

# Public Document Pack

Daneshill House  
Danstrete  
Stevenage  
Hertfordshire

20 February 2018

Dear Sir/Madam

Notice is hereby given that a meeting of the Stevenage Borough Council will be held in the Council Chamber, Daneshill House, Danestrete, Stevenage on Wednesday, 28 February 2018 at 7.00 pm and you are summoned to attend to transact the following business.

Yours faithfully



Scott Crudgington  
Chief Executive

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## AGENDA

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

**2. MINUTES - COUNCIL - 14 DECEMBER 2017**

To approve as a correct record the Minutes of the meeting of Council held on 14 December 2017 for signature by the Mayor.

Minutes attached (Pages 5-8)

**3. MINUTES - SPECIAL COUNCIL - 30 JANUARY 2018**

To approve as a correct record the Minutes of the Special meeting of Council held on 30 January 2018 for signature by the Mayor.

Minutes attached (Pages 9 – 12)

**4. MAYOR'S COMMUNICATIONS**

To receive any communications that the Mayor may wish to put before Council.

**5. MAIN DEBATE - 2018/2019 COUNCIL TAX AND GENERAL FUND AND CAPITAL BUDGETS**

The Main Debate concerns the setting of the 2018/2019 Council Tax and the General Fund and Capital Budgets. The recommendations from the Executive are set out in each of the attached reports.

Reports 5A and 5B and Appendices attached (Pages 13 – 140)

**6. PETITIONS AND DEPUTATIONS**

None

**7. QUESTIONS FROM THE YOUTH COUNCIL**

None

**8. QUESTIONS FROM THE PUBLIC**

None

**9. LEADER OF THE COUNCIL'S UPDATE**

In accordance with the Council's Standing Orders, the Leader of the Opposition shall be given the opportunity to raise one matter relevant to the Borough that has arisen since the last meeting of the Council. The Leader of the Council shall then have the opportunity to advise the Council of matters relevant to the Borough that have arisen since the last meeting.

**10. NOTICE OF MOTIONS**

None

**11. QUESTIONS FROM MEMBERS TO COMMITTEE CHAIRS/PORTFOLIO HOLDERS**

None

**12. ANNUAL TREASURY MANAGEMENT STRATEGY INCLUDING PRUDENTIAL CODE INDICATORS 2018/2019**

To consider a report that recommends the approval of the Treasury Management Strategy 2018/19 including the Annual Investment Strategy and the prudential indicators. This report has been considered previously by Audit Committee and the Executive.

Report & Appendices attached (Pages 141 – 170)

**13. MEMBERS' ALLOWANCES SCHEME 2018-2019**

To consider an officer report that recommends to Council a Members' Allowances Scheme for 2018-2019.

Report & Appendix attached (Pages 171 – 174)

**14. PAY POLICY STATEMENT 2018/2019**

To consider an officer report recommending the pay policy statement for the financial year 2018/19.

Report & Appendix attached (Pages 175 – 182)

**15. AUDIT COMMITTEE MINUTES**

To note the draft Minutes of the Audit Committee meeting held on 5 February 2018.

Minutes attached (Pages 183 – 186)

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## STEVENAGE BOROUGH COUNCIL

### COUNCIL MINUTES

Date: Thursday, 14 December 2017

Time: 7.00 pm

Place: Council Chamber - Council Chamber

**Present:** Councillors: Pam Stuart, Philip Bibby CC, Lloyd Briscoe, Jim Brown, Howard Burrell, Laurie Chester, Elaine Connolly, Michael Downing, Alex Farquharson, James Fraser, John Gardner, Michelle Gardner, Liz Harrington, Sharon Hearn, Richard Henry, Jackie Hollywell, Carol Latif, Graham Lawrence, John Lloyd, Mrs Joan Lloyd, Lin Martin-Haugh, Maureen McKay, John Mead, Sarah Mead, Adam Mitchell CC, Margaret Notley, Robin Parker CC, Ralph Raynor, Chris Saunders, Graham Snell, Simon Speller, Sharon Taylor OBE CC, Jeannette Thomas and Ann Webb JP

**Start / End**      Start Time:    7.00 pm  
**Time:**            End Time:       8.50 pm

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

Apologies for absence were received from Councillors D Bainbridge, R Broom, J Brown, M Hurst and A McGuinness.

There were no declarations of interest.

#### 2.      **MINUTES - 11 OCTOBER 2017**

It was **RESOLVED** that the Minutes of the Council meeting of 11 October 2017 are approved as a correct record and signed by the Mayor.

#### 3.      **MAYOR'S COMMUNICATIONS**

The Mayor informed the meeting that since the last meeting, the Mayoral Team had undertaken a number of engagements in the town and she referred to several highlights, including:

- a visit to the Coptic Cathedral in Stevenage for the enthronement of Bishop Angaelos as Coptic Orthodox Bishop of London;
- attending the High Sheriff's Justice Service at St Albans Abbey;
- Remembrance Service at the Bowling Green in the Old Town;
- Attending the 100<sup>th</sup> birthday celebrations of Stella Kestin;
- Going out and about with the Meals on Wheels Service;
- The Young People of the Year Awards and presenting an award at the Sports Awards;
- Attending the Big Switch On in the Town Centre.

The Mayor reminded Members of her Christmas Party on Monday 18 December and wished all a happy Christmas and peaceful New Year.

#### **4. MAIN DEBATE - "WE ARE STEVENAGE YOUTH COUNCIL"**

Council received a presentation from representatives from the Stevenage Youth Council including Santino de Freitas, Youth Mayor and Emma Chapman, Chair of the Youth Council.

Members congratulated Santino and Emma on their presentation and thanked all members of the Youth Council for their attendance and it was requested that the presentation be shared with all schools in Stevenage.

Members were pleased to note that Stevenage Borough Council was one of the few Councils in the country with an active Youth Council. Councillor Speller offered to facilitate links with the Scout and Guide groups he was involved with. Councillor Taylor stressed the importance for the County Council to involve the Stevenage Youth Council in any review undertaken on Youth provision in the County particularly in relation to mental health provision.

After a full debate, it was **RESOLVED** that this Council welcomes the participation of Stevenage Youth Council at Stevenage Borough Council meetings and supports their aspirations for improving the quality of life of young people across the town. This Council also urges Hertfordshire County Council to positively engage with young people in Stevenage and our Members / officers to inform their review of youth provision.

This review cannot result in a reduction in service to young people at a time when, perhaps more than ever before, they need advice and support to become skilled, self-sufficient, independent and responsible members of this community.

#### **5. PETITIONS AND DEPUTATIONS**

None received

#### **6. QUESTIONS FROM THE YOUTH COUNCIL**

None received.

#### **7. QUESTIONS FROM THE PUBLIC**

None received.

#### **8. LEADER OF THE COUNCIL'S UPDATE**

The Leader of the Opposition thanked Council Officers for the response he had received following the question he had raised at the last Council Meeting. He then enquired about the Housing Key Performance Indicators which continued to fall short of the required targets and asked how long it would take the Council to

improve the position.

In response, the Leader of the Council advised that the Executive was aware of the issues and that action was being taken to improve performance. Two new senior managers had recently joined the Council in this area and the Leader encouraged Councillor Fraser to meet with them to be briefed on how the improvements to the Service would be made.

Council then received updates on the following:

- Stevenage Business Grant Scheme
- East of England – Local Authority Challenge
- Walpole and Asquith Courts
- The Big Knock
- Health Summit
- Howard League Awards
- Community Safety Awareness
- Local Government Chronicle Awards
- Woolenwick School
- Co-Operative Neighbourhood Management Programme
- The Local Plan
- Regeneration
- Public Realm Improvements

The Leader thanked Members for their updates and requested that the Council's congratulations be recorded to the officers involved in the Local Authority Challenge who were placed second out of 22 councils taking part. Thanks were also given to Tina Benson, Town Centre Manager for her work on the Christmas Lights switch on and also bringing the Christmas market and a temporary ice rink to the Town.

## **9. NOTICE OF MOTIONS**

### **Motion moved by Councillor Thomas**

In moving the Motion, the Portfolio Holder for Housing Health and Older People asked that the Council's heartfelt sympathies for the victims and survivors of the Grenfell Tower tragedy be recorded. She informed the Council that a response had been received from Alok Sharma, Minister of State for Housing and Planning advising that the Government would not be funding the retro fitting of sprinklers to tower blocks as it was viewed as 'additional' safety works and not 'essential' safety works.

In seconding the Motion, the Portfolio Holder for Environment and Regeneration advised that it was important for all those in the public sector to consider the issue of saving money or saving lives. He confirmed that the Fire Service also recommended that all blocks of this type should be fitted with sprinkler systems.

An amendment was proposed by Councillor Fraser, seconded by Councillor Bibby

"That in the wake of the Grenfell Tower fire, we would want to do all we can to ensure our residents are safe and feel safe. The considerable steps we have

already taken in relation to fire safety have gone a long way towards that already but the fire service nationally continue to recommend the fitting of sprinkler systems.

The additional cost for fitting sprinkler systems, without Government support, will take much needed funds from our Housing Revenue Account which we are currently using to deliver against the urgent need for new council homes and to support our decent homes programme.

Therefore we wish to await the Grenfell Inquiry report before making any further decisions.”

Upon being put to the meeting the amendment was lost.

After a full debate, it was moved, seconded and **RESOLVED:**

That this Council requests that the Government urgently reconsider its decision not to give financial support to Stevenage Borough Council to fit sprinkler systems in our high rise flat blocks. In the wake of the Grenfell Tower fire, we would want to do all we can to ensure our residents are safe and feel safe. The considerable steps we have already taken in relation to fire safety have gone a long way towards that already but the fire service nationally continue to recommend the fitting of sprinkler systems.

The additional cost for fitting sprinkler systems, without Government support, will take much needed funds from our Housing Revenue Account which we are currently using to deliver against the urgent need for new council homes and to support our decent homes programme.

#### **10. QUESTIONS FROM MEMBERS TO COMMITTEE CHAIRS/PORTFOLIO HOLDERS**

None received.

#### **11. 2017/2018 MID YEAR TREASURY MANAGEMENT REVIEW**

It was moved, seconded and RESOLVED:

1. That the 2017/18 Treasury Management Mid Year Review be approved.

2. That the latest approved countries for investment as listed in Appendix D to the report be approved.

#### **12. AUDIT COMMITTEE - MINUTES**

It was **RESOLVED** that the Minutes of the meeting of the Audit Committee held on 21 September and 8 November are noted.

**MAYOR**



## STEVENAGE BOROUGH COUNCIL

### SPECIAL COUNCIL MINUTES

Date: Tuesday, 30 January 2018

Time: 7.00 pm

Place: Council Chamber, Daneshill House, Stevenage SG1 1HN

**Present:** Councillors: The Mayor P Stuart and Councillors, D Bainbridge, P Bibby CC, R Broom, J Brown, L Chester, E Connolly, M Downing, A Farquharson, J Fraser, J Gardner, M Gardner, E Harrington, R Henry, J Hollywell, G Lawrence, Mrs J Lloyd, J Lloyd, L Martin-Haugh, A McGuinness, M McKay, J Mead, S Mead, A Mitchell CC, M Notley, R Parker CC, R Raynor, C Saunders, G Snell, S Speller, S Taylor OBE CC and J Thomas

**Start / End Time:** Start Time: 7.00pm  
End Time: 7.24pm

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

Apologies for absence were received from Councillors Briscoe, Burrell, Cullen, Hearn, Hurst, Latif and Webb. Apologies for absence were also received on behalf of the Youth Mayor and the Chair of the Youth Council.

There were no declarations of interest.

#### 2. REPORT REFERRED FROM THE EXECUTIVE - HOUSING REVENUE ACCOUNT FINAL BUDGET PROPOSALS 2018/2019 AND RENT SETTING

Council considered a report, which updated Members on the final proposals on the Housing Revenue Account (HRA) budgets and rent-setting for 2018/2019.

Prior to the debate, the Chief Executive referred to the Supplementary Agenda which set out the Executive's recommendations to Council following consideration of this matter at its meeting held on 23 January 2018.

The Executive Member for Housing, Health and Older People, in moving the Executive's recommendations, assured Members that housing remained a top priority for the Council despite, she said, the Government's best efforts to make it as hard as possible for the Council to maintain and provide the homes that its residents deserved due to the impact of the Government's policy initiatives and related ongoing uncertainty.

Accordingly, it was moved, seconded and **RESOLVED:**

1. That HRA dwelling rents not subject to the 1% rent reduction (currently Low

Start Shared Ownership LSSOs) be increased, week commencing 2 April 2018 by 4% i.e. £4.37 per week, which had been calculated using the existing rent formula, CPI +1% in line with the Rent and Service Charge Policy approved at the January 2017 Council.

2. That it is noted that HRA dwelling rents, (other than those outlined in 2.1) were subject to the 1% rent reduction from week commencing 2 April 2018 or £0.95 and £1.62 per week for social and affordable rents respectively, as outlined in the Government's Welfare Reform and Work Act 2016.
3. That the final 2018/19 HRA budget, as set out in Appendix A and the revised 2017/18 budget of £2,802,250, (surplus), is approved.
4. That the HRA Financial Savings options, as outlined in Appendix B, are approved.
5. That the HRA Growth options, as outlined in Appendix C, are approved.
6. That the HRA Fees and Charges, as outlined in Appendix D, are approved.
7. That the 2018/19 service charges, are approved.
8. That the minimum level of reserves for 2018/19, as shown in Appendix E, are approved.
9. That the contingency sum of £250,000 within which the Executive could approve supplementary estimates, is approved for 2018/19 (unchanged from 2017/18).

### **3. REPORT REFERRED FROM EXECUTIVE - COUNCIL TAX SUPPORT SCHEME 2018/2019**

Council considered a report, which proposed a Council Tax Support Scheme for 2018/2019.

Prior to the debate, the Chief Executive referred to the Supplementary Agenda, which set out the Executive's recommendations to Council following consideration of this matter at its meeting held on 23 January 2018. He also highlighted an error in Recommendation 4, which referred to paragraph 4.1.15 of the report. This, he said, should read paragraph 4.1.4.

Accordingly, it was moved, seconded and **RESOLVED:**

1. That the impact of welfare reforms on the CTS scheme (section 4.4 of the report refers), is noted.
2. That the options considered as part of changes in the scheme (section 4.6 of the report refers), are noted.
3. That the work of the Members of Overview and Scrutiny in reviewing the scheme, is noted.
4. That the timescale recommended by the Members of Overview and Scrutiny

in reviewing the scheme for 2019/20 (paragraph 4.1.4 of the report refers), is noted.

5. That the 2018/19 CTS Scheme proposed within this report (based on a 8.5% liability) as set in section 4.5. of the report, is approved.

**MAYOR**

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Part I – Release to Press



**Meeting** COUNCIL  
**Portfolio Area** Resources  
**Date** 28 FEBRUARY 2018



## FINAL GENERAL FUND AND COUNCIL TAX SETTING 2018/2019

### KEY DECISION

**Authors** Clare Fletcher | 2933  
**Lead Officers** Clare Fletcher | 2933  
**Contact Officer** Clare Fletcher | 2933

### 1. PURPOSE

- 1.1 To consider the Council's Final General Fund Budget for 2018/19 and projected 2017/18 General Fund Budget and Final proposals for the 2018/19 Council Tax.

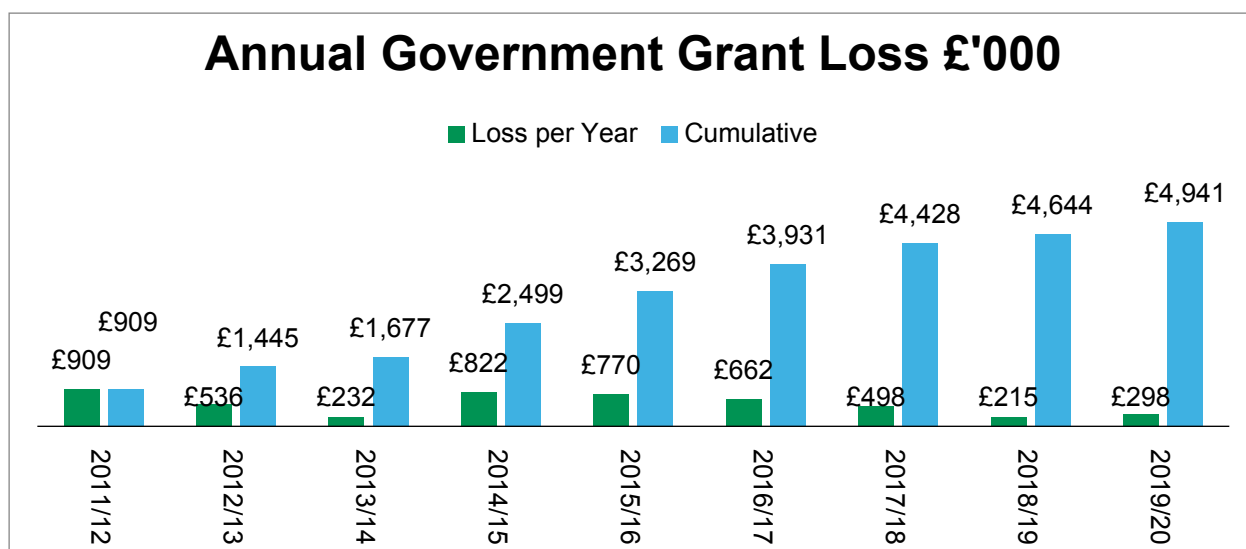
### 2. RECOMMENDATIONS

- 2.1 That the 2017/18 revised net expenditure on the General Fund of £10,493,720 be approved.
- 2.2 That a Final General Fund Budget Requirement for 2018/19 of £8,288,919 be agreed, with a contribution from balances of £818,821 and a Band D Council Tax of £204.46 (assuming a 2.99% increase for inclusion in the draft council tax resolution) be considered by Council.
- 2.3 That the Risk Assessments of General Fund Balances, as shown at Appendix B to this report, be approved.
- 2.4 That a minimum level of General Fund reserves of £2,760,570, in line with the 2018/19 risk assessment of balances, as shown at Appendix B to this report be approved.
- 2.5 That a contingency sum of £400,000 within which the Executive can approve supplementary estimates, be approved for 2018/19, (unchanged from 2017/18).

- 2.6 That the 2018/19 proposed Fees and Charges increase of £134,160 (Appendix C to this report) be approved for 2018/19.
- 2.7 That the 2018/19 proposed concessions (Appendix D to this report) be approved for 2018/19.
- 2.8 That the 2018/19 proposed new Financial Security Options of £342,399 (Appendix E to this report) be approved for 2018/19.
- 2.9 That the 2018/19 proposed Growth options of £470,371 (Appendix F to this report) be approved for 2018/19.
- 2.10 That the 2018/19 business rates gains of £356,610 above the baseline assessment be ring fenced for town centre regeneration (SG1), (paragraph 4.8.3 of the report refers) be approved for 2018/19.
- 2.11 That new capital receipts and unspent revenue balances (above the £350,000 transferred to the capital reserve) be earmarked for the Council's and resident's top priority, town centre regeneration be approved.
- 2.12 That the advice on of the Assistant Director (Finance and Estates) on the robustness of the draft budget and the adequacy of reserves (Appendix J) be noted.

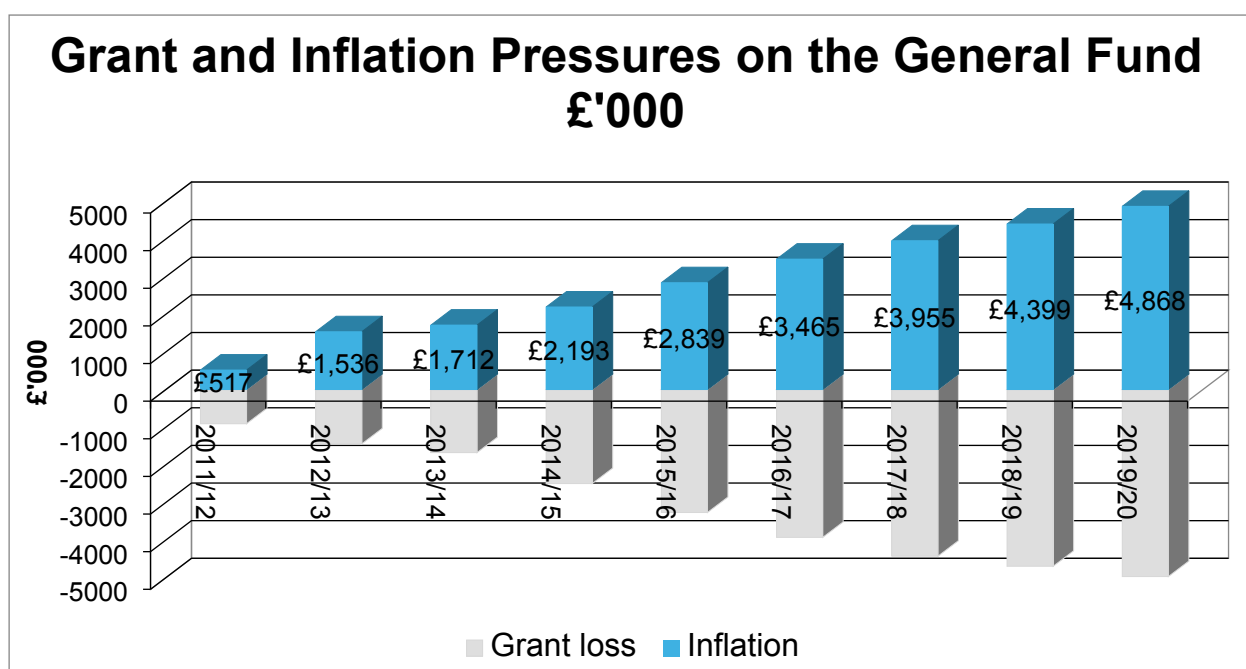
### **3. BACKGROUND**

- 3.1 This report presents the Council's General Fund net expenditure for 2018/19 taking account of the Financial Security options, fee increases, pressures and growth items. The General Fund Budget forms part of the Council's Budget and Policy Framework. Under Article 4 of the Constitution, the Budget includes: the allocation of financial resources to different services and projects; proposed contingency funds; setting the council tax; the council tax support scheme; decisions relating to the control of the Council's borrowing requirement; the control of its capital expenditure; and the setting of virement limits.
- 3.2 The Council's Financial Strategy (MTFS) was reported to Executive in September 2017 and updated in the November Financial Security report. Both reports highlighted the need for on-going savings to fund inflation and service pressures compounded by the loss of a further £1Million of central government funding up to 2019/20.
- 3.3 The funding reductions experienced by councils have been on-going for a number of years and has resulted in an overall loss of grant funding for Stevenage of some £5Million since 2010/11. The chart below shows the net loss of government funding (net of business rate inflation increases).

