reserve**	**23,310**		**82,640**	**59,330**	**200,000**	**200,000**	**0**	**200,000**	**200,000**	

APPENDIX D - HOUSING CAPITAL STRATEGY

Stevenage BOROUGH COUNCIL

Cost Centre	Scheme	2021/2022 Working Budget £	2021/2022 Actual to 27 September 2021 £	2021/2022 Revised Budget £	2021/2022 Working Budget v Revised Forecast £	2022/2023 Forecast Budget £	2023/2024 Forecast Budget £	2024/2025 Forecast Budget £
	SUMMARY							
	Capital Programme Excluding New Build	27,069,080	4,430,521	27,069,080		21,382,220	17,155,630	15,082,650
	Special Projects & Equipment	159,490	(5,348)	159,490		25,000	25,000	25,000
	New Build (Housing Development)	25,806,040	6,527,976	25,806,040		42,877,360	19,954,250	13,659,140
	Digital & Transformation	822,510	50,389	620,900	(201,610)	381,680	51,330	51,330
	TOTAL HRA CAPITAL PROGRAMME	**53,857,120**	**11,003,538**	**53,655,510**	**(201,610)**	**64,666,260**	**37,186,210**	**28,818,120**
	HRA USE OF RESOURCES							
BH930	MRR (Self Financing Depreciation)	8,237,760		14,350,383	6,112,623	20,376,168	15,114,825	12,381,197
BH902	Land Receipts	1,433,500		1,433,500		6,450,000		
BH902	Unpooled Receipts							
BH901	New Build Receipts	9,277,820		4,833,462	(4,444,358)	11,931,396	3,902,093	4,216,786
BH903	Debt Provision Receipts	898,217		898,217		936,391	975,881	1,058,398
BH905	Section 20 Contribution					500,000	955,094	567,636
	Borrowing	29,547,303		29,547,303		15,640,000	11,980,000	
	S106			302,825	302,825			
	Developer Contributions (Kenilworth)	3,531,960			(3,531,960)	4,728,545		
	Revenue Contribution to Capital			1,359,260	1,359,260	2,203,760	4,258,317	10,594,103
	Buy Back Allowance							
BH905	Grant	930,560		930,560		1,900,000		
	TOTAL HRA RESOURCES FOR CAPITAL	**53,857,120**		**53,655,510**	**(201,610)**	**64,666,260**	**37,186,210**	**28,818,120**
	Major Repair Reserve Bought Forward (BH930)	(14,318,529)		(14,318,529)		(11,452,146)	(2,976,397)	(0)
	Depreciation (increasing MRR)	(12,843,261)		(11,484,000)	1,359,260	(11,900,420)	(12,138,428)	(12,381,197)
	MRR Used (decreasing MRR)	8,237,760		14,350,383	6,112,623	20,376,168	15,114,825	12,381,197
	Major Repair Reserve Carried Forward	**(18,924,029)**		**(11,452,146)**	**7,471,883**	**(2,976,397)**	**(0)**	**(0)**
	Total RTB Receipts Bought Forward	(10,893,204)		(10,893,204)	0	(8,197,749)	(101)	1
	Total RTB Receipts Received	(4,469,724)		(4,469,724)		(11,120,139)	(4,877,871)	(5,275,185)
	Total RTB Receipts Used by HRA & General Fund (for RP)	10,176,037		7,165,179	(3,010,858)	19,317,787	4,877,974	5,275,184
	Total RTB Receipts Carried Forward	**(5,186,891)**		**(8,197,749)**	**(3,010,858)**	**(101)**	**1**	**0**