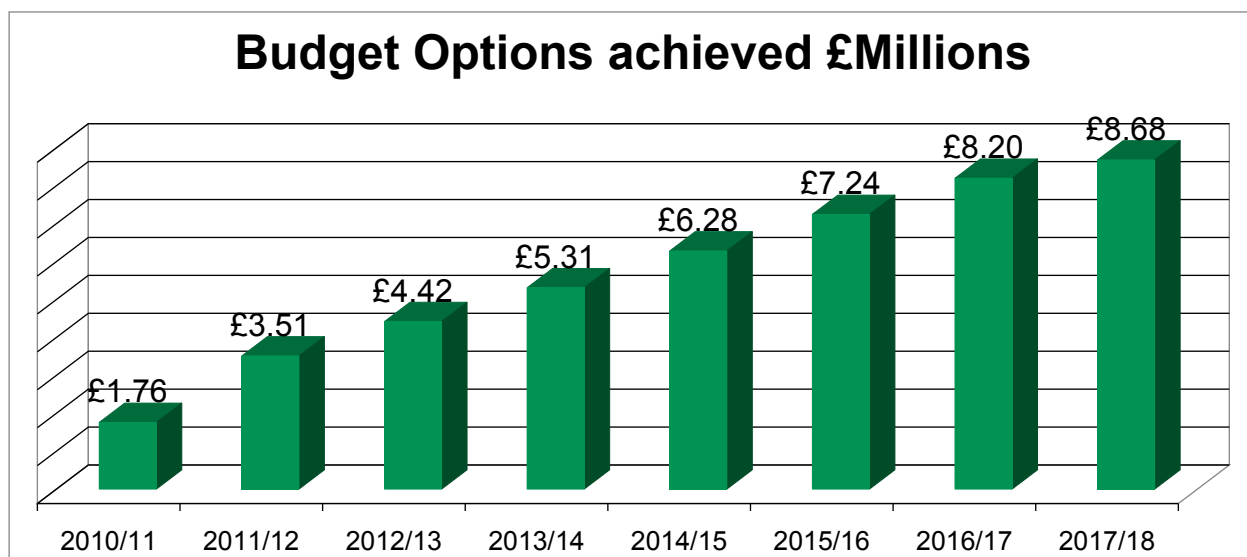


\*net of NDR increases

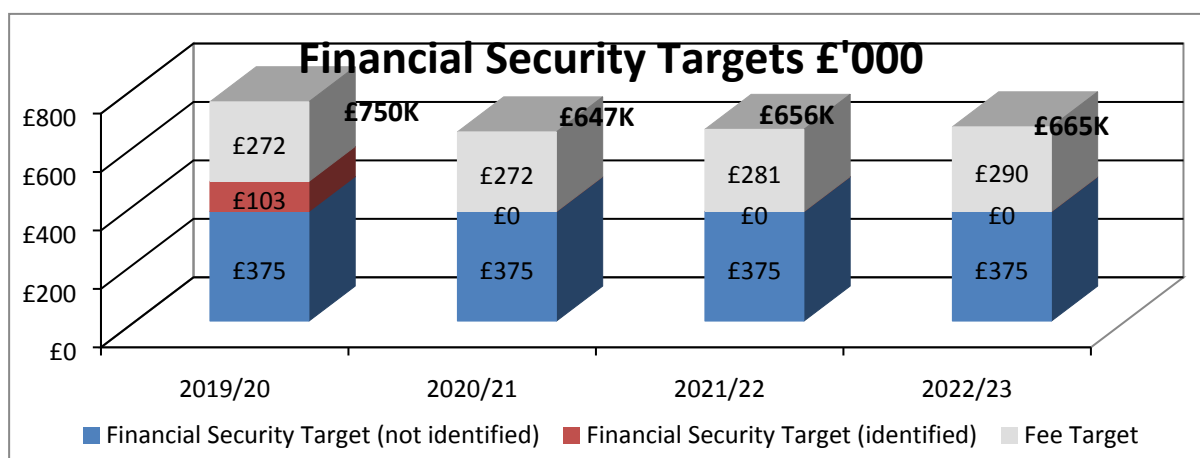
- 3.4 However in addition the General Fund has had to absorb inflationary pressures which for the same period have been estimated to be a further £4.8Million, which includes contractual and pay inflation.



- 3.5 The need to find budget reductions has been further compounded by other pressures such as apprenticeship levy and reductions in housing benefit administration grant. The total grant cuts and inflation pressures of £8.4Million (2010/11-2017/18) in addition to other pressures has been addressed by budget reductions achieved (£8.68Million 2010/11-2017/18) through the Council's priority based budgeting process and since 2017/18 via the Financial Security work stream under the Future Town Future Council programme.



- 3.6 The MTFS as approved by Members in September (2017) had a key principle: 'achieve an on-going balanced budget by 2021/22 by ensuring inflationary pressures are matched by increases in fees and income or reductions in expenditure'. The Financial Security report to the November Executive recognised that based on current projections, this was estimated to be achieved later by 2022/23 and the Financial Security targets were re-profiled to reflect the need for a higher level of options than previously envisaged. These are set out below.



- 3.7 At the November 2017 meeting, the Executive approved a package of Financial Security budget options, growth and pressures and fee increases to be included in the 2018/19 Budget.
- 3.8 The Council signed up to the four year central government funding settlement deal for the period 2016/17-2019/20, next year being year three of four. Members also approved Stevenage being part of the Hertfordshire business rates pilot for 2018/19, which would mean additional business rates of £600,000 ring fenced for regeneration in addition to the previous settlement deal.
- 3.9 As part of the financial settlement, received on 19 December 2017 (see also section 4.7-4.8), Hertfordshire authorities were informed that the 2018/19 Hertfordshire business rate pool had not been approved by the government due to the number of applications received.



- 3.10 Members were advised in the September MTFS that the Government was minded to allow District Authorities to increase their council tax by £5.00 on a band D which for the Council would see an increase of 2.52%.
- 3.11 The Budget and Policy Framework Procedure Rules in the Constitution, prescribe the Budget setting process, which includes a consultation period. The timescale required to implement this process is outlined below:

Date	Meeting	Report
January 2018	Executive	Draft 2018/19 General Fund budget and Council Tax (incorporating Financial Security Options)
	Overview and Scrutiny	Draft 2018/19 General Fund budget and Council Tax (incorporating Financial Security Options)
February 2018	Executive	Final 2018/19 General Fund budget and Council Tax
	Overview and Scrutiny	Final 2018/19 General Fund budget and Council Tax
	Council	Final 2018/19 General Fund budget and Council Tax

#### **4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS**

##### **4.1 Overview and Scrutiny Committee**

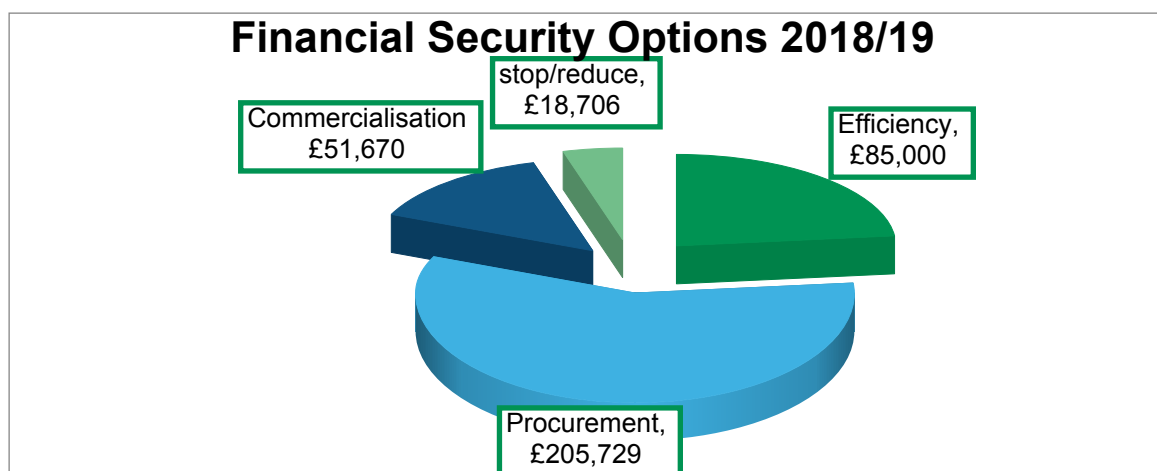
- 4.1.1 The Committee met on the 24 January 2018 and the Assistant Director (Finance and Estates) presented the draft proposals for the 2018/19 council tax setting and General Fund budget that had been approved by the Executive.
- 4.1.2 The Committee were reminded that the report was before them as a Budget and Policy framework item and any comments will be incorporated into the final budget that the Executive would consider for recommendation to Council in February. The Committee did not recommend any changes to the draft budget.

##### **4.2 The Executive**

- 4.2.1 The Executive at its meeting on 14 February 2018, having considered the comments of Overview & Scrutiny Committee and the Equality Impact assessments agreed the final proposals for recommendations to Council, as set out in the at section 2 of this report

##### **4.3 Financial Security Options**

- 4.3.1 At the November Executive, Members approved General Fund Financial Security Options of £342,399, detailed in Appendix E. Members were also reminded that there was a further option relating to a phased reduction in community centre grant funding of £18,706 approved in previous years. A summary of the options is shown in the following chart. These remain unchanged from the January Executive report.



4.3.1 (In addition to the options recommended for approval in the 2018/19 budget Appendix E), Members have also approved commercial property income Financial Security option of £200,000, (July Executive). Two sites have been identified which will achieve a minimum of £191,000 with £5.6Million still available for additional sites which should then meet the required target. At the time of writing the report one of the sites had been acquired by the Council and a further site to be completed in February/March.

4.3.2 Officers together with the Leaders Financial Security Group (LFSG) will be working towards achieving the unidentified Financial Security target as summarised in paragraph 3.6 which totals £1.5Million for the next four years, (2019/20-2022/23). Members will be aware that this is in addition to increases in fees and charges (see also paragraph 3.6) and council tax. Options are required to fund inflationary pressures while at the same time absorbing reductions in government grants.

#### **4.4 Fees and Charges**

4.4.1 2018/19 fees, charges and concessions have been reviewed as part of the work of the Corporate Fees and Charges Group, with the results scrutinised and recommended for approval by LFSG and included in Appendices C & D. The recommended Fees and Charges for the General Fund total £134,160 which is £162,434, lower than the September MTFS estimate.

4.4.2 2018/19 Fee income is lower than the MTFS target as a number of income streams are currently projected not to reach budget. Officers are reviewing this to determine whether additional action is required and will report back to the LFSG during 2018.

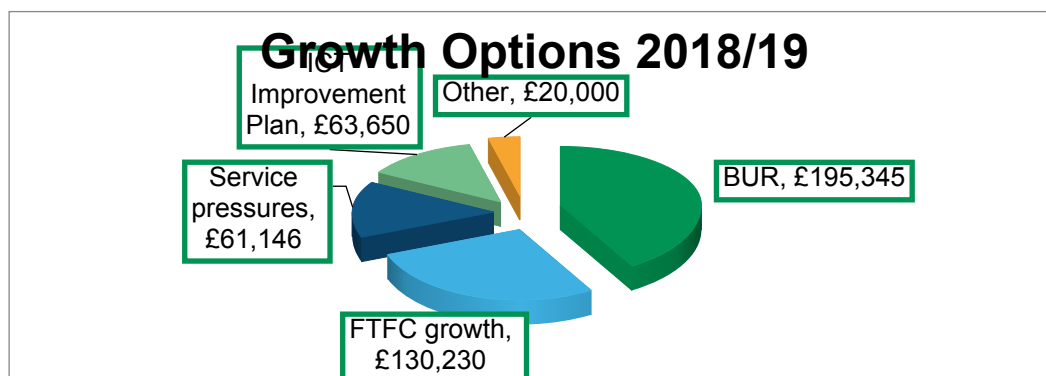
#### **4.5 Growth options and Service Pressures**

4.5.1 At the November Executive, Members approved General Fund Growth and Service Pressures of £534,871 with implementation costs of £246,443 in 2017/18. This included the financial cost of the Business Unit Reviews (BUR) and ICT Improvement Plan which were reported separately and approved by Members at the November Executive.

4.5.2 At the January Executive, service pressure (ref G20) relating to the reduction in transport subsidy of £99,000 was reported as £34,500, a reduction of £64,500. However also reported was a cost in 2017/18 of £41,000. The revised growth and

pressures are summarised in Appendix F and remain unchanged from the January Executive.

4.5.3 A summary of the options is shown in the following chart.



4.5.4 In order to implement new Financial Security options the Assistant Director (Finance and Estates) has identified the need for a pump priming 'Transformational Fund'. However based on the growth already identified and the affordability of including this type of resource in the General Fund, an amount of £100,000 has been included for the period 2018/19 and 2019/20. There is currently one bid identified against the fund for £35,000, (Growth bid G14), which Members approved at the November Executive.

4.5.5 There is a dichotomy whereby officers need to spend to meet the Council's significant ambitions while at the same time needing to shrink General Fund net expenditure. This means the role of the Financial Security priority will increase in importance to ensure that the future stability of the Council's finances is maintained.

## 4.5 General Fund Net Expenditure

4.5.1 The 2017/18 projected and the 2018/19 final General Fund net expenditure is summarised in Appendix A. This includes the changes from the draft December budget update. The 2018/19 budget has decreased by £18,350, (the December draft budget was £77,633 higher than the November MTFS). The variances are shown in the table below.

Summary of 2018/19 budget movements		
	£	£
Draft General Fund January budget		9,126,090
Additional section 31 grant	(359,960)	
Transfer to Reserves (for Regeneration purposes)	356,610	
Salary cost changes	14,900	
Increase in Commercial income	(15,000)	
Other	(14,900)	
<b>Total Changes</b>		<b>(18,350)</b>
<b>Updated Final General Fund 2018/19 net budget</b>		<b>9,107,740</b>

4.5.2 **Section 31 grant** is payable when the government makes changes to the business rates this includes increased business rates from RPI (3.9%) to CPI (3%) in 2018/19. The business rates projections have been completed for 2018/19 and are detailed in section 4.8 of this report. Section 31 grants have increased significantly due to the government increasing the threshold before which small businesses have to pay

business rates. The increase in section 31 grant is reflected by a reduction in retained business rates which are shown in core resources and not in the net expenditure of the General Fund, (see section 4.8). The change in S31 grants includes the additional amount of £5,160 included in the final finance settlement

**4.5.3 Transfer to Reserves** for business rate gains above the baseline (for regeneration purposes) was agreed at the January Executive as part of the draft budget. The £356,610 reflects the gain above the baseline need and will be transferred to a ring fenced account to be drawn down when needed for the Council's regeneration project SG1.

**4.5.4 Salary inflation** increased by £139,835 at the draft budget to reflect the employer offer of 2% rather than the 1.5% included in the MTFS. A further £14,900 of salary costs have been identified based on personnel changes. The General Fund and HRA have assumed a 2% pay award however the unions have yet to accept the employer's 2% offer.

**4.5.5 Commercial Income** is projected to be £15,000 higher based on current low void levels, there is a similar increase in income assumed for 2017/18.

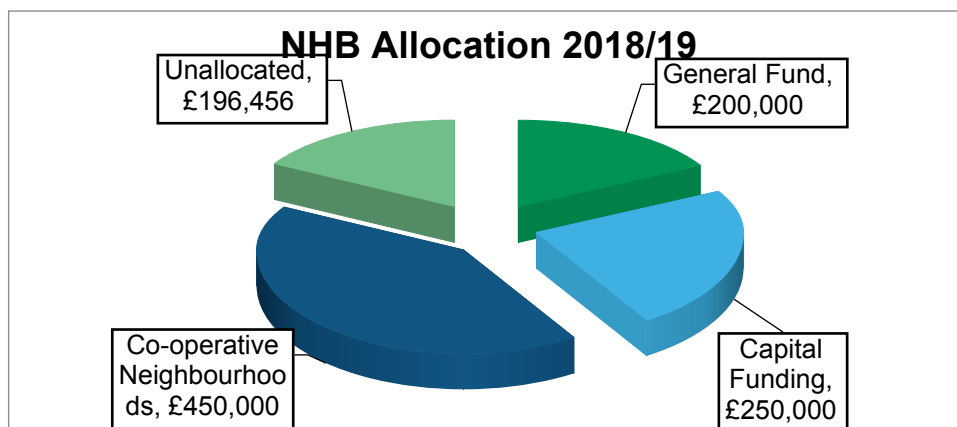
**4.5.10 The 2017/18 General Fund working budget** has decreased by £77,300 from the 2017/18 projection included in the draft budget report to the January Executive (reported in the draft budget report was a £84,070 increase for the year). The variances are shown in the table below.

Summary of 2017/18 budget movements		
	£	£
Draft General Fund January budget		10,571,020
Reduction in Housing Benefit Overpayment income	10,000	
Revenue & Benefits partnership in year savings	(23,690)	
Electricity underspends due to usage and price changes	(47,750)	
Increase in Commercial income	(15,000)	
On street parking income	(19,800)	
Other	18,940	
<b>Total changes</b>		<b>(77,300)</b>
<b>Updated Final General Fund 2018/19 net budget</b>		<b>10,493,720</b>

## 4.6 New Homes Bonus

**4.6.1** The Council receives New Homes Bonus (NHB) for every additional property in its tax base (at 80% of the equivalent national average value Band D property above a 40% threshold) and receives the gain from 2018/19 for four years, (2017/18 five years, 2016/17 and earlier, six years). It has been the Council's policy to date not to rely on temporary income streams to fund permanent services, which includes the use of New Homes Bonus (NHB). To date, only £200,000 has been added to the General Fund base budget from NHB (and £250,000 for capital). Although it continues to be the view of the Assistant Director (Finance and Estates) that NHB should support one-off projects, a number of projects have received funding for the last few years. As part of the BUR priority services such as neighbourhood wardens and domestic abuse services may need to be met from the General Fund in the future. Officers will be considering this as part of their business reviews.

4.6.2 Members have previously approved to ring fence funding of £450,000 for the co-operative neighbourhood FTFC work stream, which supports initiatives such as the playground improvement programme. The chart below details the 2018/19 NHB allocation of £1.096 Million in the chart below. This remains unchanged from the draft budget report and the final settlement.



4.6.3 In addition to the £196,456 available for new schemes there is a further £67,645 that has not been allocated or returned to the NHB reserve as a result of actual costs being lower than budgeted. This means there is £264,410 that can be allocated to new schemes.

4.6.4 The amount of NHB monies has reduced under the revised scheme introduced for 2017/18, the number of years the award is retained has reduced from six years to four years and a threshold of a 40% increase in the number of homes has to be reached before any award is given.

## 4.7 Finance Settlement

4.7.1 The provisional finance settlement was published on the 19 December 2017. There was an increase of £46,436 for 2018/19 as a result of the increase in RPI for Business Rates. In the final finance settlement published in February 2018 there was a further £5,155 of S31 grant relating to compensation for the changes to business rates.

4.7.2 The 2017/18 four year settlement financials had assumed an increase of 3.22% instead of 3.9% for 2018/19. This means that there is an increase of £16,506 in business rates retained by SBC, plus an additional amount of £35,085 relating to 2015/16 changes. (Please note some of the retained business rates are paid in S31 grant and is included in the General Fund net expenditure see paragraph 4.5.2 above).

Original Finance Settlement (2017/18)		
	2018/19	2019/20
Revenue Support Grant	£351,230	£0
Business Rates	£2,479,606	£2,523,219
<b>Total</b>	<b>£2,830,836</b>	<b>£2,523,219</b>

Original Finance Settlement (2018/19)		
	2018/19	2019/20
Revenue Support Grant	£351,230	£0
Business Rates	£2,474,490	£2,502,227
	£56,707	£77,272
<b>Total</b>	<b>£2,882,727</b>	<b>£2,579,499</b>
<b>Variance</b>	<b>£51,591</b>	<b>£56,280</b>

4.7.3 The Government indicated the move from RPI to CPI for business rates from 2018/19, in the Autumn Budget (previously this was 2019/20 to coincide with localisation of business rates). Councils are to be compensated for the difference of 0.9% between RPI and CPI via S31 grants and the difference is included in the table in paragraph 4.5.1 above.

4.7.4 Stevenage Borough Council will receive no Revenue Support Grant (RSG) from 2019/20 and will be solely reliant on business rates and council tax for core resource funding.

4.7.5 There will be a consultation in the spring of 2018 on negative RSG which SBC has in the 2019/20 finance settlement. For Stevenage this totals £27,145 and effectively will reduce the amount of business rates retained, as RSG is zero from 2019/20.

#### 4.8 Business Rates retained 2018/19

4.8.1 The Council (via the Executive) must approve the level of estimated 2018/19 business rates it will receive by 31 January each year. However the timing of the announcement of the Government settlement on the 19 December together with information on the business rates pilots meant that there was not enough time to complete a report for the January Executive and the Executive at their meeting on the 23 January 2018 delegated this decision to the Assistant Director (Finance and Estates), following consultation with the Portfolio Holder for Resources. The Executive also recommended that the 2018/19 General Fund budget only assumes the baseline funding (the amount in the settlement) and any gains projected are ring fenced for the regeneration of the town centre and SG1.

4.8.2 The share of business rates retained by Stevenage is reduced by the amount of tariff payable to the government and then a 50% levy payable is payable on any gains, (please note some S31 grants are excluded from the levy calculation).

4.8.3 Section 31 grants are payable by the government for reliefs granted by the government such as pub reliefs, small business reliefs and the change from using RPI to CPI for the annual inflation increase. The business rates and S31 grant retained by the Council are summarised in the table below.

Calc.	Stevenage Share	Final Budget Business Rates Assumption £
1	Stevenage share (40%)	17,431,681
2	Tariff	(14,944,085)
1-2	<b>Business Rates net of tariff</b>	<b>2,487,596</b>
3	S31 grant payable	647,218
1-2+3	<b>Total Business Rates and grant before levy</b>	<b>3,134,814</b>
4	Baseline Funding Level (based on need)	2,474,490

Calc.	Stevenage Share	Final Budget Business Rates Assumption £
(1-2+3)-4	Gains before the levy is applied	660,324
5	Levy that would be due (50% excl. some S31 grants)	(303,713)
6	S31 grant compensation for RPI change & 2015/16 changes	56,707
	<b>Retained rates</b>	<b>2,887,808</b>
	<b>Assumed in General Fund budget</b>	<b>2,531,197</b>
	<b>Transfer to Regeneration Reserve*</b>	<b>356,611</b>
	<b>Retained rates</b>	<b>2,887,808</b>
	<i>* amounts in the budget are rounded to the nearest £10</i>	

4.8.3 The Draft General Fund budget (January Executive) had assumed baseline funding and the S31 grant for change to CPI and 2015/16 adjustment (ref calc.6). The additional business rate gain of £356,610 is recommended for transfer to an allocated reserve and ring fenced for regeneration purposes, (see also paragraph 4.5.3).

4.8.4 The 2018/19 core funding resources also assume a transfer from the Collection Fund for Business Rates of £30,293 (surplus) which reflects the actual outturn position for 2016/17 and the projection for 2017/18. This remains unchanged from the Draft General Fund report.

4.8.5 The Government indicated in the Autumn Budget that there will be the next reset of business rates baselines in 2020/21 and a move to 75% business rates retention for 2020/21 which will see RSG and Public Health grant replaced by business rates income.

## 4.9 Council Tax

4.9.1 Part of the budget setting process includes consideration of council tax levels. The Provisional settlement allowed for an increase of 2.99% (1% higher than 2017/18), before a referendum on the level of council tax is required or £5.00 on a Band D, whichever is higher. This effectively allows for a maximum 2.99% increase (CPI 3% in September 2017) for Stevenage Borough Council.

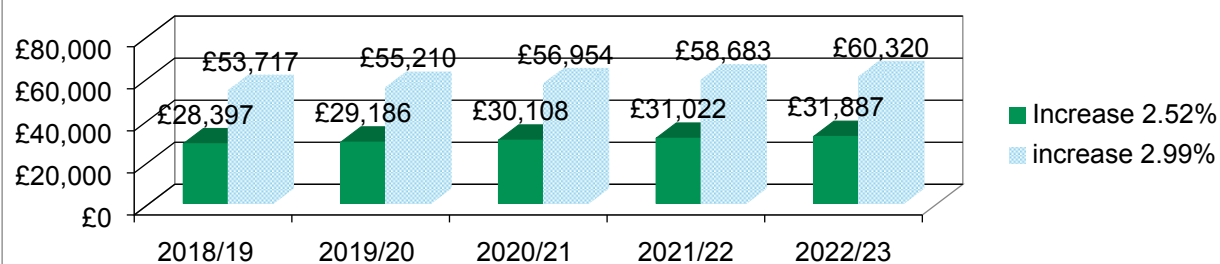
4.9.3 The table below shows a 2.99% increase and £5.00 on a Band D (2.52%) per year and for each council tax property band.

Council Tax band	Increase per year		
	2017/18	2.52%	2.99%
A	£132.35	£3.33	£3.96
B	£154.40	£3.89	£4.62
C	£176.46	£4.44	£5.28
D	£198.52	£5.00	£5.94
E	£242.64	£6.11	£7.26
F	£286.75	£7.22	£8.58
G	£330.87	£8.33	£9.90
H	£397.04	£10.00	£11.88

4.9.4 The difference in resources from increasing Council tax by 1.99% (September MTFS assumption), 2.52% and 2.99% in 2018/19 is shown in the chart below.



## Increase in council tax receipts per year compared to a 1.99% increase



4.9.5 Council tax is a key resource as locally raised taxation becomes more important to the General Fund (as central funding reduces) in sustaining services for the future. The table below shows that by 2019/20 the MTFS assumes that 63% of core resources will be generated from council tax.

	% of Net budget							
Year:	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Council Tax</b>	51.70%	45.90%	49.50%	47.10%	58.10%	55.81%	58.11%	62.76%
<b>RSG</b>	46.00%	33.30%	27.00%	17.90%	13.50%	7.08%	3.60%	-0.30%
<b>NDR</b>	0.00%	20.90%	24.20%	40.20%	12.60%	32.67%	29.90%	28.77%
<b>Balances</b>	2.30%	-0.10%	-0.70%	-5.20%	15.70%	4.43%	8.39%	8.77%
<b>Total</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

4.9.6 As in previous years the council tax increase will not be confirmed this meeting. Based on the increasing financial dependency the General Fund budget has on council tax the Assistant Director (Finance and Estates) recommends a 2.99% increase be included in the draft council tax resolution for consideration.

### 4.10 Projected General Fund Balances

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

	2017/18 Estimate	2017/18 Projected	2018/19 Estimate
Net Expenditure	£9,382,220	£10,493,720	£9,107,740
(Use of)/ Contribution to Balances	(£432,095)	(£1,543,595)	(£818,821)
<b>Budget Requirement</b>	<b>£8,950,125</b>	<b>£8,950,125</b>	<b>£8,288,919</b>
RSG	(£689,969)	(£689,969)	(£351,230)
Business Rates	(£2,569,654)	(£2,569,654)	(£2,539,149)
<b>Total Government Support</b>	<b>(£3,259,623)</b>	<b>(£3,259,623)</b>	<b>(£2,890,379)</b>
Estimated NDR levy	£226,243	£226,243	£303,713
(Return) /Contribution to Collection Fund (NDR)	(£478,057)	(£478,057)	(£30,293)
Collection Fund Surplus (ctax)	(£139,102)	(£139,102)	(£139,616)



	2017/18 Estimate	2017/18 Projected	2018/19 Estimate
Council Tax Requirement	£5,299,586	£5,299,586	£5,532,344
Council Tax Base	26,695	26,695	27,059
Council Tax Band D	£198.52	£198.52	£204.46
Council Tax Band C	£176.46	£176.46	£181.74

4.10.2 General Fund balances are projected to be £2.59Million, (draft budget report £2.42Million) by 2021/22. This is a reduction of £4Million from 1 April 2017. There is a projected contribution to balances by 2022/23, however this relies on the delivery of some £1.5Million Financial Security savings for the period 2019/20-2022/23.

General Fund Balances £'000	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Opening balance 1 April	(£6,427)	(£4,883)	(£4,065)	(£3,270)	(£2,726)	(£2,594)
Use of/ (Contribution to) Balances	£1,544	£818	£795	£544	£132	(£182)
Closing balance 31 March	(£4,883)	(£4,065)	(£3,270)	(£2,726)	(£2,594)	(£2,776)

4.10.3 The projected balances for 2018/19 are higher than the minimum level of risk assessed balances of £2,760,570 as summarised in Appendix B.

4.10.4 The Council will need to increase its future year's reserves to ensure that it has sufficient future resources to help facilitate the town centre regeneration, (2017 resident' survey top priority), this is why Members approved at the December Executive to ring fence of business rate gains, these are now estimated to be £356,610. In addition this risk has been included in the risk assessment of balances in Appendix B and as summarised in section 4.11 of this report.

#### 4.11 Risk Assessment of General Fund balances

4.11.1 The General Fund balances have been risk assessed for 2018/19 and the minimum level of balances required is £2,760,570, (draft budget £2,790,089).

4.11.2 The risk assessment of balances includes amounts for general overruns in expenditure and losses of income (1.5% of the gross value) and in addition for specific risks.

4.11.3 New risks that have been added to the risk assessment of balances include:

- Commercial property net income target of £200,000 not realised (risk balance £20,000) -higher borrowing costs and unforeseen costs could impact on the net income achieved.
- Building Control company profit forecasts not met in 2018/19 (risk balance £21,485) - this relates to the risk that the company may not achieve cost reductions in line with the business plan.
- Town Centre Regeneration not budgeted for (risk £125,000) - as the council appoints the development partner there may be costs which the Council would want to expend to further its regeneration aims.

- Borrowing costs will be higher than estimated (risk £7,692)- there is a risk that inflation pressures could accelerate the increase in borrowing costs in 2018/19 and a 0.25% base rate point increase has been risk assessed.
- Business Unit reviews increase the salary bill/higher implementation costs (risk £84,009) the report to the November Executive outlined the approach to these reviews and was approved by the Executive. There is a risk that costs could be higher than expected.

## 4.12 Contingency Sums

4.12.1 The Executive will recall that a Contingency Sum needs to be determined by the Council as part of the Budget and Policy Framework in order to avoid the need for Council to consider all supplementary estimates during the course of the year. This contingency sum constitutes an upper cumulative limit during the financial year within which the Executive can approve supplementary estimates, rather than part of the Council's Budget Requirement for the year. A sum of £400,000 is proposed for 2018/19, this remains unchanged from the current year.

## 4.13 Allocated Reserves

4.13.1 The allocated reserves as at 31 March 2019 are estimated to be £1.785Million, with 754K being used in 2017/18. The allocated reserves include a specific reserve for the earmarked business rate gains ring fenced for regeneration purposes as approved at the January Executive. The allocated reserves are summarised in the following table.

Movements to/from Allocated Reserves £'000					
Allocated Reserve	Balance as at 1 April 2017	Anticipated transfer to/from reserves	Forecast balance as at 31 March 2018	Anticipated transfer to/from reserves	Forecast balance as at 31 March 2019
<b>Revenue Reserves:</b>					
New Homes Bonus	(1,073)	878	(195)	(196)	(391)
Future Town Future Council	(180)	(11)	(191)	191	(0)
Planning Delivery	(170)	170	0	0	0
Regeneration Assets	(749)	(21)	(770)	30	(740)
LAMS default	(54)	(14)	(68)	0	(68)
NDR safety net	(172)	0	(172)	0	(172)
Regeneration Reserve	0	(303)	(303)	(54)	(357)
Insurance Reserve	(97)	26	(71)	15	(56)
Town Centre	(54)	29	(25)	25	(0)
<b>TOTAL REVENUE RESERVES</b>	<b>(2,550)</b>	<b>754</b>	<b>(1,796)</b>	<b>11</b>	<b>(1,785)</b>
<b>Capital Reserves:</b>	0	0	0	0	0
Capital Reserve *	0	=+753-753	0	+720-720	0
<b>TOTAL CAPITAL RESERVE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL ALLOCATED RESERVES</b>	<b>(2,550)</b>	<b>754</b>	<b>(1,796)</b>	<b>10</b>	<b>(1,785)</b>

4.13.2 The reserve balances shown above are prior to any 2018/19 New Homes Bonus (NHB) schemes allocations are made, see also section 4.6 above. The main reduction in reserves is the predicted use of NHB during 2017/18 and 2018/19 as some scheme funding was for more than one year.

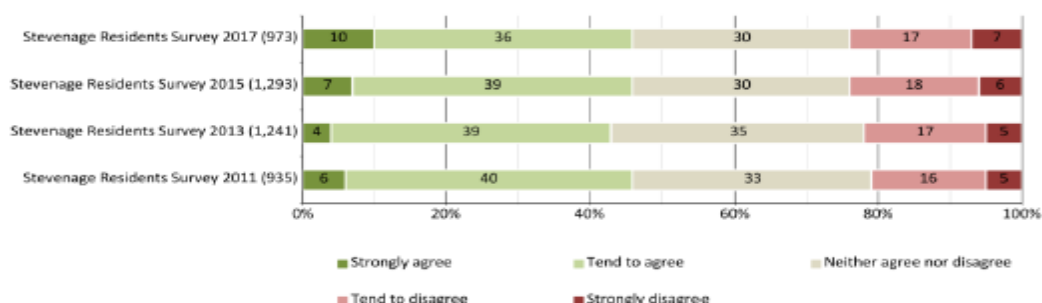
#### 4.14 Consultation

4.14.1 The Council has recently completed the bi-annual resident's survey (2017) and asked residents a number of questions relating to how the Council conducts its financial affairs. Residents were asked whether the council tax represented value for money and only 7% strongly disagreed as shown in the chart below.

##### Value for money

*To what extent do you agree or disagree that the Council Tax paid to Stevenage Borough Council provides good value for money?*

Figure 50: Responses to whether residents agree or disagree that the Council Tax paid to Stevenage Borough Council provides good value for money



4.14.2 Residents were asked how best to make the savings required by ranking the options provided from 1 to 5, with 1 being the most preferred option and 5 being the least preferred option. The results are shown in the table below

Table 13: Resident's preferences for means of making savings. Rank analysis.

Option	Overall Rank
Reduce time and money spent on paperwork by interacting with more residents and customers online	1
Spend less by reducing or cutting the services that you tell us are not a priority	2
Increase income from fees and chargeable services, to keep the council's element of Council Tax as low as possible	3
Increase our element of Council Tax (for example from 48p per day to 50p per day)	4
Make money by selling more of our services to residents and customers	5

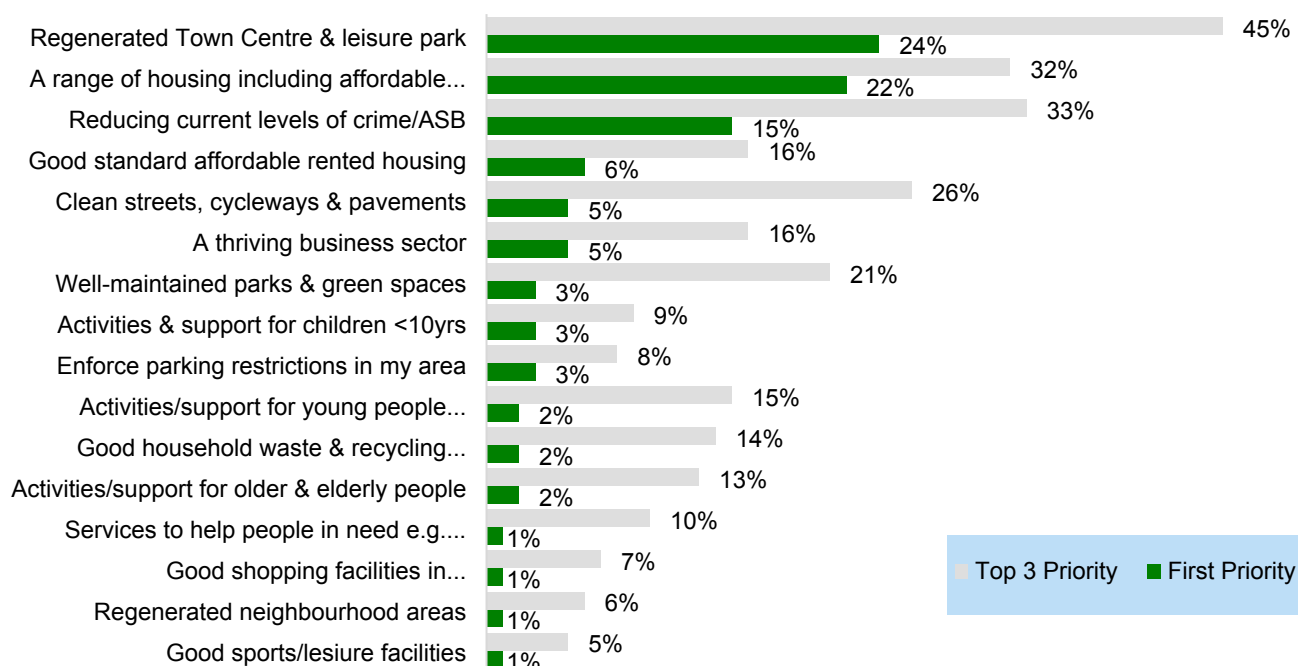
4.14.3 The top ranked option by residents was 'reducing paperwork and interacting with more residents on line'. The Council committed to investing £2.1Million (2017/18-2019/20) in digital improvements that should help unlock future financial security options. In addition the Council has sought to minimise the impact of reduced government funding on Stevenage residents by continuing to reduce net expenditure from some fee increases and efficiency options.

4.14.4 It is inevitable, with the level of funding reductions that increases in council tax are required to maintain the level of services the Council currently operates, however

the increase of 2.99% on a Band D property represents less than 2pence per day for 2018/19.

4.14.5 During 2018/19 officers will be targeting procurement, efficiency and improving processes (three of the five Financial Security work strands) to maintain the financial stability and resilience of the General Fund.

4.14.6 The top residents priority was Town Centre Regeneration, followed by affordable housing as shown in the following chart.



4.14.7 The growth of £470,371 for 2018/19 includes £102,090 relating to town centre regeneration, with a further £35,000 earmarked to improve the range of housing in Stevenage.

## 4.15 Leader's Financial Security Group

4.15.1 The LFSG chaired by the portfolio holder for Resources on behalf of the Leader and with cross party representation has been meeting frequently since August 2016. The group has;

1. Reviewed the GF assumptions regarding the 2018/19 onwards saving target
2. Reviewed the GF MTFS assumptions
3. Reviewed the GF 2018/19 Financial Security package
4. Reviewed the GF 2018/19 Fees and charges

4.15.2 The LFSG considered the options above and scored the Financial Security options, growth and fees and charges for inclusion in the General Fund budget.

## 5. IMPLICATIONS

## **5.1 Financial Implications**

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

## **5.2 Legal Implications**

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

## **5.3 Risk Implications**

- 5.3.1 There are risk implications to setting a prudent General Fund budget if the Fees and charges (Appendix C) and Financial Security options (Appendix E) are not achieved and crucially if future options are not found to meet the targets outlined in section paragraph 3.6. The risk to financial security has also been increased as the Council's ambitions have meant significant growth bids and service pressures have been identified above the MTFS assumptions. If this trend were to continue then the General Fund balances would be substantially eroded and potentially beyond the level that would be deemed a prudent level. The Council faces considerable risks with future reductions to central government grant funding and the ever changing landscape of Local Government Finance.

- 5.3.2 Risk implications are dealt within the body of the report and specifically within section 4.11.

## **5.4 Equalities and Diversity Implications**

- 5.4.1 In carrying out or changing its functions (including those relating to the provision of services and the employment of staff) the Council must comply with the Equality Act 2010 and in particular section 149 which is the Public Sector Equality Duty. The Council has a statutory obligation to comply with the requirements of The Act, demonstrating that as part of the decision-making process, due regard has been given to the need to:

- Remove discrimination, harassment, victimisation and any other conduct that is unlawful under this Act
- Promote equal opportunities between people who share a protected characteristic and those who do not
- Encourage good relations between people who share a protected characteristic and those who do not.

- 5.1.1 These duties are non-delegable and must be considered by Council when setting the Budget in February 2018.

- 5.1.2 To inform the decisions about the Budget 2018/19 officers have begun Equality Impact Assessments (EqIAs) for service-related savings proposals. These are

currently in draft form, since they must consider appropriate evidence and the findings of consultation with various stakeholders to inform the decision by Council in February 2018. Where there is a potentially negative impact, officers will collect further information and identify actions to mitigate the impact as far as possible. These EqlAs are summarised and attached in Appendix G with further information on the process to date and planned activity. EqlAs for future years' savings will be presented alongside the draft Budget for the relevant year.

- 5.1.3 An overarching EqlA will also be developed once individual EqlAs are finalised for Council in February 2018. This will consider the collective impact of the Budget on people with protected characteristics.
- 5.1.4 As well as considering the impact on service delivery and equality, an EqlA concerning all strands of potential discrimination will be required by the Head of Paid Service on proposed redundancies and restructures per savings proposal and as a whole. It is proposed that this will be produced alongside the required restructure consultation documents as it is only at this stage that the actual impact on staff will start to be known. As the proposals will be delivered over a range of different timescales, the whole, i.e. combined EqlA, will be reviewed periodically with the Council's Strategic Management Board. All staff impacts are summarised at Appendix H.