APPENDIX D - HOUSING CAPITAL STRATEGY

Stevenage BOROUGH COUNCIL

		2021/2022				2022/2023	2023/2024	2024/2025
Cost Centre	Scheme	Working Budget £	Actual to 27 September 2021 £	Revised Budget £	Working Budget v Revised Forecast £	Forecast Budget £	Forecast Budget £	Forecast Budget £
	CAPITAL PROGRAMME EXCL. NEW BUILD							
	Planned Investment including Decent Homes							
KH157	Decent Homes - Redecs		34					
Various	Decent Homes - Internal/External Works	3,060,000	325,462	3,060,000		2,257,060	5,450,000	6,750,000
Various	Decent Homes External Works							
Various	Decent Homes - Roofing							
Various	Decent Homes - Flat Blocks	13,301,930	2,732,671	13,301,930		11,000,000	6,600,000	2,000,000
KH205	Communal Heating	2,681,560	582,523	2,681,560				
KH092	Lift Installation - Inspection & Remedial Works	941,550	203,267	941,550		300,000		
KH287	Temporary Lift Provision - Flat Blocks							
KH291	Sprinkler Systems - Flat Blocks	2,628,410	27,379	2,628,410				
KH294	High Rises - Preliminary Works	46,590	533	46,590				
Future Year	High Rises - Improvement Works					1,750,000	1,750,000	1,750,000
Future Year	New Schemes to be created							215,260
	Health & Safety							
KH085	Fire Safety	444,090	33,573	444,090		85,000	85,000	500,000
KH317	Additional fire stopping works		9,778			877,070	917,420	959,620
KH112	Asbestos Management	300,000	92,057	300,000		300,000	300,000	300,000
KH114	Subsidence	101,290	26,883	101,290		100,000	100,000	100,000
KH144	Contingent Major Repairs	399,670	67,005	399,670		340,000	365,440	500,000
	Estate & Communal Area							
KH223	Asset Review - Challenging Assets	856,780	81,348	856,780		857,770	857,770	857,770
KH224	Asset Review - Sheltered (non RED)		21,716					
	Other HRA Schemes							
KH318	Stock condition Surveys	60,000	685	60,000		60,000	60,000	80,000
KH174	Energy Efficiency Pilot Projects	1,397,210	25,343	1,397,210		20,000	20,000	420,000
KH094	Disabled Adaptations	850,000	200,265	850,000		585,320	650,000	650,000
GROWTH	Decarbonisation					2,550,000		
GROWTH	Decarbonisation					300,000		
	TOTAL CAPITAL PROGRAMME EXCL. NEW BUILD	**27,069,080**	**4,430,521**	**27,069,080**		**21,382,220**	**17,155,630**	**15,082,650**
	SPECIAL PROJECTS & EQUIPMENT							
	HRA Equipment							
KH015	Capital Equipment (including Supported Housing Equip)		(5,348)					
GROWTH	Capital Equipment (including Supported Housing Equip)	44,150		44,150		25,000	25,000	25,000
KH278	Vans for RVS	115,340		115,340				
	Sub Total Special Projects & Equipment	**159,490**	**(5,348)**	**159,490**		**25,000**	**25,000**	**25,000**

APPENDIX D - HOUSING CAPITAL STRATEGY

Stevenage BOROUGH COUNCIL

Cost Centre	Scheme	2021/2022 Working Budget £	2021/2022 Actual to 27 September 2021 £	2021/2022 Revised Budget £	2021/2022 Working Budget v Revised Forecast £	2022/2023 Forecast Budget £	2023/2024 Forecast Budget £	2024/2025 Forecast Budget £
	CAPITAL PROGRAMME NEW BUILD							
	New Build Programme - eligible for 1-4-1	23,194,550	4,755,132	23,194,550		30,730,990	18,268,990	13,225,780
	New Build Programme - ineligible	2,611,490	1,772,843	2,611,490		12,146,370	1,685,260	433,360
	Build for sale							
	TOTAL CAPITAL PROGRAMME NEW BUILD	**25,806,040**	**6,527,976**	**25,806,040**		**42,877,360**	**19,954,250**	**13,659,140**
	INFORMATION TECHNOLOGY							
	IT General (IT)							
KH268	Infrastructure Investment	327,010	2,598	168,270	(158,740)	210,070	51,330	51,330
KH315	Core ICT Equipment for Additional Staff	30,000			(30,000)	60,000		
KH316	2012 Migration Servers	12,870			(12,870)	12,870		
	Total General IT	**369,880**	**2,598**	**168,270**	**(201,610)**	**282,940**	**51,330**	**51,330**
	HRA							
KH218	ICT Programme (Business Plan)	6,830	17,000	6,830				
GROWTH	ICT Programme (Business Plan)	72,380		72,380				
KH297	Tablets		(3,913)					
	Total Other HRA	**79,210**	**13,087**	**79,210**				
	Connected To Our Customers (CTOC)							
KH271	Corporate Website - Redesign	2,280	68	2,280		1,330		
KH288	New CRM Technology (Digital Platform)	137,710	33,436	137,710		97,410		
	Total CTOC	**139,990**	**33,504**	**139,990**		**98,740**		
	Housing All Under One Roof programme (HAUOR)							
KH283	Housing Improvements - Northgate online	80,660	1,200	80,660				
GROWTH	Housing Improvements - Northgate online	21,870		21,870				
KH260	On-Line Housing Application Form - RAPID KZ107	42,910		42,910				
GROWTH	On-Line Housing Application Form - RAPID KZ107	9,090		9,090				
KH286	Housing Document Mgt System (Repairs end to end)	46,460		46,460				
GROWTH	Housing Document Mgt System (Repairs end to end)	32,440		32,440				
	Total HAUOR	**233,430**	**1,200**	**233,430**				
	TOTAL ICT INCLUDING DIGITAL AGENDA	**822,510**	**50,389**	**620,900**	**-201,610**	**381,680**	**51,330**	**51,330**