## **BACKGROUND DOCUMENTS**

BD1 General Fund Medium Term Financial Strategy (2017/18-2021/22)

[http://www.stevenage.gov.uk/content/committees/182083/182087/182091/Executive-19-September\\_2107-Item6.pdf](http://www.stevenage.gov.uk/content/committees/182083/182087/182091/Executive-19-September_2107-Item6.pdf)

BD2 Draft General Fund and Council Tax Setting 2018/19

<http://www.stevenage.gov.uk/content/committees/182083/182087/182091/Executive-23-January-2018-Item8.pdf>

## **APPENDICES**

- A 2017/18 Working & 2018/19 Summary General Fund budget
- B Risk Assessment of Balances 2018/19
- C Fees and Charges 2018/19
- D Concessions 2018/19
- E Financial Security Options 2018/19
- F Growth options 2018/19
- G Equalities Impact Assessment General Fund and HRA
- H Equalities Impact Assessment staffing
- I Final Council Tax Resolution
- J Robustness of Final Budget and Adequacy of Reserves.

## General Fund Summary

	Actual 2016/17 £	Original Budget 2017/18 £	Working Budget 2017/18 £	Original Budget 2018/19 £
<b>Summary of Expenditure</b>				
<b>Portfolio:</b>				
Community Services	10,035,062	4,915,270	4,953,090	4,696,560
Housing Services	2,406,764	1,948,380	1,993,500	2,109,980
Environmental Services	8,708,017	6,429,240	7,140,320	7,186,170
Local Community Budgets	98,441	100,800	100,800	100,800
Resources	(12,508,473)	(4,430,480)	(4,825,710)	(5,230,000)
Resources - Support	113,510	346,900	1,104,910	234,530
Trading Accounts - Direct Services * Organisation (DSO)	105,026	72,110	26,810	9,700
<b>Net General Fund Expenditure</b>	<b>8,958,347</b>	<b>9,382,220</b>	<b>10,493,720</b>	<b>9,107,740</b>
Government Support - Revenue Support Grant	(1,235,836)	(689,969)	(689,969)	(351,230)
Government Support - Retained Business Rates (NDR)	(2,083,727)	(2,569,654)	(2,569,654)	(2,539,149)
Transfer to/from Collection Fund (Council Tax)	(299,368)	(139,102)	(139,102)	(139,616)
Transfer to/from Collection Fund (NDR)	935,784	(478,057)	(478,057)	(30,293)
NNDR Levy	195,551	226,243	226,243	303,713
NNDR Pooling Gains	0	0	0	0
District Precept	(5,009,943)	(5,299,586)	(5,299,586)	(5,532,344)
<b>Use of General Fund Balances</b>	<b>1,460,808</b>	<b>432,095</b>	<b>1,543,595</b>	<b>818,821</b>
<b>General Fund Balance:</b>				
Balance 1 April	(7,887,792)	(5,275,280)	(6,426,984)	(4,883,389)
Use of Balances in Year	1,460,808	432,095	1,543,595	818,821
<b>General Fund Balance 31 March</b>	<b>(6,426,984)</b>	<b>(4,843,185)</b>	<b>(4,883,389)</b>	<b>(4,064,568)</b>
<b>-1,460,808</b>				
<b>Allocated Revenue Reserves:</b>				
Balance 1 April	(4,251,311)	(1,711,232)	(2,549,819)	(1,796,659)
Use of Balances in Year	1,701,492	427,669	753,160	11,683
<b>Allocated Revenue Reserves</b>	<b>(2,549,819)</b>	<b>(1,283,563)</b>	<b>(1,796,659)</b>	<b>(1,784,976)</b>
<b>Balance 31 March</b>				
<b>Total Revenue Reserves</b>	<b>(8,976,803)</b>	<b>(6,126,748)</b>	<b>(6,680,048)</b>	<b>(5,849,544)</b>
<b>Council Tax Bands for 2018/19</b>				
<b>2.99% Increase on Band D Property:</b>				
<b>BAND A</b>		132.35		136.31
<b>BAND B</b>		154.40		159.02
<b>BAND C</b>		176.46		181.74
<b>BAND D</b>		198.52		204.46
<b>BAND E</b>		242.64		249.90
<b>BAND F</b>		286.75		295.33
<b>BAND G</b>		330.87		340.77
<b>BAND H</b>		397.04		408.92

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## APPENDIX B: RISK BASED ASSESSMENT OF THE LEVEL OF GENERAL FUND BALANCES

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, but could also be as a result of poor weather, new competition. All "fees and charges" income is reviewed as part of the monthly/quarterly budget monitoring process. All budgets are profiled over the year based upon previous experience.		
		<b>Calculated Risk</b>	
Specific Areas	Estimated Income	Likelihood Percentage	Balances Required
Parking Income* (on street/offstreet)	£4,439,560	2.5%	£110,989
Development Control Income	£340,830	10%	£34,083
Land Charges Income	£90,000	20%	£18,000
Recycling Income	£646,990	2.5%	£16,175
Garages	£3,199,550	0.50%	£15,998
Trade Refuse & Skips	£942,420	0.50%	£4,712
Indoor Market	£401,260	2.50%	£10,032
Commercial Property Income	£3,300,220	2.50%	£82,506
NEW Commercial Property Income Property Fund income target not achieved	£200,000	10.00%	£20,000
<b>Total</b>			<b>£312,494</b>

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

Potential Risk Area	Comments		
Demand Led Budgets	Potential risk that spending on parts of the budget where the Council has a legal duty to provide the service increases significantly. 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.		
		<b>Calculated Risk</b>	
Specific Areas	Estimated Exposure	Likelihood Percentage	Balances Required
Housing Benefit maximum risk based on not meeting threshold for Local Authority errors.	£180,000	25%	£45,000
Loss of Business Rates yield	£2,474,490	maximum loss (7.5%) less loss of S31 grant	£156,345
Lower S31 Grants than anticipated which means the NNDR yield would be higher but would not be returned to the General Fund until 2019/20.	£292,420	10%	£29,242
Increase in bad debts as a result of welfare reform proposals (reduction cap and tax changes)	£549,703	5%	£27,485
Increase in the Apprenticeship levy if TV rate not met and pay costs increase.	£504,052	0.5%	£2,520

Potential Risk Area	Comments		
Demand Led Budgets continued	Potential risk that spending on parts of the budget where the Council has a legal duty to provide the service increases significantly. Individual budgets reviewed as part of the monthly budget monitoring process. All budgets are profiled over the year based upon previous experience and so any variances should show up during the year.		
		Calculated Risk	
Specific Areas	Estimated Exposure	Likelihood Percentage	Balances Required
NEW Building Control company profit forecasts not met in 2018/19	£85,940	25%	£21,485
NEW Costs associated with Town Centre Regeneration not budgeted for	£250,000	50%	£125,000
<b>Total</b>			<b>£407,077</b>

Potential Risk Area	Comments including any mitigation factors		
Changes since budget was set	Potential risk that things change since the budget estimates were made and the estimates are then under budgeted for.		
		Calculated Risk	
Specific Areas	Estimated Exposure	Likelihood Percentage	Balances Required
Transitional Vacancy Rate 4.5%	£543,677	5.00%	£27,184
Less staff time charged to capital than budgeted	£415,690	10.00%	£41,569
Increase in staffing the pension scheme due to auto enrolment (based on % of salary costs not pensioned)	£251,766	5.00%	£12,588
Contractual inflation 1% increase	£245,700	25.00%	£24,768
Utility and fuel inflation usage/costs increase	£871,170	5.00%	£43,559
NEW Borrowing costs will be higher than estimated	£132,940	0.25% increase in basis points	£7,692
NEW Business Unit Reviews (BUR) implementation costs/restructure costs increases the pay bill (% of pay bill for the General Fund)	£16,816,625	0.50%	£84,083
<b>Total</b>			<b>£241,443</b>

Potential Risk Area	Comments including any mitigation factors		
Other Risks	Potential risk that savings options will not be realised as a result of delay or unforeseen circumstances.		
		Calculated Risk	
Specific Areas	Estimated Exposure	Likelihood Percentage	Balances Required
Savings Options	£342,399	2.00%	£6,848
<b>Total</b>			<b>£6,848</b>

Potential Risk Area	Comments including any mitigation factors		
Estimated balances required for any over spend or under -recovery of expenditure and income	This calculation replaces the calculation based on Net Expenditure		
		Calculated Risk	
Specific Areas	Estimated Exposure	Likelihood Percentage	Balances Required
Gross Income (excludes specific income listed above)	£48,420,060	1.50%	£726,301
Gross Expenditure	£71,093,790	1.50%	£1,066,407
<b>Total</b>			<b>£1,792,708</b>
Level of Balances Assumed in General Fund Based on risk			<b>£2,760,570</b>

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FEES AND CHARGES -RECOMMENDED FEE INCREASES FOR 2018/19 APPENDIX C																		
Service	Fees and Charges for 2018/19	2017/18 Price £	2018/19 Price £	Increase £	% Increase	Total Budget 2017/18 £	Income changes previously reported £	Other Changes or pressures identified (not yet reported)	Income (Reduction) / Increase	Total Budget 2018/19 £	Fee Principles Applied (Y/N)	Options considered/Rationale	Benchmarking Information	Date of Price Increase				
Car Parks:												The British Retail Federation is still reporting that nationally there is a continuing reduction in retail activity by shoppers in Town Centres. The opening of Debenhams on the Roaring Meg Retail Park may impact footfall, and despite the enforcement regimes imposed earlier this year at ASDA and Teco we have seen little positive effect of car park usage. Our minimum increase is 10p (machine acceptance). Railway parking continues to be popular despite the premium price improvements to the train station/platforms are complete and should ensure this continues. Future regen and the impact on car park spaces will need to be balanced with the demand for railway parking.  <b>Proposals are: Short Stay</b> - 10p on the up to 1 hour band - 10p increase on 2 hour band - 50p increase in the up to 5 hour Band <i>Note that potential increases may attract some level of opposition should the national economic - and retail - position worsen.</i> <b>Proposals are: Long Stay</b> - increase of 10p in the Long Stay this is the minimum rise available and reflects some resistance to last years increase. - note income from night-time parking arrangements with local hotels (see below) - increases to weekday railway parking tariffs by 50p (see comments above)  - alternative options (higher and lower) for Season Ticket increases were discussed; the amounts shown were the preferred option of LFSG members	The pricing comparisons are based on current prices and do not reflect any increases in the new year. Welwyn, Bedford, and North Herts short stay charges vary between £1.40 and £4.00 for the first hour and two hour fees. St Albans charge £2.80 up to 2 hrs. and Welwyn 1.50 up to 2 hrs. (there is no 1hr fee) Town Centre Parking 'Long Stay' varies from £5.50 to £8.00 in Bedford depending on distance from the centre. The fees are £5.00 in Welwyn £5.00 to £7.40 in St Albans and up to £10.00 in Milton Keynes. Currently there is demand for long stay parking driven by new residences and some greater demand from construction workers. Railway Parking is charged at £8.00 in Bedford, £5.00 in Welwyn, £5.30 to £10.60 in St Albans and £10.00 in Milton Keynes. Our offer is still mid range for the larger stations.	01 January 2018				
New Town:	7am-7pm (6am-7pm at St Georges only) : Mon-Saturday up to 30 Mins (St Georges & Westgate only)	n/a	£0.50	n/a	n/a				£25,000									
Short Stay (The Forum, Marshgate, Westgate, St Georges)	Mon-Saturday up to 1 hour	£1.60	£1.70	£0.10	6.25%				£26,000		Y							
	Mon-Saturday up to 2 hours	£2.20	£2.30	£0.10	4.55%				£10,000		Y							
	Mon-Saturday up to 3 hours	£3.00	£3.00	£0.00	0.00%						Y							
	Mon-Saturday up to 5 Hours	£3.00	£3.50	£0.50	16.67%				£17,000		Y							
	Sunday	£2.00	£2.00	£0.00	0.00%						Y							
	Night Parking 7pm to 7am	£2.00	£2.00	£0.00	0.00%						Y							
Total Short Stay						£1,370,760			£28,000	£1,398,760								
Long stay	Mon-Fri before 8.30am	£7.00	£7.00	£0.00	0.00%						Y							
	Mon-Fri 8.30am to 7pm	£4.40	£4.50	£0.10	2.27%				£2,500		Y							
Southgate and St Georges' Car Park charge the £4.40/£4.50 tariff from 6am	Saturday 6am - 6pm	£4.40	£4.50	£0.10	2.27%													
	Sunday	£2.00	£2.00	£0.00	0.00%						Y							
	Night Parking (7pm to 6am or 6pm - 6am)	£2.00	£2.00	£0.00	0.00%						Y							
Total Long Stay						£835,390			£2,500	£837,890								
Railways	Mon-Fri 4am to 4am	£7.00	£7.50	£0.50	7.14%	£675,000			£40,000		Y							
Railways	Saturday	£6.50	£6.50	£0.00	0.00%	£66,000					Y							
Railways	Sunday	£6.00	£6.00	£0.00	0.00%	£75,000					Y							
Total Railways						£816,000			£40,000	£856,000								
Season Tickets	New Town (price per month)	£79.20	£80.00	£0.80	1.01%				£5,000		Y							
	Blue Badge Holders (Season Ticket, price per Annum)	£30.00	£35.00	£5.00	16.67%	£381,500												
	Rail (price per month)	£130.00	£135.00	£5.00	3.85%				£6,000		Y							
Season Tickets SubTotal						£381,500			£11,000	£392,500								
New Town GRAND TOTAL						£3,403,650	£0	£65,000	£81,500	£3,420,150								
Old Town:															Old Town short stay tariffs were frozen last year. An increase of 10p across all stay bands was felt to be sustainable at this point in time. The Long Stay charges have increased by 20p every year for the past three and it is felt that the increase is sustsainable and maintains a similar diiferential to the Railways. (this car park is used by commuters)			
Primett Rd North	Monday - Saturday 0600-1600 hours																	
	up to one hour	£0.90	£1.00	£0.10	11.11%						Y							
	up to two hours	£1.40	£1.50	£0.10	7.14%						Y							
	up to three hours	£1.70	£1.80	£0.10	5.88%						Y							
	More than three hours	£5.00	£5.00	£0.00	0.00%						Y							
	Monday-Friday																	
Primett Rd South	0600-1600hrs	£2.60	£2.80	£0.20	7.69%						Y							
	1600-0600hrs	£0.30	£0.50	£0.20	66.67%						Y							
	Saturday 0600-1600:																	
	up to one hour	£0.90	£1.00	£0.10	11.11%						Y							
	up to two hours	£1.40	£1.50	£0.10	7.14%						Y							
	up to three hours	£1.70	£1.80	£0.10	5.88%						Y							
	More than three hours	£2.40	£2.60	£0.20	8.33%						Y							
	Saturday 4pm-Monday 6am	£0.30	£0.50	£0.20	66.67%						Y							
	Mon-Sat 0600-1600hrs																	
	up to one hour	£0.90	£1.00	£0.10	11.11%						Y							
Church Lane North	up to two hours	£1.40	£1.50	£0.10	7.14%						Y							
	up to three hours	£1.70	£1.80	£0.10	5.88%						Y							
	More than three hours	£2.40	£2.60	£0.20	8.33%						Y							
	Saturday 4pm-Monday 6am	Free	Free								Y							
	Old Town (price per month)	£43.50	£45.00	£1.50	3.45%						Y							
Season Tickets																		
Old Town GRAND TOTAL						£151,440	£0	£0	£14,560	£166,000								
Car Parks:	Business Tokens/ Commercial Income	various	various												Income from "Business Validations" (Hotels, Mecca Bingo, SLL, Waitrose)			
						£135,000	£20,000		£9,000	£164,000	Y							
Loss of income due to price increase									£8,000	£8,000	Y				Assume 7.5% attrition rate; above inflation increases, pressures on income levels due to recent retail closures; previous years' analysis suggests a higher attrition rate is prudent.			
TOTAL "All Off Street Car Parks"						£3,690,090	£20,000	£65,000	£97,060	£3,742,150								

FEES AND CHARGES -RECOMMENDED FEE INCREASES FOR 2018/19 APPENDIX C														
Service	Fees and Charges for 2018/19	2017/18 Price £	2018/19 Price £	Increase £	% Increase	Total Budget 2017/18 £	Income changes previously reported £	Other Changes or pressures identified (not yet reported)	Income (Reduction) / Increase	Total Budget 2018/19 £	Fee Principles Applied (Y/N)	Options considered/Rationale	Benchmarking Information	Date of Price Increase
On Street Parking											Y			
Town Centre	up to 30 mins	£0.50	£0.60	£0.10	20.00%	£83,870	£18,130	£18,200	£4,800	£125,000	Y			01 January 2018
	Up to 1 Hour	£1.60	£1.70	£0.10	6.25%						Y			
	Up to 2 Hours	£2.10	£2.50	£0.40	19.05%						Y			
	Up to 3 Hours	£3	£3.20	£0.20	average of 8%						Y			
	Up to 4 Hours	£3.80	£4.00	£0.20							Y			
	Up to 5 Hours	£4.50	£5.00	£0.50							Y			
	Over 5 hours	£7.00	£9.00	£2.00	28.57%						Y			
Corey's Mill Lane	up to 1 hr £1.00 up to 2 hrs £1.50 up to 3 hrs (max stay) £2.00	various	no change	£0.00	0.00%	£135,200	£72,800		£0	£208,000	Y			
On Street Parking Total						£219,070	£90,930	£18,200	£4,800	£333,000	Y			
Garages:	Standard Garage (Category A)	£10.35	£10.80	£0.45	4.35%	£3,033,000	£100,000		£112,000	£3,245,000	Y	Price increases proposed take into account the Garage Business Plan built-in rent increases, plus the requested inflationary increase to match RPI (approx 3.7%). This gives the overall increases shown in income changes previously reported. In addition, it is proposed to increase the rents of commercial garages by around 4.5% . The council currently rent out around 50 commercial garages, with weekly rents ranging from £13 to £15 per week, and a single large double garage rented at £60 per week.	Based on RPI plus Garage Business Plan guidance.	01 April 2018 (In line with Housing rent increases)
	Standard Garage (Category B)	£10.25	£10.70	£0.45	4.39%						Y			
	Standard Garage (Category C)	£10.15	£10.50	£0.35	3.45%						Y			
	Road Facing Garages	£11.10	£11.60	£0.50	4.50%						Y			
Garages Total						£3,033,000	£100,000	£0	£112,000	£3,245,000	Y			
Markets:		various	various		3.70%	£450,750		-£31,240	£12,990	£432,500	Y	RPI based increase in rents across the board proposed. This would increase weekly rents by around £2.50-£4.00 on the vast majority of stalls within the market. Since April 2017, the unilateral agreement on stalls selling the same items has been lifted. To date, this has been moderately successful in increasing lettings. However, voids have remained relatively stable at 20% (27 stalls) over the last few months. Since the middle of April 2017, a discounted parking fee of 50p/30 mins has been introduced to try to attract footfall to the market. Overall, however, footfall at the market continues to fall, and a budget pressure of £31k has been reported during 2017/18 monitoring.	A new strategy to revitalise the market was introduced during the last twelve months. Void levels have stabilised, but in order to make the market economically viable, void levels need to decrease. Over the past three years, rent increases have been suppressed in an attempt to maintain the current traders/attract new traders. Increases of 2.4%, 1.2% and 1.2% have been applied in the last three years.	01 January 2018
Markets Total						£450,750	£0	-£31,240	£12,990	£432,500	Y			
Bulky Waste:					4.76%	£97,190			£4,310	£101,500	Y	Higher increase to cost to offset increase in disposal fees.	Latest as at 2016/17 - Benchmarked against other Local Authorities. North Herts. £75.10, Watford £58, Broxbourne £67 and Dacorum £50 for 6 items. Cancellation fee to be keep increased.	01 January 2018
	6 Items	£63.00	£66.00	£3.00							Y			
	Cancellation Fee	£10.00	£10.00	£0.00							0.00%			
Bulky Waste Total						£97,190		£0	£4,310	£101,500	Y			
Cemeteries:		various	various			£186,530		-£34,530	£25,000	£177,000	Y	A separate report has been prepared by the Cemetery Team detailing current charges, usage and income. 25% increase approved by LFSG, phased over two years. In addition, "Non Resident Fees" recommended to increase from Double to Triple.	There is also a benchmarking table comparing our fees with other local authorities. Overall, SBC charges are amongst the lowest. As a result, proposals will be made to increase fees by at least 10%.	01 January 2018
Cemeteries Total						£186,530		-£34,530	£25,000	£177,000	Y			
Parks and Open Spaces:	3.7% increase on the budget agreed by manager	various	various			£119,170		-£9,170	£8,400	£118,400	Y	Proposed increase of 3.7% across all functions. Agreed increases for "old users of pavilions" (as per the agreement made last year) should also be implemented - further details on "Concessions" tab.		01 January 2018
Parks and Open Spaces Total						£119,170		-£9,170	£8,400	£118,400	Y			
Allotments:	Price per rod	£8.50	£8.50	£0.00	0.00%	£23,120				£23,120	Y	No increase proposed; some people have given up their allotment within the last year.	For this year, it is proposed that allotment rents are not increased in 2017, for the following reasons: <b>Previous Increases:</b> allotment charges have increased by around 10% every year for a number of years. These increases were intended to help raise the level of income associated with the allotment service, but the increase has been well over the inflation rate. Rates were frozen last year, and the same proposal is made for 2018/19. <b>Benchmarking:</b> Stevenage has gone from having one of the cheapest allotment rents in Hertfordshire to now having the third highest.	01 January 2018
	5 Rod allotment	£42.50	£42.50	£0.00	0.00%						Y			
	10 Rod allotment	£85.00	£85.00	£0.00	0.00%						Y			
Allotments Total						£23,120			£0	£23,120	Y			

FEES AND CHARGES -RECOMMENDED FEE INCREASES FOR 2018/19 APPENDIX C														
Service	Fees and Charges for 2018/19	2017/18 Price £	2018/19 Price £	Increase £	% Increase	Total Budget 2017/18 £	Income changes previously reported £	Other Changes or pressures identified (not yet reported)	Income (Reduction) / Increase	Total Budget 2018/19 £	Fee Principles Applied (Y/N)	Options considered/Rationale	Benchmarking Information	Date of Price Increase
Fishing	Adult Day Ticket	£8.00	£8.00	£0.00	0.00%						Y	After taking into consideration benchmarking no increase is being proposed.	Latest as at 2016/17 - Benchmarked against Stanborough Lakes, WGC. £7 per fishing rod, £5 for juniors, but also required to pay for car parking at site. No increase as higher than Stanborough Lakes WGC	01 January 2018
	Junior Day Ticket	£6.00	£6.00	£0.00	0.00%						Y			
	Night Fishing	£18.00	£18.00	£0.00	0.00%						Y			
	Average of above	£10.67		£0.00	0.00%	£5,000				£5,000	Y			
Fishing Total						£5,000	£0		£0	£5,000	Y			
Planning:	Major development					£35,500			£8,000	£43,500	Y	This was a new charge introduced for 2011/12. The fees were increased in 2013/14 and significantly in 2016. There was no increase in 2017. The proposed increase reflects that we have had the busiest three months for planning application in our history and demand remains high given the attractiveness of Stevenage for developers. [Some of the percentage increases look artificially high; however, this is distorted by a VAT adjustment that has occurred. The actual increases to paying customers will be lower - in the "10%" region rather than 30%+.]  Harmonising the rates with the other bands for this scale of development.  Latest as to date 2017/18 - NHDC large scale complex developments are £3,000 and other large developments £1,500. East Herts charge bespoke amounts for major applications and £450 to £700 minor proposals. Welwyn charge between £1000 to £1500 for 25 units. . SBC's new charges went live in Jan 2016 and the market has tolerated them, given the previous sizeable increase it is proposed to increase the fees every other (Jan 18/20/22) year subject to market conditions.	01 January 2018	
	100+ residential units, 6000+sqm of commercial /change of use or where the site is 3ha+ PER 100 units /6000sqm/3ha or part of.	£3,000.00	£3,600.00	£600.00	20.00%						Y			
	25-99 residential units, 2001-5999sqm of commercial /change of use or where the site is 1ha-3ha.	£3,000.00	£3,600.00	£600.00	20.00%						Y			
	Development requiring an EIA if not within the above categories	£2,500.00	£3,500.00	£1,000.00	40.00%						Y			
	Other Major Developments										Y			
	Provision of 10-24 dwellings or where the site is between 0.5ha and 1ha.	£1,500.00	£2,100.00	£600.00	40.00%						Y			
	Change of use or provision of 1001sqm - 2000sqm of commercial floor space or on a site with an area exceeding 1ha.	£1,500.00	£2,100.00	£600.00	40.00%						Y			
	Minor Development										Y			
	Single dwelling/replacement dwelling	£150.00	£210.00	£60.00	40.00%						Y			
	2-5 dwellings	£300.00	£420.00	£120.00	40.00%						Y			
	6-9 dwellings	£840.00	£1,075.00	£235.00	27.98%						Y			
	Change of use of buildings/new commercial buildings with a floor space between 0-500sqm or on a site with an area up to 0.5ha.	£150.00	£210.00	£60.00	40.00%						Y			
	Change of use of buildings/new commercial buildings with a floor space between 501sqm and 1000sqm or on a site with an area between 0.5ha and 1 ha	£500.00	£700.00	£200.00	40.00%						Y			
	Householder										Y			
	Domestic extensions, conservatories etc. and alterations to residential properties.	£50.00	£62.50	£12.50	25.00%						Y			
	Specialist Advice										Y			
	Works to listed buildings Developments affecting a conservation area	£100.00	£150.00	£50.00	50.00%						Y			
	Advertisements										Y			
	Per Site	£50.00	£62.50	£12.50	25.00%						Y			
Planning Total						£35,500	£0		£8,000	£43,500	Y			

## FEES AND CHARGES -RECOMMENDED FEE INCREASES FOR 2018/19 APPENDIX C

Service	Fees and Charges for 2018/19	2017/18 Price £	2018/19 Price £	Increase £	% Increase	Total Budget 2017/18 £	Income changes previously reported £	Other Changes or pressures identified (not yet reported)	Income (Reduction) / Increase	Total Budget 2018/19 £	Fee Principles Applied (Y/N)	Options considered/Rationale	Benchmarking Information	Date of Price Increase
Trade Refuse:	Increase in fees to cover additional increase in disposal costs (example of pricing shown, 1100 litre bin)	£18.65	£19.60	£0.95	5.09%	£616,690			£30,800	£647,490	Y	Overall prices will be increased by an average of 5%; however, disposal costs and landfill tax increases will account for around a third of the increase in fees.	Trade Waste has a multitude of different charges. It is not prudent to publish these in full as we are in competition with private contractors. However, we do ensure our prices are competitive, whilst also trying to maximise income for the Council.	01 January 2018
Clinical Waste:	Increase in fees to cover additional increase in disposal costs example of pricing shown Clinical box )	£10.50	£11.05	£0.55	5.24%	£55,080			£2,700	£57,780	Y	Higher increase to offset any increase in disposal and gate fees.	Latest as at 2016/17 - Benchmarked against SRCL.	01 January 2018
Skips:	Increase in fees to cover additional increase in disposal costs (example of pricing shown 6yard skip)	£249.60	£262.00	£12.40	4.97%	£194,470		-£47,000	£7,500	£154,970	Y	Higher increase to offset any increase in disposal and gate fees. This operational area will be highlighted as an area for the Council's new Commercial Manager to focus upon. <b>The manager has highlighted a probable shortfall in income in the current year; overall, this is likely to be a NET loss of income of around £47,000 (after a reduction in some costs related to lower volumes).</b>	Latest as at 2016/17 - Benchmarked against other providers such as Stevenage Skip Hire £235.	01 January 2018
Transfer Station:	Increase in fees to cover additional increase in disposal costs example of pricing shown, medium panel van)	£173.10	£181.50	£8.40	4.85%	£70,560			£3,000	£73,560	Y	Higher increase to offset any increase in disposal and gate fees. This operational area will be highlighted as an area for the Council's new Commercial Manager to focus upon.	Latest as at 2016/17 - Benchmarked against a Transfer Station for Mixed non-hazardous waste £178.	01 January 2018
Increase disposal cost of waste for Trade, Clinical, Skips and Transfer Station:						-£360,460			-£18,000	-£378,460	Y	Projected Trade Waste Recharges (Disposal costs) of 5% are indicative percentage received from HCC for the purposes of providing an approximate level of charge.		01 January 2018
Hackney Carriages:						£23,500			£0	£23,500	Y	Current charges were set in 2014 and are due for review. A further review will be undertaken in 2018 to ensure that income is maximised as far as permitted by legislation (SBC is unable to recover the cost of enforcement against drivers). The review has been delayed due to significant changes in method of delivery which will impact on costs and needs a full year to be quantified.	Not applicable, cost recovery only.	01 January 2018
Environmental Health & Licensing:	Housing Act 2004				2.20%	£11,410			£340	£11,750	Y	It is proposed that the charge for the processing and issuing of Houses in Multiple Occupation (HMO) licences and the service of Housing Act notices be increased to reflect the time spent by officers on these activities. An additional charge is proposed for cases where a licence is only applied for after local authority intervention.	Not applicable, cost recovery only.	01 January 2018
	Licence for Houses in Multiple Occupation (HMO)	£696.00	£708.00	£12.00	1.72%									
	Service of Housing Act Notices	£372.00	£382.00	£10.00	2.69%									
Environmental Health & Licensing:	Food Premises	various	various	£0.00	0.00%	£10,790				£10,790	Y	Cost recovery only	01 January 2018	
	Destruction Certificate	£125.00	£125.00	£0.00	0.00%									
	Health Certificate	£102.00	£102.00	£0.00	0.00%									
Environmental Health & Licensing:	Licensing including, Acupuncture, sex establishments, street trading etc.	various	various		0.00%	£12,890				£12,890	Y	The majority of fees are set by legislation; the remainder can only be charged at a level which recovers the cost of administration (excluding enforcement).	Not applicable, cost recovery only.	01 January 2018
Housing General Fund:	Careline Alarm- private (Shortfall funded from General Fund)	various	various	various	Approx. 3.70%	£105,000			£4,000	£109,000	Y	This budget relates to private careline tenants and any increase in income means the General Fund subsidy is reduced.		
Sub Totals							£210,930	-£168,740	£302,900	Where there are multiple fees in a service area, an example has been given to demonstrate the price increases				
						NET INCREASE from Fees & Charges				£134,160				
						Target (as per MTFS)				£296,594				
						Variance				-£162,434				



CONCESSIONS 2018/19 APPENDIX D



																Current Qualification for Concession		
Service	Scoring (scale of 0-3, with 0 = No you do not agree to 3 = Strongly agree)	Fees and Charges for 2016/17	Concessionary Price 2016/17	Value of Concession 2016/17	Concession as a Percentage 2016/17	Fees and Charges for 2017/18	Concessionary Price 2017/18	Value of Concession 2017/18	Concession as a Percentage 2017/18	Concessionary Price Increase % 2017/18	Fees and Charges for 2018/19	Concessionary Price 2018/19	Value of Concession 2017/18	Concession as a Percentage 2017/18	Concessionary Price Increase % 2018/19	Age related	Benefit Recipients	Other
Allotments (fees shown are an average total fee based on average plot size)		£21.25	£13.81	£7.44	35%	£20.00	£15.00	£5.00	25%	8.60%	£20.00	£15.00	£5.00	25%	0.00%		Disability Living Allowance/Job Seekers Allowance Employment Support Allowance/Attendance Allowance/Income Support/Housing Benefit/Council Tax Support	No concession given
Bulky Waste (Only available to Stevenage Residents)																	Disability Living Allowance Job Seekers Allowance Employment Support Allowance Attendance Allowance Income Support Housing Benefit Council Tax Support State Pension	No concession given
- Household Junk per 6 items		£60.00	£39.00	£21.00	35%	#REF!	#REF!	#REF!	#REF!	#REF!	£66.00	£49.50	£16.50	25%	#REF!			
- Garden Waste per bag		£6.05	£3.93	£2.12	35%	£6.17	£4.63	£1.54	25%	17.77%	£6.40	£4.80	£1.60	25%	3.71%			
Football/Rugby Pitches (Single Match Bookings)																	No concession given	Junior Football (Under 18), Scout, Brownies and Cub Groups, Stevenage Schools
With Shower (Adult Price & Junior Price)		£65.61	£42.65	£22.96	35%	£67.25	£50.44	£16.81	25%	18.27%	£69.75	£52.31	£17.44	25%	3.72%			
Without Shower (Adult Price & Junior Price)		£55.74	£36.23	£19.51	35%	£57.13	£42.85	£14.28	25%	18.27%	£59.20	£44.40	£14.80	25%	3.62%			
Ridlins Athletic Track (service used by concessionary users only)																	No concession given	Juniors (Under 18), Faith Groups, Stevenage Schools, Stevenage Schools Discount
- Track Use (per person - per session)		£4.52	£2.94	£1.58	35%	£4.63	£3.47	£1.16	25%	18.27%	£4.78	£3.59	£1.20	25%	3.17%			
- With floodlights (Club Hire)		£54.37	£35.34	£19.03	35%	£55.73	£41.79	£13.93	25%	18.27%	£57.50	£43.13	£14.38	25%	3.19%			
- Without floodlights (Club Hire)		£39.77	£29.83	£9.94	25%	£40.76	£30.57	£10.19	25%	2.50%	£42.25	£31.69	£10.56	25%	3.64%			
- Meetings		£49.32	£36.99	£12.33	25%	£50.56	£37.92	£12.64	25%	2.50%	£52.50	£39.38	£13.13	25%	3.85%			
Pavilions (per hour)												Please see separate sheet for details of charges for "existing Paviillion users"					No concession given	
Small Pavilion Hall		£15.00	£9.75	£5.25	35.00%	£15.38	£11.53	£3.84	25%	18.27%	£15.90	£11.93	£3.97	25%	3.46%			SNH Athletic Club Community Groups Reduced rate for all the above if they block book

CONCESSIONS 2018/19 APPENDIX D

																Current Qualification for Concession		
Service	Scoring (scale of 0-3, with 0 = No you do not agree to 3 = Strongly)	Fees and Charges for 2016/17	Concessionary Price 2016/17	Value of Concession 2016/17	Concession as a Percentage 2016/17	Fees and Charges for 2017/18	Concessionary Price 2017/18	Value of Concession 2017/18	Concession as a Percentage 2017/18	Concessionary Price Increase % 2017/18	Fees and Charges for 2018/19	Concessionary Price 2018/19	Value of Concession 2017/18	Concession as a Percentage 2017/18	Concessionary Price Increase % 2018/19	Age related	Benefit Recipients	Other
Small Pavilion Hall - Not for Profit (Existing Clients)		£15.00	£10.55	£4.45	29.7%	£15.38	£11.53	£3.84	25%	9.30%	£15.90	£11.93	£3.97	25%	3.46%		Juniors (Under 17) Scout, Brownies and Cub Groups Toddler and Play Groups	Juniors (Under 17) Scout, Brownies and Cub Groups Toddler and Play Groups
Large Pavilion Hall		£50.00	£32.50	£17.50	35.00%	£51.25	£38.44	£12.81	25%	18.27%	£53.00	£39.75	£13.25	25%	3.41%			SNH Athletic Club Community Groups Reduced rate for all the above if they block book
Large Pavilion Hall - Not for Profit (Existing Clients)		£50.00	£10.55	£39.45	78.9%	£15.38	£11.53	£3.84	25%	9.30%	£53.00	£13.40	£39.60	75%	16.21%			Juniors (Under 17) Scout, Brownies and Cub Groups Toddler and Play Groups
<b>Bandley Hill Play centre (per hour)</b>																	<b>Budget Manager has expressed a desire to limit increases at the Play Centres to 2% as the groups who use them are not-for-profit. An attached sheet gives the breakdown of users.</b>	Concessionary rates agreed by Committee Meeting
Small Hall		£15.00	£9.75	£5.25	35%	£15.38	£11.53	£3.84	25%	18.27%	£15.90	£11.77	£4.13	26%	2.07%			
Medium Hall - Voluntary Organisations - groups & clubs		£25.00	£16.25	£8.75	35%	£25.63	£19.22	£6.41	25%	18.27%	£26.55	£19.61	£6.94	27%	2.04%			
Medium Hall - Not for profit		£25.00	£16.25	£8.75	35%	£25.63	£19.22	£6.41	25%	18.27%	£26.55	£19.61	£6.94	27%	2.04%			
<b>Pin Green Play centre (per hour)</b>																	No concession given	Concessionary rates agreed by Committee Meeting
Small Hall - Voluntary Organisations - groups & clubs		£15.00	£9.75	£5.25	35%	£15.38	£11.53	£3.84	25%	18.27%	£15.90	£11.77	£4.13	26%	2.07%			
Small Hall		£15.00	£9.75	£5.25	35%	£15.38	£11.53	£3.84	25%	18.27%	£15.90	£11.77	£4.13	26%	2.07%			
<b>St Nicholas Play centre (per hour)</b>																	No concession given	Concessionary rates agreed by Committee Meeting
Small Hall		£15.00	£9.75	£5.25	35%	£15.38	£11.53	£3.84	25%	18.27%	£15.95	£11.77	£4.18	27%	2.07%			
Medium Hall		£25.00	£16.25	£8.75	35%	£25.63	£19.22	£6.41	25%	18.27%	£26.55	£19.61	£6.94	27%	2.04%			
Large Hall		£50.00	£32.50	£17.50	35%	£51.25	£38.44	£12.81	25%	18.27%	£53.00	£39.24	£13.76	26%	2.09%			
<b>Animal Control - Stray Dogs</b>																	The concessionary rate of 25% shall apply in domestic premises where the occupant (occupant includes the partner, but does not include other members of the household or other residents) is in receipt of: Income support Job seekers allowance (income based) Guaranteed pension credit Council tax benefit (not single person's discount) Housing benefit	No concession given
- Admin Charge		£25.00	£18.75	£6.25	25%	£25.00	£18.75	£6.25	25%	0.00%	£26.00	£19.50	£6.50	25%	4.00%			
- Admin Charge (if dog is micro-chipped)		n/a	n/a	n/a	n/a	£12.50	£9.38	£3.13	25%	n/a	£13.00	£9.75	£3.25	25%	n/a			
- Return of Dogs to owners premises		£35.00	£26.25	£8.75	25%	£35.00	£26.25	£8.75	25%	0.00%	£40.00	£30.00	£10.00	25%	14.29%			
- Kennelling		£23.00	£17.25	£5.75	25%	£15.00	£11.25	£3.75	25%	-34.78%	£15.00	£11.25	£3.75	25%	0.00%			

FINANCIAL SECURITY OPTIONS 2018/19 - 2022/22

(Key- figures expressed as a negative value in the savings column are a

Ref No	score	Assistant Director	Name of Service	Description of Savings Proposal	Budget 2017/18	Actual 2016/17	Implementation Costs	Financial Security Option in 2018/19	Financial Security Option in 2019/20	Financial Security Option in 2020/21	Financial Security Option in 2021/22	Ongoing (Y/N) or No of	Statutory Function (Y/N)	Impact of Saving Proposal on Public/ Customers/ Staff/ Members/Partnerships etc. (include any impact on key corporate programmes/performance indicator measures)	Potential Timing	£ General Fund Year 1	£ General Fund Year 2	£ HRA Year 1	£ HRA Year 2	
CATEGORY A - IMMEDIATE EFFICIENCY OPTIONS																				
FS1		AD Planning & Regulatory	Planning & Regulation	Increase planning application fee income	247,830	283,479		85,000	85,000	85,000	85,000	Y	Y	Planning fees expected for SG1 (18/19), West of Stevenage (19/20), then Lyton Way/South of Stevenage/ SG1 part 2 in future years. Will require addition resources, which have been built into Planning & Regulatory business review (£42K).	commenced in 2017/18	£85,000	£85,000	£0	£0	
TOTAL					£247,830	£283,479	£0	£85,000	£85,000	£85,000	£85,000						£85,000	£85,000	£0	£0
CATEGORY B - PROCUREMENT OPTIONS																				
FS14	3	AD Finance & Estates	Audit	Reduction in Audit days purchased from SIAS by 10% (from 390 days to 360 days)	82,650	82,650		8,550	8,550	8,550	8,550	Y	N	The level of Audit days has been discussed with SIAS Even with a reduction the S151 officer and SIAS consider there are sufficient days available as there are contingency days within the plan.	1 April 2018	£5,729	£5,729	£2,822	£2,822	
FS26	3	AD Communities & Neighbourhood	SLL contract	Review of contract sum through efficiencies	1,038,010	1,028,750		200,000	300,000	300,000	300,000	Y	N	The contract has been reviewed as part of the work completed by SALC and SLL have agreed to reduce the contracted sum by £200K in 2018/19 and up to £300K in 2019/20 through reducing costs associated with overheads. An innovation group has been set up to look at initiatives between SLL and SBC.	1 April 2018	£200,000	£300,000	£0	£0	
TOTAL					1,120,660	1,111,400	0	208,550	308,550	308,550	308,550						205,729	305,729	2,822	2,822
CATEGORY C - NEW INCOME GENERATION/COMMERCIALISATION OPTIONS																				
FS2	3	AD Planning & Regulatory	Planning & Regulation	Increase income from Corey's Mill 2 (from additional parking bays to be added) 2016/17 actuals only 6 months. 2017/18 working budget now projected as £195,200	135,200	116,900		40,000	40,000	40,000	40,000	Y	N	This is additional income from the second phase of parking bays. Within the Planning & Regeneration business unit review there is a proposed permanent resident parking officer will support the parking manager in delivering SBC's first resident only parking schemes, including consultation, management, and reviews.	commenced in 2017/18	£40,000	£40,000	£0	£0	
FS15	3	AD Finance & Estates	Estates	Generate income from employing a grade 3 small sales disposal assistant	0	0		7,000	10,000	10,000	10,000	Y	N	A post has been evaluated (grade 3) and supports the Land Sales Disposal post to deliver small sale land disposals from members of the public that want to buy small bits of land. Its is anticipated that if the post is proven then the target may be stretched/increased. A pilot will start in November.	1 November 2017	£7,000	£10,000	£0	£0	
HF34	3	AD Housing & Investment	Tenancy Services	Aldwyck: Ripon road from April 2018 charge £3k per annum per property (x3 3 bed house (although the 3 are knocked through into 1)) currently charging £4,500. Above subject to negotiation.	4,500	4,500	0	4,670	4,670	4,670	4,670	Y	N	These properties are GF Properties. We value the support services provided by Aldwyck, but need to be more realistic of the charges made to Aldwyck. This proposal will also more closely align the treatment of Aldwyck and Origin.	1 April 2018	£4,670	£4,670	£0	£0	
TOTAL					139,700	121,400	0	51,670	54,670	54,670	54,670						£51,670	£54,670	£0	£0
TOTAL RECOMMENDED 2018/19 ONWARDS					1,508,190	1,516,279	0	345,220	448,220	448,220	448,220	TOTAL NEW OPTIONS RECOMMENDED FOR 2018/19					342,399	445,399	2,822	2,822