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APPENDIX E: Investment Strategy
Compliance with the main requirements of the Government's Statutory Guidance on Local Authority Investments (MHCLG, 2018) is shown by cross reference in square brackets to the relevant paragraph of the Guidance.

1. Scope and Purpose of Strategy

1.1. "Investments" covers financial investments, including loans and shares, which have been made to support service and commercial objectives. Non-financial investments such as commercial property are included where the main objective is financial return [4]. The purchase of Essex House was an investment made with the objective of financial return, the other properties in the Council's asset register listed as Investment Buildings, such as Neighbourhood Centres and Workshops, fall outside of this strategy. Investments taken for treasury management reasons also fall outside of this strategy and are covered in the Treasury Management Strategy and Policy.

1.2. This strategy sets out the Council's approach to such investments, including their governance, addressing the Government Guidance on Local Authority Investments.

1.3. Investment values provided in this Appendix are the book values in the Council's accounts, unless otherwise stated.

2. Objectives of the Strategy

2.1. To use investments where appropriate and prudent to support the Council's Future Town Future Council (FTFC) aims, including regeneration of the town centre, housing delivery and co-operative neighbourhood management.

2.2. To ensure that investment decisions and management connects with the Council's Financial Security priority, to achieve financial stability for the council so that it maintains a prudent level of balances, while at the same time being able to deliver on the FTFC aims.

2.3. To review existing investments with a view to maximising the commercial return from them.

2.4. To manage risks in accordance with the Council's risk appetite and financial circumstances (including due diligence when making investment decisions).

2.5. To ensure that all commercial investments, actions and decisions are ethical in nature and have a positive impact on the community, delivering additional social value and contributing to community wealth building where possible.

3. The Existing Investment Portfolio

3.1. The Council's service and commercial investments are as follows

Table One: Service and Commercial investments

Name	Value 31/03/20 £'000	Equity Share %	Reason for Investment
Hertfordshire CCTV Ltd	£43 (of £118)	37%	Service investment - Equity
Hertfordshire Building Control Ltd	Not available	12.5%	Service investment - Equity
Hertfordshire Building Control Ltd	£107		Service investment – Long Term Loan
Queensway Properties (Stevenage) LLP	£1,491.5 [of £1.493]	99.9%	Service investment - Equity NB the 0.1% is owned by Marshgate PLC so by SBC but indirectly
Queensway Properties (Stevenage) LLP	£11,824		Service investment – Finance Lease
Queensway Properties (Stevenage) LLP	£6,274	N/A	Service investment - Long Term Loan
Marshgate Ltd	£0	100%	Service investment - Equity
UK Municipal Bonds Agency	£10	0.14%	Service investment - Equity
Essex House	£1,756	N/A	Commercial investment - Property

3.2. The value of financial investments at 31 March 2021 was £91.2Million comprising service and commercial investments of £21.5Million (in Table one) and Treasury Investments of £69.7Million.

4. Investment Policy and Strategy 2021/22+

4.1. Joint working and joint delivery arrangements are key to the provision of Council services. Financial investments are likely to be an ongoing result of these delivery arrangements.

4.2. The Council recognises that all investments carry the risk of financial loss and an estimate of potential losses needs to be identified from the outset.

4.3. The Council will be particularly cautious where service investments are funded wholly or partly from borrowing. Debt "gearing" creates additional costs of interest and repayment. It creates a fixed liability and a fixed repayment obligation, whilst the investment's value and income are at risk.

4.4. There remains no scope for the Council to enter into any new, purely commercial, investments, following the change of the lending terms for the Public Works Loan Board (PWLB) in November 2020. The Council cannot have any scheme in the Capital Strategy where the investment is purely for financial gain, regardless of whether the transaction would notionally be financed from a source other than the PWLB, or the Council will not be eligible to borrow from the PWLB.