FINANCIAL SECURITY OPTIONS 2018/19 - 2022/22

(Key- figures expressed as a negative value in the savings column are a

Ref No	score	Assistant Director	Name of Service	Description of Savings Proposal	Budget 2017/18	Actual 2016/17	Implementation Costs	Financial Security Option in 2018/19	Financial Security Option in 2019/20	Financial Security Option in 2020/21	Financial Security Option in 2021/22	Ongoing (Y/N) or No of	Statutory Function (Y/N)	Impact of Saving Proposal on Public/ Customers/ Staff/ Members/Partnerships etc. (include any impact on key corporate programmes/performance indicator measures)	Potential Timing	361,105	482,811	2,822	2,822
																£ General Fund Year 1	£ General Fund Year 2	£ HRA Year 1	£ HRA Year 2
PBB1 S42	N/A	AD Communities & Neighbourhood	Community Centre grant funding	Reduction in Community Centre grant funding	75,160	93,862		18,706	37,412	37,412	37,412	Y	N	This option was agreed in 2014/15 but reduced to dampen the impact on community groups. The final reduction is in year 2019/20. The total funding reduction will be £108,919.	1 April 2018	£18,706	£37,412	£0	£0
TOTAL					75,160	93,862	0	18,706	37,412	37,412	37,412								
RECOMMENDED FINANCIAL SECURITY					1,583,350	1,610,141	0	363,926	485,632	485,632	485,632								

APPENDIX F

														Included in MTFS	£470,371	£422,709	£111,536	£75,100
														SUMMARY				
Ref No	FTFC	score	Lead Officer	Name of Service	Description of Growth Proposal	Budget 2017/18	Actual 2016/17	2017/18 Implications	Growth in 2018/19	Growth in 2019/20	Growth in 2020/21	Growth in 2021/22	On-going	Description of Growth Proposal	£ General Fund Year 1	£ General Fund Year 2	£ HRA Year 1	£ HRA Year 2
CATEGORY - Future Town Business Review Growth																		
FS10	FS	2.8	Chief Executive	Business reviews Council wide	Review of Service	24,844,850		£401,194	£258,398	£144,409	£143,909	£177,571	Y	The Chief Executive and Strategic Directors have considered the Business Reviews and have approved a number of business restructures. The associated costs are shown per year, with an estimation only of any implementation costs .	£195,345	£116,142	£63,053	£28,266
TOTAL GROWTH OPTIONS						£24,844,850	£0	£401,194	£258,398	£144,409	£143,909	£177,571			£195,345	£116,142	£63,053	£28,266
REVENUE GROWTH - New Proposals / Services																		
G18		2.6667	AD Stevenage Direct Services	SDS (Env Services)	Town Centre: Mainstream 2017/18 Improved Floral Displays and cleansing (7 flower towers and 20 hanging baskets around the joyride)	£683,360	£641,516		£10,000	£10,000	£10,000	£10,000	Y	Pilot project 2017/18. Growth proposal will support economic growth and improved town centre offer and cleansing to complement regeneration infrastructure improvements. Link to raising the SBC cleanliness index score against Env Protection Act 1990 Code of Practice on Litter and Refuse. <b>LFSG- recommend in the future seeing if businesses would pay a contribution.</b>	£10,000	£10,000	£0	£0
G5		2.6667	AD Planning & Regulatory	Economic Development	Business Relationship Manager (ES74113) given an annual budget of £10,000	£0	£0		£10,000	£10,000	£10,000	£10,000	Y	An events and marking budget for the Business Relationship manager, supporting local business and inward investment. Highlighting the attractiveness of Stevenage as a destination for investment and raising it's profile.	£10,000	£10,000	£0	£0
TOTAL GROWTH OPTIONS						£683,360	£641,516	£0	£20,000	£20,000	£20,000	£20,000			£20,000	£20,000	£0	£0

## FINANCIAL SECURITY 2018/19 - 2021/22

## APPENDIX F

														Included in MTFS	£470,371	£422,709	£111,536	£75,100
														SUMMARY				
Ref No	FTFC	score	Lead Officer	Name of Service	Description of Growth Proposal	Budget 2017/18	Actual 2016/17	2017/18 Implications	Growth in 2018/19	Growth in 2019/20	Growth in 2020/21	Growth in 2021/22	On-going	Description of Growth Proposal	£ General Fund Year 1	£ General Fund Year 2	£ HRA Year 1	£ HRA Year 2
<b>REVENUE GROWTH - FTFC</b>																		
G15	TCR	3	AD Regeneration	Regeneration	Cost relating to the procurement & initiation of SG1 (2017/18 budget is carry forward + £303K from business rates) Base budget £50K. Figure in 2018/19 is the remaining unused budget projected at end of 2017/18.	£591,790	£218,464		£0	£80,000	£80,000	£80,000	?	Funds required to support the procurement of a development partner. Services such as legal support, design advice and commercial advice are essential in large processes such as these. On going funds beyond 2018/19 will be required to cover commercial advice and legal support as the development will be phased and each stage agreement will require separate agreements where specialist advice will be required.	£0	£80,000	£0	£0
G16	TCR	2.8333	AD Regeneration	Regeneration	Stevenage Central Comms manager	£0	0		£56,980	£56,980	£56,980	£56,980	DURING REGENERATION	This funding will cover the Stevenage Central Communications Manager post and marketing budget to assist with promotion of schemes within the town. The Communication Manager is funded in 2017/18 from the one off Regeneration budget in 2017/18. Assumes grade 10 evaluation.	£56,980	£56,980	£0	£0
G17	TCR	2.8333	AD Regeneration	Regeneration	Stevenage Central marketing budget	£0	0		£45,110				DURING REGENERATION	This budget will facilitate the marketing of the SG1 scheme and maybe in conjunction with the Council's preferred development partner. This will include the use of a Stevenage shop and branding to promote the scheme. (See future years below)	£45,110		£0	£0
G22	PAOP	2.6667	FTFC Board	Performing at our peak	Increase in licences for new corporate insight tool	£20,000	£0		£32,000	£32,000	£32,000	£32,000	Y	The increase in licences is to enable roll out of the inphase tool used for Corporate performance to more managers to enable greater insight into performance information.	£21,440	£21,440	£10,560	£10,560
G23	PAOP	2.6667	FTFC Board	Performing at our peak	Licence costs for new INTRANET				£10,000	£10,000	£10,000	£10,000	Y	The new INTRANET is being commissioned in 2017/18, this will allow data for CSC and other services to be easily accessible, helping to avoid doubling handling of customers and providing staff with an up-to-date register of information	£6,700	£6,700	£3,300	£3,300
<b>TOTAL FTFC Board</b>						<b>£611,790</b>	<b>£218,464</b>	<b>£0</b>	<b>£144,090</b>	<b>£178,980</b>	<b>£178,980</b>	<b>£178,980</b>			<b>£130,230</b>	<b>£165,120</b>	<b>£13,860</b>	<b>£13,860</b>



FINANCIAL SECURITY 2018/19 - 2021/22

APPENDIX F

FINANCIAL SECURITY 2018/19 - 2021/22															Included in MTFS	£470,371	£422,709	£111,536	£75,100
Ref No	FTFC	score	Lead Officer	Name of Service	Description of Growth Proposal	Budget 2017/18	Actual 2016/17	2017/18 Implications	Growth in 2018/19	Growth in 2019/20	Growth in 2020/21	Growth in 2021/22	On-going	Description of Growth Proposal	£ General Fund Year 1	£ General Fund Year 2	SUMMARY		
																	£ HRA Year 1	£ HRA Year 2	
SERVICE PRESSURES																			
G7		2.8333	AD Corporate Projects, Customer Services & ICT	IT Shared Service	Vmware Licence Review - SBC share	£0	£0		£6,920	£6,920	£6,920	£6,920	Y	Licence costs relating to software purchased as part of ICT review	£4,636	£4,636	£2,284	£2,284	
G8		3	AD Corporate Projects, Customer Services & ICT	IT Shared Service	IT Policy Toolkit - SBC Share	£0	0		£3,000	£3,000	£3,000	£3,000	Y	Licence costs relating to software purchased as part of ICT review. This is a policy framework, which will be available on line and will be updated with the latest policies and is an essential tool to manage ICT security.	£2,010	£2,010	£990	£990	
G26		2.8333	AD Corporate Projects, Customer Services & ICT	IT Shared Service	ICT Improvement Plan	£0	0	£0	£95,000	£90,000	£80,000	£80,000	Y	Ongoing £80K for Cyber Security. £10K training for 2 years 2018/19-2019/20, (only SBC share shown). SUBJECT TO APPROVAL OF THE ICT IMPROVEMENT PLAN REPORT TO THIS EXECUTIVE.	£63,650	£60,300	£31,350	£29,700	
G13		2.8333	AD Housing & Investment	Design and Technical Services	Service Manager post to manage the compliance contract (included in the July Executive compliance report)				£20,000	£20,000	£20,000	£20,000	Y	Increase in staff 1.0 FTE (shared with other LA's)	£20,000	£20,000	£0	£0	
G20		2.8	AD Stevenage Direct Services	SDS (Env Services)	Transport Subsidy (actual 2016/17 is an estimate as the figures have not been finalised).	£216,000	£216,000		£34,500	£34,500	£34,500	£34,500	Y	Ongoing discussions with Herts Waste Partnership are likely to have an impact on the amount of Transport Subsidy that SBC receive; Current estimates are for a pressure of around £34.5k, although discussions are still taking place and the final outcome is not yet known.	£34,500	£34,500	£0	£0	
TOTAL SERVICE PRESSURES						£216,000	£216,000	£0	£159,420	£154,420	£144,420	£144,420			£124,796	£121,446	£34,624	£32,974	
TOTAL GROWTH AND SERVICE PRESSURES						£26,356,000	£1,075,980	£401,194	£581,908	£497,809	£487,309	£520,971		Growth	£470,371	£422,709	£111,536	£75,100	

## FINANCIAL SECURITY 2018/19 - 2021/22

## APPENDIX F

														Included in MTFS	£470,371	£422,709	£111,536	£75,100
														SUMMARY				
Ref No	FTFC	score	Lead Officer	Name of Service	Description of Growth Proposal	Budget 2017/18	Actual 2016/17	2017/18 Implications	Growth in 2018/19	Growth in 2019/20	Growth in 2020/21	Growth in 2021/22	On-going	Description of Growth Proposal	£ General Fund Year 1	£ General Fund Year 2	£ HRA Year 1	£ HRA Year 2
<b>FUTURE TRANSFORMATIONAL BIDS-TO BE BID FOR TOTAL FUND EST £100k PER YEAR</b>																		
G14	HD	2.6667	AD Housing Development	Housing Development	Seed money for business case for Wholly Owned Companies/Joint Ventures	£0	£0		£35,000	£0			N	A further amount will be required as part of the business case submission, including client governance role and set up costs and backfill for secondments and company set up.	£35,000	£0	£0	£0
<b>TOTAL TRANSFORMATION FUND</b>						<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£35,000</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>			<b>£35,000</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>MEMBER PROPOSALS FOR CONSIDERATION:</b>																		
G27	HD	1	Member	LCB budgets	Increase LCB budgets - proposed by Member	£100,800	£98,441		£19,500	£19,500	£19,500	£19,500	N	Each member's Local Community Budget (LCB) be increased from the current £2,500 a year to £3,000 a year. Until about 3 years ago, it was £3,300 a year. This growth item would cost £19,500. Also suggested (see FS27) a reduction in the Youth Mayor's LCB from the current £3,300 to £2,000 a year, which would save £1,300 a year.	£19,500	£19,500	£0	£0
<b>TOTAL MEMBER OPTIONS</b>						<b>£100,800</b>	<b>£98,441</b>	<b>£0</b>	<b>£19,500</b>	<b>£19,500</b>	<b>£19,500</b>	<b>£19,500</b>			<b>£19,500</b>	<b>£19,500</b>	<b>£0</b>	<b>£0</b>
<b>FUTURE YEARS GROWTH BIDS TO BE CONSIDERED 2019/20 BUDGET SETTING</b>																		
G19		2.3333	AD Stevenage Direct Services	Stevenage Direct Services	Risk Assessment H&S Training for Employees working in High Risk Activities	£10,700	£9,124		£0	£15,000	£0	£0	N	Funding in year one 2018/19 funded from HR corporate training budgets in 2017/18	£0	£15,000	£0	£0
G21	TCR	2.4	AD Regeneration	Regeneration	Employment Project	£0	£0		£0	£200,000	£200,000	£200,000	N	Funds used to support 250 Stevenage people into employment per annum	£0	£200,000	£0	£0
G17	TCR	2.8333	AD Regeneration	Regeneration	Stevenage Central marketing budget-potentially fund from business rate gains	£0	£0		£0	£106,000	£106,000	£106,000	Y	This funding will cover marketing of SG1, setting up information office etc. in the Town Centre	£0	£106,000	£0	£0
<b>TOTAL FUTURE GROWTH BIDS TO BE CONSIDERED 2019/20</b>						<b>£10,700</b>	<b>£9,124</b>	<b>£0</b>	<b>£0</b>	<b>£321,000</b>	<b>£306,000</b>	<b>£306,000</b>			<b>£0</b>	<b>£321,000</b>	<b>£0</b>	<b>£0</b>
<b>FUTURE PRESSURES NOT CURRENTLY COSTED</b>																		
HG8		n/a	AD Housing & Investment	County funding	Homeless funding is at risk of being cut or reduced as County are reviewing their funding	£81,490	£81,492		put the pressure in when HCC intention known					This loss of grant would mean a reduction in the HRA surplus. Other Supporting people grant has been withdrawn.			put the pressure in when HCC intention known	£0



FINANCIAL SECURITY 2018/19 - 2021/22

APPENDIX F

FINANCIAL SECURITY 2018/19 - 2021/22															Included in MTFS	£470,371	£422,709	£111,536	£75,100
															SUMMARY				
Ref No	FTFC	score	Lead Officer	Name of Service	Description of Growth Proposal	Budget 2017/18	Actual 2016/17	2017/18 Implications	Growth in 2018/19	Growth in 2019/20	Growth in 2020/21	Growth in 2021/22	On-going	Description of Growth Proposal	£ General Fund Year 1	£ General Fund Year 2	£ HRA Year 1	£ HRA Year 2	
HG7		n/a	AD Housing & Investment	Across all areas	Implications of implementing the GDPR are as yet unknown but may require resourcing during 17/18									The GDPR will change the way we can collect or transfer data and where data is stored. We may also need to change the way it is collected and, subject access requests will have even shorter timescales as fines for noncompliance hit new levels. Documentation will need to be changed and the team are currently working on this with FOI officer. At the lowest level this will require forms to be changed to accommodate requirements of GDPR.			£0	£0	
G12		n/a	AD Housing & Investment	Design and Technical Services	Delivery of the compliance service and repairs and maintenance								Y	Likely increase in the compliance repairs and maintenance on the corporate buildings based on spend profile from recent years. This is currently being reviewed and could be a cost of potentially up to £35K per year.	£0	£0	£0	£0	
HG10		n/a	AD Housing & Investment	Investment	retrofitting of sprinklers				Not yet known					cost of maintaining new sprinkler systems if fitted will be partly recoverable from leaseholders (subject to leases and partly a cost to tenants which may not be recoverable through service charges unless consulted on).	£0	£0	Not yet known	£0	
TOTAL POTENTIAL PRESSURES						£0	£0	£0	£0	£0	£0	£0			£0	£0	£0	£0	

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### Equality at Stevenage Borough Council

Stevenage Borough Council as a service provider, employer and community leader is committed to achieving equal opportunities for everyone. We want to deliver services that are fair, accessible and open to everyone who needs them.

Equality Impact Assessments (EqIAs) are an important part of the process in ensuring that our intention is translated into action. They help to ensure that decisions are made in a fair, transparent and accountable way, considering the needs and the rights of different people in the community.

Based on the protected characteristics under the Equality Act 2010, the EqIA considers the impact on the following groups when making decisions, updating policies and starting new projects:

- Age
- Disability
- Gender reassignment
- Marital status
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation.

Although non-statutory, the Council has chosen to adopt the Socio-Economic Duty and so decision-makers should use their discretion in considering the impact on people in terms of their social or economic background.

EqIAs also help the council to demonstrate compliance with the requirements of the Public Sector Equality Duty (Section 149 of the Equality Act 2010). The Duty states that a public authority must, in the exercise of its functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is unlawful under this Act
- advance equality of opportunity between people who share a protected characteristic and those who do not
- foster good relations between people who share a protected characteristic and those who do not.

### Savings Proposals 2018/19

Prior to their consideration at Executive in November 2017, all savings proposals were reviewed to determine any potential impact on Stevenage residents in terms of their protected characteristics under the Equality Act 2010. The majority of these have no public impact and so have not been subject to any further EqIA.

Where a negative, positive or disproportionate impact is likely, assistant directors and other appropriate managers have drafted Brief EqIAs. These have been summarised over the following pages and will inform the recommendations made at Executive on 23 January and 14 February 2018. Action to further analyse or mitigate the impact on equality groups is identified where appropriate.

The following activity has taken / will take place:

November 2017 – February 2018    EqIAs finalised considering further evidence as  
– necessary

January and February 2018 –    Consideration of all completed EqIAs at Council  
meetings

# FINANCIAL SECURITY : 2018/19 Appendix G

## Summary of draft Equality Impact Assessments

Saving Ref	Saving proposed	Summary of impact	Action	Contact Officer
HFS1	Tree works budget saving of £10,000	<p><b>Negative – low and not likely</b>  <b>Age, Disability, Pregnancy &amp; Maternity, Socio-economic:</b>                      SBC's Concessions Policy provides for a 25% discount for works carried out by the council. However after this concession the cost of tree work may still be unaffordable for some people.</p> <p>However we do not need to complete an EqIA because based on current levels of spending there should be no impact on the service. A residual budget of £8,000 has been retained compared to the spend of £5,774 in 2016/17.</p>	No further action or EqIA is required	Jaine Cresser
FS2 Page 53	Additional Pay and Display parking bays at Coreys Mill Lane	<p><b>Positive</b>  <b>Disability</b>                      Blue Badge holders will be entitled to park for free in P&amp;D bays and are also permitted to park on double yellow lines.</p> <p><b>Negative</b>  <b>Socio-economic</b>                      Charging for parking can be considered detrimental to people in financial difficulty but these would remain affordable in relation to the charges within the Lister Hospital and the overall cost of motoring. There are strong bus links to the hospital which may prove to be more cost-effective for people on lower incomes.</p>		Zayd Al-Jawad
FS24	Proposed new Woodland Burial service	<p><b>Positive</b>  <b>All characteristics</b>                      Any and all will be able to use and benefit from the woodland burial service if requested.</p>	Purchase of temporary pathway matting for mourners to access the graveside (to be removed as the woodland matures)	Kevin Basford (interim) on behalf of Craig Miller

# FINANCIAL SECURITY : 2018/19 Appendix G

## Summary of draft Equality Impact Assessments

Saving Ref	Saving proposed	Summary of impact	Action	Contact Officer
HF42	Remove Death in Service benefit for ex-SHL staff	<p><b>Staff groups</b></p> <p><b>Age</b> 27% of the staff affected are over 60 and none under 30. The whole group represents 11% of the workforce, the remaining 89% does not have access to the benefit</p> <p><b>Sex</b> 67% of the 73 staff are female, however the majority of SBC female staff do not have access to this benefit but do have access to the pension scheme.</p> <p><b>Socio-economic</b> 22% or 16 of the 73 staff are a grade 3 or below, however the wider SBC staff group do not have access to this benefit, but can access through the pension scheme.</p>		Jackie Foglietta
		<p><b>Age</b> Hertfordshire County Council are consulting with non-residential residents about charging for some of their community based adult social care services that they currently provide for free. This will impact on a lot of people over 60 in the independent living/flexicare schemes as they are more likely to be in receipt of some care due to their age/medical conditions. Charges will be effective from 15 April 2018. Level of charges unknown as people will need reassessing.</p> <p>Hertfordshire County Council funding for Flexicare housing related alarm contract ends in January 2018 and for support at the end of March 2018 which would mean more cost to Stevenage Borough Council which we may need to pass on to residents.</p> <p><b>Socio-economic</b></p>		
HF40	Introduction of charge for support service in independent living / Flexicare schemes	<p><b>Age</b> Hertfordshire County Council are consulting with non-residential residents about charging for some of their community based adult social care services that they currently provide for free. This will impact on a lot of people over 60 in the independent living/flexicare schemes as they are more likely to be in receipt of some care due to their age/medical conditions. Charges will be effective from 15 April 2018. Level of charges unknown as people will need reassessing.</p> <p>Hertfordshire County Council funding for Flexicare housing related alarm contract ends in January 2018 and for support at the end of March 2018 which would mean more cost to Stevenage Borough Council which we may need to pass on to residents.</p> <p><b>Socio-economic</b></p>	Complete a full EqlA to further assess impact (December 2018)	Jaine Cresser

# FINANCIAL SECURITY : 2018/19 Appendix G

## Summary of draft Equality Impact Assessments

Saving Ref	Saving proposed	Summary of impact	Action	Contact Officer
		<p>Any increase/ new charges in future years need to be affordable and considered in conjunction with other changes in charges. Support charge is not eligible for housing benefit and could have a negative impact for those on lower incomes.</p> <p><b>Other</b> Government proposals for supported housing funding through 'sheltered rent' to be implemented in 2020. The details are still being worked on and are out for consultation until Jan 2018</p>		

## Brief Equality Impact Assessment

### For a minor operational change / review / simple analysis

What is being assessed?	<b>HFS1: Tree works budget saving of £10,000</b>	What are the key aims of it?	This £18,000 budget was introduced for tree works in gardens where tenants could not afford the works themselves. This recommendation is to reduce the budget in line with actual spend.		
Who may be affected by it?	Vulnerable tenants				
Date of full EqlA on service area (planned or completed)					
Form completed by:	Jaine Cresser	Start date	30 October 2017	End date	
		Review date			

Page 56

What data / information are you using to inform your assessment?	Tree work expenditure code. Record of work carried out to date for tenant tree work.	Have any information gaps been identified along the way? If so, please specify	None
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Explain the <b>potential positive, negative or unequal impact</b> on the following characteristics and <b>how likely</b> this is:			
Age	<b>Negative.</b> Concessions policy only gives 25% discount for works carried out by the council. Even after this concession the cost of tree work may still be unaffordable.	Race	N/A
Disability	<b>Negative.</b> Concessions policy only gives 25% discount for works carried out by the council. Even after this concession the cost of tree work may still be unaffordable.	Religion or belief	N/A
Gender reassignment	N/A	Sex	N/A
Marriage or civil	N/A	Sexual orientation	N/A



partnership			
Pregnancy & maternity	<b>Negative.</b> Concessions policy only gives 25% discount for works carried out by the council. Even after this concession the cost of tree work may still be unaffordable.	Socio-economic <sup>1</sup>	<b>Negative.</b> Concessions policy only gives 25% discount for works carried out by the council. Even after this concession the cost of tree work may still be unaffordable.
Other	Overall, a negative impact is not likely to occur as based on current levels of spending there should be no impact on the service. A residual budget of £8,000 has been retained compared to the spend of £5,774 in 2016/17.		

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

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

Action	Responsible officer	How will this be delivered and monitored?	Deadline
None			

Approved by Strategic Leadership Team  
Date: TBC

<sup>1</sup>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.

## Brief Equality Impact Assessment

### For a minor operational change / review / simple analysis

What is being assessed?	<b>FS2: Additional Pay &amp; Display parking bays at Coreys Mill Lane</b>	What are the key aims of it?	To manage parking provision along Coreys Mill Lane.	
Who may be affected by it?	All members of the public			
Date of full EqlA on service area (planned or completed)	TBC			
Form completed by:	Zayd Al-Jawad	Start date	30 October 2017	End date
		Review date		

Page 58

What data / information are you using to inform your assessment?	EqlA for saving option S103 in January 2014.	Have any information gaps been identified along the way? If so, please specify	No
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Explain the <b>potential positive, negative or unequal impact</b> on the following characteristics and <b>how likely</b> this is:			
Age	None identified.	Race	None identified.
Disability	Blue Badge holders will be entitled to park for free in P&D bays and are also permitted to park on double yellow lines so will not be adversely affected by these proposals.	Religion or belief	N/A
Gender reassignment	N/A	Sex	N/A
Marriage or civil partnership	N/A	Sexual orientation	N/A
Pregnancy &	N/A	Socio-	11 respondents to a Café Choice survey in 2013 attended

maternity		economic <sup>2</sup>	<p>the hospital regularly and so would be impacted by the introduction of parking charges. A further four stated that 'money generally' was a concern for them.</p> <p>Charging for parking can be considered economically detrimental to those who are struggling financially but the charges would remain affordable in relation to those charged within the Lister Hospital car park and in relation to the overall cost of motoring.</p> <p>Pay and Display parking has been in place in the town centre for some years and this has not caused any equality challenges. There are strong bus links to Lister Hospital which may prove to be more cost-effective for people on lower incomes.</p>
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page 59

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

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

Action	Responsible officer	How will this be delivered and monitored?	Deadline

Approved by Strategic Leadership Team

Date: TBC

<sup>2</sup>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.

## Brief Equality Impact Assessment

### For a minor operational change / review / simple analysis

What is being assessed?	FS24: Proposed New Woodland Burial Service	What are the key aims of it?	To provide an alternative natural woodland burial service			
Who may be affected by it?	Visitors, Staff, Funeral Directors					
Date of full EqlA on service area (planned or completed)	October 2017					
Form completed by:	Kevin Basford / Paul Seaby / Claire Skeels	Start date	20 October 2017	End date	25 October 2017	
		Review date		April 2021		

Page 60

What data / information are you using to inform your assessment?	Main EqlA Site Inspection Proposal Plans Planning Guidance	Have any information gaps been identified along the way? If so, please specify	We have been asked by our planning consultation questions regarding the safe egress of mourners to the graveside. Subsequently, a temporary pathway is to be laid using chequered heavy duty re-usable panels to be removed as the woodland matures.
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Explain the <b>potential positive, negative or unequal impact</b> on the following characteristics and <b>how likely</b> this is:			
Age	positive	Race	positive
Disability	positive	Religion or belief	positive
Gender reassignment	positive	Sex	positive
Marriage or civil partnership	positive	Sexual orientation	positive
Pregnancy & maternity	positive	Socio-economic <sup>3</sup>	positive
Other	positive		

<sup>3</sup>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.

Where there is a likely <b>positive impact</b> , please explain how it will help to <b>fulfil our legislative duties</b> to:					
Remove discrimination & harassment	Any and all will be able to use and benefit from the woodland burial service if requested.	Promote equal opportunities	Any and all will be able to use and benefit from the woodland burial service if requested.	Encourage good relations	Any and all will be able to use and benefit from the woodland burial service if requested.

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

Action	Responsible officer	How will this be delivered and monitored?	Deadline
Purchase of temporary pathway matting	Claire Skeels / Cristian Pinta	Procured in accordance with SBC's policy	March 2018

## Brief Equality Impact Assessment

### For a minor operational change / review / simple analysis

What is being assessed?	<b>HF42: Remove Death in Service benefit for ex-SHL staff</b>	What are the key aims of it?	When ex SHL transferred back to SBC the Death in Service was seen as a preserved right. The benefit for existing SBC staff was removed from 2010/11 onwards. The scheme costs £8.3K for those eligible staff. Death in service is a benefit for those staff in the pension scheme of 3xsalary. Of the 73 staff this applies to (out of 663 paid in September), currently 18 are not in the pension scheme.		
Who may be affected by it?	73 staff or 11% of workforce				
Date of full EqlA on service area (planned or completed)					
Form completed by:	Clare Fletcher Jackie Foglietta	Start date	20 October 2017	End date	
		Review date			

What data / information are you using to inform your assessment?	MALE	24	AGE	Number of staff	Have any information gaps been identified along the way? If so, please specify	No info is available for the 73 other than age, gender and grade.
	FEMALE	49	under 30	0		
			30-40	8		
			41-50	16		
			50-60	29		
			over 60	20		
			Total	73		
			Grade	Number of staff		
			1-3	16		
			4-6	46		
		7-9	7			
		10 and over	4			

Explain the <b>potential positive, negative or unequal impact</b> on the following characteristics and <b>how likely</b> this is:			
Age	27% of the staff affected are over 60 and none under 30. The whole group represents	Race	Not envisaged to have an unequal impact on race

	11% of the workforce, the remaining 89% does not have access to the benefit		
Disability	Not envisaged to have an unequal impact	Religion or belief	Not envisaged to have an unequal impact
Gender reassignment	Not envisaged to have an unequal impact	Sex	67% of the 73 staff are female, however the majority of SBC female staff do not have access to this benefit but do have access to the pension scheme.
Marriage or civil partnership	Not envisaged to have an unequal impact	Sexual orientation	Not envisaged to have an unequal impact
Pregnancy & maternity	Not envisaged to have an unequal impact	Socio-economic <sup>4</sup>	22% or 16 of the 73 staff are a grade 3 or below, however the wider SBC staff group do not have access to this benefit, but can access through the pension scheme.
Other			

page 63

Where there is a likely <b>positive impact</b> , please explain how it will help to <b>fulfil our legislative duties</b> to:					
Remove discrimination & harassment	Not envisaged to have an unequal impact	Promote equal opportunities	Removing this benefit for a small number of staff is a more equitable position. Furthermore auto enrolment means all staff who meet the relevant criteria are entered into the pension scheme which has this benefit and pension contributions are based on the staff members pay.	Encourage good relations	

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

Action	Responsible officer	How will this be delivered and monitored?	Deadline

### Approved by Strategic Leadership Team

<sup>4</sup>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.



Date: TBC



## Brief Equality Impact Assessment

### For a minor operational change / review / simple analysis

Page 65

What is being assessed?	<b>Introduction of charge for support service in independent living/flexicare schemes for people who get a free service</b>		What are the key aims of it?	Introduction of a £2.00 charge for those 670 people in independent living/flexicare schemes that do not pay anything towards the cost of the 24 hour/7 day a week emergency response service via the alarm or providing the alarm equipment or the support service provided to them through the supported housing officer. This is due to the supporting people/housing related support grant legacy where no one in receipt of housing benefit or fairer charging paid for the service and also protected people from 2003 (19 people). The support service is not eligible for housing benefit, but this introductory charge of £2.00 is a move to make some charge for the service since the grant from HCC has been removed. This option has the support of the housing portfolio holder.		
Who may be affected by it?	Residents living in sheltered housing/flexicare schemes who currently don't pay for anything for the support service (those on housing benefit, fairer charging, protected due to supporting people implementation in 2003)					
Date of full EqIA on service area (planned or completed)	December 2018					
Form completed by:	Karen Long		Start date	Nov 17	End date	Jan 18
			Review date	Nov 18		

What data / information are you using to inform your assessment?	<ul style="list-style-type: none"> <li>• Data of those on full/partial housing, fairer charging or those that are protected due to supporting people implementation in 2003.</li> <li>• Age profile of sheltered/flexicare housing tenants</li> <li>• Scheme profile data</li> </ul>	Have any information gaps been identified along the way? If so, please specify	
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Explain the <b>potential positive, negative or unequal impact</b> on the following characteristics and <b>how likely</b> this is:			
Age	<p>Hertfordshire County Council are consulting with non-residential residents about charging for some of their community based adult social care services that they currently provide for free. This will impact on a lot of people over 60 in the independent living/flexicare schemes as they are more likely to be in receipt of some care due to their age/medical conditions. Charges will be effective from 15 April 2018. Level of charges unknown as people will need reassessing.</p> <p>Hertfordshire County Council funding for Flexicare housing related alarm contract ends in January 2018 and for support at the end of March 2018 which would mean more cost to Stevenage Borough Council which we may need to pass on to residents.</p>	Race, Religion or belief, Sex, Sexual orientation	Residents – no impact Staff – no impact
Disability, Gender reassignment, Marriage or civil partnership, Pregnancy & maternity	Residents – no impact Staff – no impact	Socio-economic <sup>5</sup>	Any increase/ new charges in future years need to be affordable and considered in conjunction with other changes in charges. Support charge is not eligible for housing benefit and could have a negative impact for those on lower incomes.
Other	Government proposals for supported housing funding through 'sheltered rent' to be implemented in 2020. The details are still being worked on and are out for consultation until Jan 2018		

<sup>5</sup>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.

Where there is a likely <b>positive impact</b> , please explain how it will help to <b>fulfil our legislative duties</b> to:					
Remove discrimination & harassment		Promote equal opportunities	The government proposals for Supported Housing funding would mean that long-term supported housing will remain funded via the welfare system and will ensure the best outcomes for tenants and manage costs.	Encourage good relations	

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

Action	Responsible officer	How will this be delivered and monitored?	Deadline
Complete a full EqlA to further assess impact	Karen Long	This will be completed as part of the review of service charges for 2019 and reviewed after the outcome of the government proposals and HCC proposals.	Dec 2018

Approved by Strategic Leadership Team  
Date: TBC

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# Full Equality Impact Assessment APPENIDX H STAFF EQIA

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

What is being assessed?		Impact of FINANCIAL SECURITY OPTIONS (2018/19) on the workforce profile	
Lead Assessor	Interim Senior HR & OD Manager	Assessment team	Jackie Foglietta Sue Vanneck
Start date	November 2017	End date	March 2019
When will the EqIA be reviewed?	Ongoing as Business Unit reviews progress through implementation.		

Page 69

Who may be affected by it?	Early indications from the proposals for the Budget 2018/19 are that there are likely to be posts deleted, and potentially resultant redundancies, arising from the restructuring of services through Business Unit reviews, which will affect all staff. Whilst redundancies are likely to be offset by the creation of new posts, the situation requires ongoing monitoring as the detail of Business Unit review proposals are further developed and we will continue to consider the impact on the equality profile of and diversity within the workforce throughout implementation.
What are the key aims of it?	<p>The purpose of this EqIA is to identify any impact on the workforce profile of the proposed 2018/19 financial security options, specifically in relation to the implementation of Business Unit reviews. As it is anticipated the reviews will affect the whole workforce over time there is no specific group identified which could be particularly impacted, either positively or negatively.</p> <p>Business Unit reviews are designed to create the corporate capacity and working environment necessary to successfully deliver the Future Town Future Council corporate plan and will enable the Council to embed the principles of the Target Operating Model agreed through the 2016 Senior Management Review.</p> <p>Whilst the initial implementation of the reviews will focus on the 4<sup>th</sup> tier management level, all staff will potentially be affected as review proposals are fully implemented throughout 2018/19. Each Business Unit review will include consideration of equality issues as relevant to the group(s) of staff affected.</p> <p>The Council values diversity in its workforce. We recognise that the composition, skills, understanding</p>

	<p>and commitment of our workforce adds to our ability to deliver responsive, personalised services to our equally diverse community.</p> <p>There are policies in place to support staff through periods of reorganisation, including Redundancy and Redeployment. These ensure there are clear procedures in place for staff impacted by reorganisations/restructures that are applied consistently across the Council. Each of these policies has had an EqIA.</p> <p>The Council is committed to supporting all staff affected by change, in the first instance through their line managers and HR&amp;OD as well as their Trade Union (if they are a member). In addition, support is available to staff in the form of our Employee Assistance Programme (Optum) as well as outplacement support for any staff impacted by redundancy.</p>
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What <b>positive measures</b> are in place (if any) to help <b>fulfil our legislative duties</b> to:					
Remove discrimination & harassment	<p>A Redundancy Policy –to ensure fair and non-discriminatory selection methods.</p> <p>A Redeployment Policy to ensure there is a streamlined procedure for identifying suitable alternative employment wherever possible.</p>	Promote equal opportunities	Redeployment opportunities are considered for all staff at risk of redundancy.	Encourage good relations	Consultation with Trade Unions and staff on the proposals.

What sources of data / information are you using to inform your assessment?	<p>Workforce profile data (correct as at November 2017), broken down by protected characteristics including: age, gender, religion, and full time/part time working, ethnicity, disability, sexual orientation and pay grade.</p> <p>Where possible and appropriate, comparisons of the workforce profile are made with the make-up of the local community (Census 2011).</p> <p>Profile data for staff potentially at risk of redundancy, (note this information will be identified as Business Unit review proposals are further developed).</p> <p>NB: Where there are less than 10 individuals per protected characteristic, the numbers will be starred out, to protect individual's personal information.</p>
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In assessing the potential impact on people, are there any overall comments that you would like to make?	This will be a working document that will need to be reviewed at regular intervals to consider the impact of the proposed changes as more information becomes available.
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## Evidence and impact assessment

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

### Age

Positive impact	In line with our policies we will aim to redeploy staff wherever possible to retain skills and experience	Negative impact	There is potential to lose older employees as redundancy pay increases with length of service		Unequal impact																																																									
Please evidence the data and information you used to support this assessment	<table><tr><td></td><td>SBC Headcount</td><td>SBC Percentage</td><td>% of profile at risk</td><td>% of Stevenage Community</td></tr><tr><td>Under 25 (16-24)</td><td>34</td><td>5.62</td><td>*</td><td>12.35</td></tr><tr><td>25-29</td><td>41</td><td>6.78</td><td>*</td><td>7.31</td></tr><tr><td>30-34</td><td>72</td><td>11.90</td><td>*</td><td rowspan="3">20.84</td></tr><tr><td>35-39</td><td>52</td><td>8.60</td><td>*</td></tr><tr><td>40-44</td><td>51</td><td>8.43</td><td>*</td></tr><tr><td>45-49</td><td>86</td><td>14.21</td><td>*</td><td rowspan="3">21.13</td></tr><tr><td>50-54</td><td>101</td><td>16.69</td><td>*</td></tr><tr><td>55-59</td><td>93</td><td>15.37</td><td>*</td></tr><tr><td>60-64</td><td>61</td><td>10.08</td><td>*</td><td>4.84</td></tr><tr><td>65 and over</td><td>14</td><td>2.31</td><td>*</td><td>15.15</td></tr><tr><td>Total</td><td>605</td><td>100.00</td><td></td><td></td></tr></table>							SBC Headcount	SBC Percentage	% of profile at risk	% of Stevenage Community	Under 25 (16-24)	34	5.62	*	12.35	25-29	41	6.78	*	7.31	30-34	72	11.90	*	20.84	35-39	52	8.60	*	40-44	51	8.43	*	45-49	86	14.21	*	21.13	50-54	101	16.69	*	55-59	93	15.37	*	60-64	61	10.08	*	4.84	65 and over	14	2.31	*	15.15	Total	605	100.00		
		SBC Headcount	SBC Percentage	% of profile at risk	% of Stevenage Community																																																									
	Under 25 (16-24)	34	5.62	*	12.35																																																									
	25-29	41	6.78	*	7.31																																																									
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	45-49	86	14.21	*	21.13																																																									
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	60-64	61	10.08	*	4.84																																																									
	65 and over	14	2.31	*	15.15																																																									
	Total	605	100.00																																																											
	The table reflects that Stevenage Borough Council has a higher representation across the age ranges between 25-44 and 45-59 when compared with the local community. However, Stevenage Borough Council																																																													

All figures quoted are rounded to two decimal places

<p>has a lower representation in the age ranges 16-24 and “65 and over” when compared with the local community, (although it should be noted that the local community “under 25” figure covers the age range 15-24.</p> <p>Comparisons for 16-25s can be misleading as many residents in this age range seek education and training as well as employment.</p> <p>With regards to the age range 65+, comparisons for 65 and over can be misleading as health factors attributed to age may impact on a person’s ability to work. Many people may also not want to work as they get older. To provide a point of comparison, in the East of England between September and November 2013, 12.2% of people over 65 were in employment (Office for National Statistics).</p> <p>In terms of staff potentially affected by the proposals, it is not yet possible to determine whether the proposals will have any significantly impact.</p>			
What opportunities are there to promote equality and inclusion?	We will look to retain employees in line with the Redeployment Policy wherever it is possible to identify suitable alternative employment.	What do you still need to find out? Include in actions (last page)	We need to continue to keep the potential impact under review, as further detail is known.

Disability					
e.g. physical impairment, mental ill health, learning difficulties, long-standing illness					
Positive impact	We will consider and make reasonable adjustments to support disabled staff with both selection processes and appointment into available suitable alternative employment opportunities.	Negative impact		Unequal impact	
Please evidence the data and					
		SBC Headcount	SBC Percentage		



information you used to support this assessment				% Profile of staff at risk	
	No	530	87.60	*	
	Not stated	33	5.45	*	
	Prefer not to say	8	1.32	*	
	Yes	34	5.62	*	
	Total	605	100.00		
	<p>As demonstrated in the table, there is not yet sufficient information to determine whether employees who have self-declared themselves as disabled are going to be disproportionately impacted by the proposals.</p> <p>In comparison with the local community, 7.5% of residents (aged 16-64) have declared themselves as having a disability.</p>				
What opportunities are there to promote equality and inclusion?	It may be possible to work with specialist organisations to assist with identifying and funding appropriate reasonable adjustments (such as Access to Work).		What do you still need to find out? Include in actions (last page)	We need to continue to keep the potential impact under review, as further detail is known.	

## Gender reassignment

Positive impact	n/a	Negative impact	n/a	Unequal impact	n/a
Please evidence the data and information you used to support this assessment			Headcount	SBC Percentage	% Profile at risk
		Man	255	42.15	*
		Prefer not to say	28	4.63	*
		Woman	322	53.22	*
		Total	602	100.00	
As demonstrated in the table, it is not yet possible to determine whether there would be any disproportionate impact.					
What opportunities are there to promote equality and inclusion?				What do you still need to find out? Include in actions (last page)	

## Marriage or civil partnership

Positive impact	n/a	Negative impact	n/a	Unequal impact	n/a
Please evidence the data and information you used to support this assessment			Headcount	SBC Percentage	% Profile at risk
		Civil Partnership	4	0.66	*
		Divorced	19	3.14	*
		Living with Partner	35	5.79	*
		Married	303	50.08	*
		Not Stated	56	9.26	*
		Prefer not to say	5	0.83	*
		Separated	8	1.32	*
		Single	171	28.26	*
		Widowed	4	0.66	*
		Total	605	100.00	
		As demonstrated in the table, it is not yet possible to determine whether there would be any disproportionate impact.			
What opportunities are there to promote equality and inclusion?				What do you still need to find out? Include in actions (last page)	

Pregnancy & Maternity					
Positive impact	The Redeployment Policy provides priority status to employees who are on a period of maternity/adoption leave if their post is being made redundant. Pregnancy related absence will not form any part of redundancy selection criteria		Negative impact		Unequal impact
Please evidence the data and information you used to support this assessment		There are employees within the Council workforce who are pregnant or on a period of maternity/adoption leave; however it is not yet possible to determine whether they will be impacted by the proposals and this will be kept under review as implementation progresses.			
What opportunities are there to promote equality and inclusion?		What do you still need to find out? Include in actions (last page)	We need to continue to keep the potential impact of the proposals under review, as further detail is known and consider whether there are any pregnancy or maternity/adoption leave considerations.		