4.5. The Council's risk appetite in relation to new investments is low, including the need to balance the revenue budget and manage the level of debt financing costs. Any new investments will therefore be expected to:

- Show a compelling contribution to the Council's core objectives and planned service strategies, and must be prioritised within the Council's available resources.
- Evidence a low financial risk with a commensurate financial return, or if returns are below commercial levels, provide clear non-financial benefits to the Council which demonstrate strong value for money.
- Strike a prudent balance between security, liquidity and yield (whilst recognising that the delivery of strong service benefits may sometimes justify a higher financial risk) [29].

4.6. Any shortfall in budgeted net income from service and existing commercial investments will be managed through the Council's regular budget monitoring processes [44].

4.7. The arrangements for realising investments and managing liquidity risk will depend on the purpose and nature of the investment in each case. Where investments have been made to support service purposes and have been funded from cash resources, there is not a funding pressure to have an investment exit route in place. Where investments are funded by borrowing, the Council's MRP Policy sets out the arrangements to repay debt without resorting to a sale of the investments [42-43].

5. Financial Investment Plans and Limits for 2021/22+

5.1. The forecast changes to the existing investment portfolio are

- to invest in the new Housing Wholly Owned Company (WOC), following approval of the report by Executive in January 2021, which provided an update on planned activity. Loan agreements between the Council and Marshgate are currently being agreed (the new Housing WOC is an expansion of Marshgate PLC).
- financing for a further finance lease to Queensway LLP for the residential phase of development.

5.2. The main financial risk when investing in loans and equity is that the loan repayments are not made, and that the shares lose value or dividends are less than expected.

5.3. Investments may also carry liquidity risk, which is the risk that funds may be tied up in investments and not available if needed for other purposes. The Council's due diligence procedures for investments review liquidity risk, including how exit routes have been considered and the appropriate maximum period for investments to be committed [42].

6. Investment Indicators

6.1. The Key Performance Indicators approved by the Commercial & Investment Executive Committee following the convening in October 2020, the use of which is recommended by the Government Guidance [23]:

Table Two: Key Performance Indicators	
Reporting Category	**Reporting Metric**
Overarching Commercial Key Performance Indicators	
KPI 1 - Increase in revenue from fees and charges	Percentage (%)
KPI 2 – Current partnerships for cost savings or income generation	Number (no.)
KPI 3 – Income generated or costs saved through commercial activities	Monetary (£)
KPI 4 – Additional savings from insourcing services/functions	Monetary (£)
KPI 5 - Commercial business cases on track to deliver business case (approved and live)	Number (no.)
KPI 6 - Social value generated through commercial activity	Narrative
KPI 7 - Staff trained in contract management	Number (no.)
KPI 8 - Staff reporting confidence in commercial decision making	Number (no.)
Area specific Key Performance Indicators	
KPI 9 -Income from car parking	Monetary (£)
KPI 10 - Income from small land sales	Monetary (£)
KPI 11 - Income from commercial property	Monetary (£)
KPI 12 - New commercial property lets	Number (no.)
KPI 13 - Return from commercial assets/yield from acquisitions and investments	Percentage (%)
KPI 14 - Occupied garages as a percentage of stock	Percentage (%)
KPI 15 - Garages refurbished due to the Garage Improvement Programme (GIP)	Number (no.)
KPI 16 - Indoor Market occupied units (excluding those hired at charitable rates)	Percentage (%)
KPI 17 - New businesses setting up in the Indoor Market	Number (no.)
KPI 18 - Level of footfall in the Indoor Market	Number (no.)
KPI 19 - Trade waste gains and losses	Monetary (£)

7. Governance

7.1. The Commercial & Investment Executive Working Group has been formed to provide strategic leadership, to build a robust commercial culture and support the development of Co-operative Commercial and Insourcing programmes of work. The Working Group makes recommendations to the Executive and encourages the organisation to work commercially and efficiently, achieving value for money, and delivering the Co-operative Commercial and Insourcing Strategy.

7.2. The Working Group's Terms of Reference are:

To advise and make recommendations to the Executive on the following:

1.0 New income streams and commercial business cases (including those that are key decisions).

2.0 Financial resources where necessary to progress commercial projects.

3.0 Individual Schemes within the Programme.

4.0 The development of new opportunities through establishing a risk appetite that stimulates the evaluation of new emerging markets and opportunities.

5.0 Documents relating to the Co-operative Commercial and Insourcing Strategy and regularly review the Strategy.

6.0 The delivery of approved business cases and all aspects of the Co-operative Commercial and Insourcing Strategy.

7.0 Strategic leadership to build a robust commercial culture.

8.0 Key performance indicators of all income generating functions.

9.0 Key commercial arrangements including contracts, contract and performance management processes and major service developments and track the progress of such developments.

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