Race					
Positive impact	A Recruitment & Selection Policy is in place, to promote equality.	Negative impact	n/a	Unequal impact	n/a
Please evidence the data and information you used to support this assessment					
		Headcount	SBC Percentage	% Profile at risk	
	BME	47	7.77	*	
	Not stated	61	10.08	*	
	Other Background	29	4.79	*	
	Prefer not to say	5	0.83	*	
	White - British	463	76.53	*	
	Total	605	100		

	Stevenage Borough Council has a combined representation of people from a BME or other background of 12.56%, which is lower than the representation among the population of Stevenage at 16.9% (Census 2011).		
What opportunities are there to promote equality and inclusion?		What do you still need to find out? Include in actions (last page)	We need to consider how the proposals may impact upon this profile, once further detail is known.

Religion or belief					
Positive impact	n/a	Negative impact	n/a	Unequal impact	n/a
Please evidence the data and information you used to support this assessment					
		SBC Headcount	SBC Percentage	% Profile at risk	% Stevenage community
	Buddhist	1	0.17	*	0.53
	Christian	277	45.79	*	54.44
	Hindu	3	0.50	*	1.19
	Sikh	6	0.99	*	0.36
	Jewish	1	0.17	*	0.18
	Muslim	4	0.66	*	1.97
	No Religion	183	30.25	*	34.07
	Not stated	91	15.04	*	6.72
	Other	9	1.49	*	0.55
	Prefer not to say	30	4.96	*	0.00
	Total	605	100.00		100.00
The religion/belief of Stevenage Borough Council employees is broadly comparable to that of the Stevenage population.					
What opportunities are there to promote equality and inclusion?		What do you still need to find out? Include in actions (last page)	We need to consider how the proposals may impact upon this profile, once further detail is known.		

## Sex

Positive impact	In line with our policies we will aim to redeploy staff wherever possible to retain skills and experience regardless of sex.	Negative impact	n/a	Unequal impact	n/a															
Please evidence the data and information you used to support this assessment																				
<table><tr><td></td><td>SBC Headcount</td><td>SBC Percentage</td><td>% of profile at risk</td></tr><tr><td>Female</td><td>333</td><td>55.04</td><td>*</td></tr><tr><td>Male</td><td>272</td><td>44.96</td><td>*</td></tr><tr><td>Total</td><td>605</td><td>100.00</td><td></td></tr></table>						SBC Headcount	SBC Percentage	% of profile at risk	Female	333	55.04	*	Male	272	44.96	*	Total	605	100.00	
	SBC Headcount	SBC Percentage	% of profile at risk																	
Female	333	55.04	*																	
Male	272	44.96	*																	
Total	605	100.00																		
Stevenage Borough Council currently has a slightly larger percentage of female employees and this is reflective of the Stevenage local community profile (ONS mid-2016 estimates: 49.30% residents male and 50.70% of residents female).																				
What opportunities are there to promote equality and inclusion?			What do you still need to find out? Include in actions (last page)	We need to consider how the proposals may impact upon this profile, once further detail is known.																

## Sexual orientation

e.g. straight, lesbian / gay, bisexual

Positive impact	In line with our policies we will aim to redeploy staff wherever possible to retain skills and experience regardless of sexual orientation.	Negative impact	n/a	Unequal impact	n/a
Please evidence the data and information you					
		SBC Headcount	SBC Percentage	% of Profile	

used to support this assessment				at risk	
	Bisexual	4	0.66	*	
	Gay Man	3	0.50	*	
	Heterosexual	499	82.48	*	
	Lesbian	2	0.33	*	
	Not Stated	83	13.72	*	
	Prefer not to say	14	2.31	*	
	Total	605	100.00		
<p>Due to the small numbers in each of the categories it is not possible to fully assess the potential impact of the proposals. This will be kept under review as the proposals develop.</p> <p>No data was gathered in the Census 2011 about the local community's sexual orientation.</p>					
What opportunities are there to promote equality and inclusion?			What do you still need to find out? Include in actions (last page)	We need to consider how the proposals may impact upon this profile, once further detail is known.	

Socio-economic <sup>1</sup>					
e.g. low income, unemployed, homelessness, caring responsibilities, access to internet, public transport users					
Positive impact	Stevenage Borough Council is a Living Wage Employer. Redundancy pay is based on contractual pay and exceeds the statutory minimum.	Negative impact	n/a	Unequal impact	n/a
Please evidence the data and information you used to support					
		SBC Headcount	SBC Percentage	% of Profile at risk	
	Apprentice/Graduate	14	2.31	*	
	Grade 1	27	4.46	*	

<sup>1</sup>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.

All figures quoted are rounded to two decimal places

this assessment	Grade 2	59	9.75	*
	Grade 3	103	17.02	*
	Grade 4	87	14.38	*
	Grade 5	70	11.57	*
	Grade 6	96	15.87	*
	Grade 7	42	6.94	*
	Grade 8	28	4.63	*
	Grade 9	13	2.15	*
	Grade 10	25	4.13	*
	Grade 11	13	2.15	*
	Grade 12	17	2.81	*
	Chief Officer	11	1.82	*
	Total	605	100.00	
	Due to the small numbers in each of the categories it is not possible to fully assess the potential impact of the proposals. This will be kept under review as the proposals develop.			

What opportunities are there to promote equality and inclusion?		What do you still need to find out? Include in actions (last page)	We need to consider how the proposals may impact upon this profile, once further detail is known.
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Other					
please feel free to consider the potential impact on people in any other contexts					
Positive impact	n/a	Negative impact	n/a	Unequal impact	n/a
Please evidence the data and information you used to support this assessment		No other impacts are anticipated.			
What opportunities are there to promote equality and inclusion?		What do you still need to find out? Include in actions (last page)			

## What are the findings of any consultation with?

All figures quoted are rounded to two decimal places

Staff?	Business Unit review proposals will be subject to consultation with staff and Trade Unions in accordance with statutory requirements.	Residents?	N/A
Voluntary & community sector?	N/A	Partners?	N/A
Other stakeholders?	N/A		



## Overall conclusion & future activity

Explain the <b>overall findings</b> of the assessment and <b>reasons for outcome (please choose one)</b> :		
1. No inequality, inclusion issues or opportunities to further improve have been identified		
Negative / unequal impact, barriers to inclusion or improvement opportunities identified	2a. Adjustments made	
	2b. Continue as planned	We will continue to adhere to Redundancy and Redeployment Policies to ensure consistency, fairness and transparency and we will work with partners to ensure reasonable adjustments are in place for disabled employees.
	2c. Stop and remove	

Detail the <b>actions that are needed</b> as a result of this assessment and how they will help to <b>remove discrimination &amp; harassment, promote equal opportunities</b> and / or <b>encourage good relations</b> :				
Action	Will this help to remove, promote and / or encourage?	Responsible officer	Deadline	How will this be embedded as business as usual?
Ongoing review as further detail becomes available.	All	SLT/HR&OD	Ongoing	Will be built into consultation process
Explore opportunities to work with other organisations and charities to assist in identifying and implementing reasonable adjustments for disabled staff.	Remove and promote	HR&OD	Ongoing	Will form part of individual consultation meeting discussions
Consider whether any proposed redundancies include staff affected by pregnancy or maternity leave.	Remove and promote	SLT/HR&OD	Ongoing	Will form part of individual consultation meeting discussions
Continue to monitor the profile of the workforce through the production of regular workforce information.	Remove and promote	HR&OD/SLT	Ongoing	As part of routine workforce profile reporting arrangements



**Approved by Strategic Director:**  
**Date:**

**STEVENAGE BOROUGH COUNCIL**

**Tuesday 14 February 2018**

**COUNCIL TAX RESOLUTION**

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

1. That the following be approved:
  - a. the revised working revenue estimates for the year 2017/18 amounting to £10,493,720 and the revenue estimates for 2018/19 amounting to £9,107,740;
  - b. the contribution from balances totalling £1,543,595 in 2017/18;
  - c. the contribution from balances totalling £818,821 in 2018/19.
2. That it be noted that at its meeting on 23 January 2018 the Executive calculated the amount of 27,058.5 Band D equivalent properties as its council tax base for the year 2018/19 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 made under Section 31B of the Local Government Finance Act 1992 as amended by Section 74 of the Localism Act 2011.
3. That the following amounts be calculated by the Council for the year 2018/19 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended by Section 74 of the Localism Act 2011:
  - a. £86,038,055 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2)(a) to (f) of the Act, less the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3)(a) to (d)
  - b. £80,505,711 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3)(a) to (d) of the Act.
  - c. £5,532,344 Being the amount by which the aggregate at 3a above exceeds the aggregate at 3b above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year.
  - d. £204.46 Being the amount at 3c divided by the amount at 2 above, calculated by the Council, in accordance with Section 31B (1) of the Act, as the basic amount of its council tax for the year
  - e. Valuation Bands

A	£ 136.31
B	£ 159.02

C	£ 181.74
D	£ 204.46
E	£ 249.90
F	£ 295.33
G	£ 340.77
H	£ 408.92

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

4. a. That it be noted that for the year 2018/19 Hertfordshire County Council have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Valuation Bands

A	£
B	£
C	£
D	£
E	£
F	£
G	£
H	£

- b. That it be noted that for the year 2018/19 Hertfordshire Police Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 and amended by Section 27 of the Police and Magistrates' Court Act 1994, for each of the categories of the dwellings shown below:

#### Valuation Bands

A	£
B	£
C	£
D	£
E	£
F	£
G	£
H	£

5. That, having calculated the aggregate in each case of the amounts at 3e. and 4a. and b. above, the Council in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts for council tax for the year 2018/19 for each of the categories of dwellings shown below:

#### Valuation Bands

A	£
B	£
C	£
D	£
E	£
F	£
G	£
H	£

6. To determine in accordance with Section 52ZB Local Government Finance Act 1992 that the Council's basic amount of Council Tax for 2018/19 is not excessive in accordance with principles approved by the Secretary of State under Section 52ZC having calculated the aggregate in each case of the amounts at 3e.

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

**1 ROBUSTNESS OF ESTIMATES**

The council process for producing the budget estimates involves responsible budget holders and finance officers reviewing and projecting the Base Budget. The Working Budget Estimates are determined against a background of ongoing quarterly budget monitoring for the current financial year and an evaluation of the outturn position and Budgets carried forward from the previous financial year. The 2018/19 Estimates are determined by evaluating and costing all known changes, including pay and price levels, legislative changes, demands for services and policy developments. The council has sufficient reserves to allow a contribution from balances in order to set a balanced budget for 2018/19 and the current Budget Process has rigorously reviewed current budgets to secure another year of necessary Financial Security Savings. In addition costs associated with Business Unit Reviews (BUR's) has been included in the 2018/19 budget to facilitate the unlocking of future Financial Security savings. As part of the 2018/19 Budget process the council has had to meet the challenge of reductions in Government Grant as well as absorbing inflationary and legislative changes within its Medium Term Financial Strategy. The overall budget process is co-ordinated by the Accountancy Section in liaison with the various Business Units and the council's Strategic Leadership Team. The Budget is recommended by the Executive, for approval by Council after it has been through the Scrutiny process required by the Council's Constitution. The process includes consideration of risks and uncertainties associated with projections of future pay, prices, interest rates and projected levels and timing of other potential liabilities. The challenge to the budget process is provided by both the Leader's Financial Security Group and the Scrutiny and Overview Committee and also in the case of the HRA the Housing Management Advisory Board.

The Council has needed to adapt to the on-going central grant reductions, the transfer of funding risk to local government and changes to welfare. Financial monitoring arrangements provide the Executive with a quarterly update on the performance of the budget, with action plans where significant adverse variances have resulted. The Medium Term Financial Strategy is under constant review to ensure that a clear financial position for the council can be demonstrated for the next five years aided by the Council's Financial Security priority. This is necessary as the significant cuts in public expenditure and funding from the government have been realised and likely to extend beyond the current parliament.

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

The Assistant Director (Finance and Estates) considers that the Estimates and the processes used to produce them are sound and robust. A further update on the 2017/18 General Fund and HRA budgets will be presented to the March Executive.

## **2 ADEQUACY OF RESERVES**

The council's annual budgetary process and the assessment of the adequacy of Reserves are undertaken in the context of robust medium term financial forecasting. Whilst the Council currently has reasonably significant levels of Reserves, the Council's Medium Term Financial Strategy acknowledges that the £3.656Million of these will be utilised in the medium term as a result of projected future under funding and grant reductions.

The council has risk assessed the level of General Fund balances required, based on information from service managers and this was presented to Members as part of the January Draft General Fund Budget report, the level of reserves required for 2018/19 was £2,790,089. This has been reviewed and recalculated as £2,760,570.

Total available General Fund balances as at 1st April 2018 are estimated to be £4,883,389 (after 2017/18 contribution to balances from the General Fund of £1,543,395). Total General Fund balances as at 1st April 2019 are estimated to be £4,064,568 (after 2018/19 contribution from balances to the General Fund of £818,821). These levels of balances meet the minimum level of risk assessed balances that are needed to meet unforeseen expenditure arising in the year and expenses arising before income is received.

Total available HRA balances as at 1<sup>st</sup> April 2018 are estimated to be £22,551,821 (after contribution to balances in 2017/18 of £2,802,250). Total available HRA balances as at 1<sup>st</sup> April 2019 are estimated to be £19,795,191 (after contribution from balances in 2018/19 of £2,756,630).

It is estimated that the council will have General Fund £133,556 capital receipts and £500,000 capital reserve as at 1st April 2019 (this includes an assumption that under spends of £350,000 have been realised for 2017/18 and 2018/19 totalling £700,000) and the Council has a need to borrow in 2018/19 of £7,636,700. There has been challenge to capital bids by the Leaders Financial Security group and Senior Management Board (SMB) and the current Strategy is an affordable programme. However there is a need to build up future capital resources to meet further capital schemes.

It is estimated that the council will have General Fund £4,390,793 capital receipts and £350,000 capital reserve as at 1st April 2018, (this includes an assumption that under spends of £350,000 have been realised for 2017/18).

It is estimated that the Council will have HRA £11,895,848 capital receipts, (£10,235,790 as at 1 April 2018) and £3,776,574 Major Repair Reserve balances as at 1st April 2019, (£12,051,306 as at 1 April 2018). The HRA capital programme is based on the latest stock condition information updated from the Business Plan approved at the September 2017 Executive.

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

In coming to a view on the adequacy of reserves, risks in the area of litigation, business continuity, civil emergency, failure of information systems, budgetary control and interest rate calculations have been considered in terms of the possible maximum financial impact and their probability of occurrence. Ongoing assessment of the financial risks to the council, its budget and Medium Term Financial Strategy, are embedded as part of the council's overall Corporate Risk Management processes. On this basis, the Assistant Director (Finance and Estates) considers the level of general balances to be adequate for the 2018/19 financial year.



### **3 SPECIFIC RESERVES**

As part of the budget preparation process, the current and projected levels of the council's allocated reserves have been considered. Following this review, the Assistant Director (Finance and Estates) confirms these reserves are £1,796,659 as at 1 April 2018 (£1,784,976 as at 1 April 2019) and continue to be required.

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**Meeting** COUNCIL  
**Portfolio Area** Resources  
**Date** 28 FEBRUARY 2018



## FINAL CAPITAL STRATEGY 2017/18-2022/23

### KEY DECISION

**Authors** Clare Fletcher x 2933  
**Lead Officers** Clare Fletcher x 2933  
**Contact Officer** Clare Fletcher x 2933

### 1. PURPOSE

- 1.1 To approve revisions to the 2017/18 General Fund and Housing Revenue Account Capital Programme and approve the draft Capital Programme for 2018/19 for recommendation to Council
- 1.2 To provide Members with an update on the Council's draft 5 Year Capital Strategy and the resources available to fund the Capital Strategy.
- 1.3 To provide Members with an update on recent government consultation on prudential borrowing and Minimum Revenue Provision (MRP).
- 1.4 To set out the Council's approach to funding its key Future Council priorities.
- 1.5 To update Members on the work of the Leader's Financial Security Group (LFSG) in reviewing all General Fund capital bids prior to inclusion in the Capital Strategy.

### 2. RECOMMENDATIONS

- 2.1 That the revised General Fund and HRA 2017/18 capital programme, as detailed in Appendix A and Appendix B to the report be approved.
- 2.2 That the final 2018/19 General Fund Capital Programme as detailed in Appendix A to the report be approved.
- 2.3 That the final 2018/19 HRA Capital Programme as detailed in Appendix B to the report be approved.

- 2.4 That the updated forecast of resources as summarised in Appendix A (General Fund) and Appendix B (HRA) to the report be approved.
- 2.5 That the Government's potential changes to prudential borrowing and MRP as outlined in paragraph 3.21-3.26 of the report be noted.
- 2.6 That the approach to resourcing the General Fund capital programme as outlined in paragraph 4.3.6 and 4.3.11 of the report be approved.
- 2.7 That the growth bids identified for inclusion in the Capital Strategy (Appendix C to the report) be approved.
- 2.8 That the 2018/19 de-minimis expenditure limit (section 4.8 of the report) be approved.
- 2.9 That the 2018/19 contingency allowance (section 4.9 of the report) be approved.
- 2.10 That the work undertaken by LFSG on behalf of the Executive in reviewing and challenging the General Fund Capital Strategy be noted.

### **3. BACKGROUND**

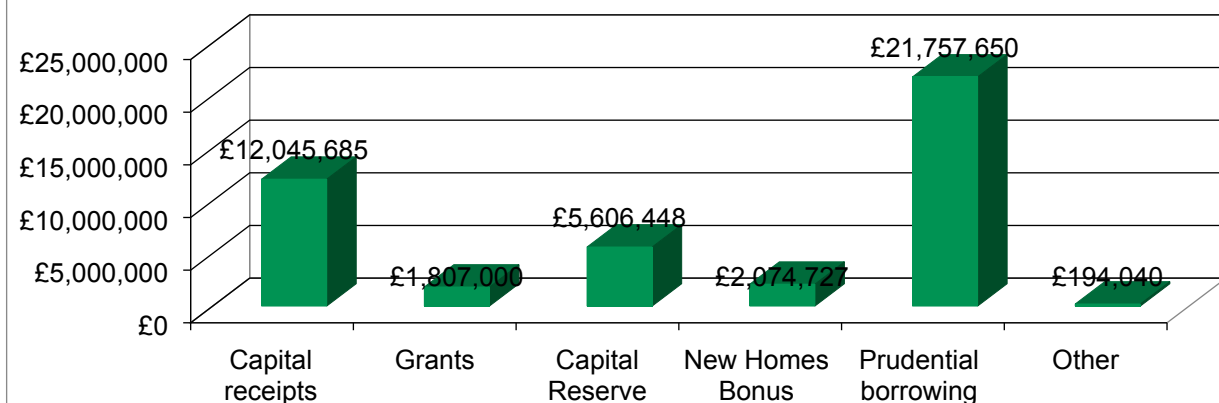
- 3.1 **General Fund** – Over the last five years the General Fund capital programme has been financially constrained, as the existing capital programme and additional bids for capital expenditure have been in excess of the projected resources available. These works have been, in the main, to keep existing assets operational (without improvement) and the replacement of vehicles over an extended life cycle of seven years. The outcomes of the programme has meant not developing assets to future proof them, nor providing new assets.
- 3.2 This approach has generally meant that only high priority works have been approved e.g. when boilers or roofs have had to be replaced to avoid closure of a building. This has been a necessity rather than a 'whole place' approach due to funding constraints and hasn't allowed for the future needs of assets and users.
- 3.3 Since 2015/16 capital schemes have been rebid for based on a set of criteria, in an attempt to ensure scarce resources are targeted, which has been updated to reflect the Future Town Future Council (FTFC) corporate priorities, as set out below;
  - Category 1 : FTFC
  - Category 2 : Income generating asset schemes (Financial Security)
  - Category 3 : Mandatory requirements
  - Category 4 : Schemes to maintain operational effectiveness
  - Category 5 : Match funding schemes
- 3.4 In addition prudential borrowing would only 'normally' be used to support category 2 schemes (Income generating asset schemes -Financial Security), with capital receipt, external grants and a new revenue reserve for capital

being used to fund the other categories. The following principles have been applied to new bids:

- Assets due for regeneration should have only essential or health and safety growth bids.
- Re-profile spend to later years if reviews of the service are due.
- Include only the initial works to schemes until the business case is proven.

- 3.5 However, over the last two years there has been a change in the approach to capital works and the council's assets, (from that outlined in paragraph 3.1). This was partly triggered by the ward Members' walk about with senior officers, which culminated in the introduction of the Co-operative Neighbourhood Management programme, (a 'Future Town Future Council' (FTFC) priority). This was implemented to improve the 'whole place' by improving assets within an area and subsequently a number of significant programmes have been approved. These include the garage improvement programme (July 2016, £9.24Million) and the playground improvement programme (February 2017 £1.489Million).
- 3.6 In addition the Council has started to redevelop existing assets to deliver on regeneration and housing delivery priorities. The Archer Road redevelopment looked at placement of assets, housing need and re-provision of neighbourhood facilities.
- 3.7 To deliver a sustainable approach to maintaining the 'whole place' and the portfolio of assets for the future, schemes such as the playground improvement programme have sought to look at what facilities should be provided within Stevenage, based on mapping of need/location. Although some play sites were rationalised, a more imaginative approach has been taken to decommissioned sites which has/will allow significant improvements to a smaller number of play areas, while ensuring decommissioned sites are appropriately landscaped.
- 3.8 This type of approach has been used in the garage programme with works being partly funded from disposing of some sites for other uses, e.g. residential.
- 3.9 However, the Council does need an overarching strategy on how to manage its assets and this is key when considering the outcomes achieved from investment. To determine whether this delivers value for money or whether a better outcome can be gained from redevelopment or revised provision. The Council's Asset Management Plan to the February Executive will set out a recommended approach to the Council's assets.
- 3.10 The existing approved capital programme (approved February 2017 and as amended by quarterly monitoring and supplementary reports) is fully funded and shown in the following chart.

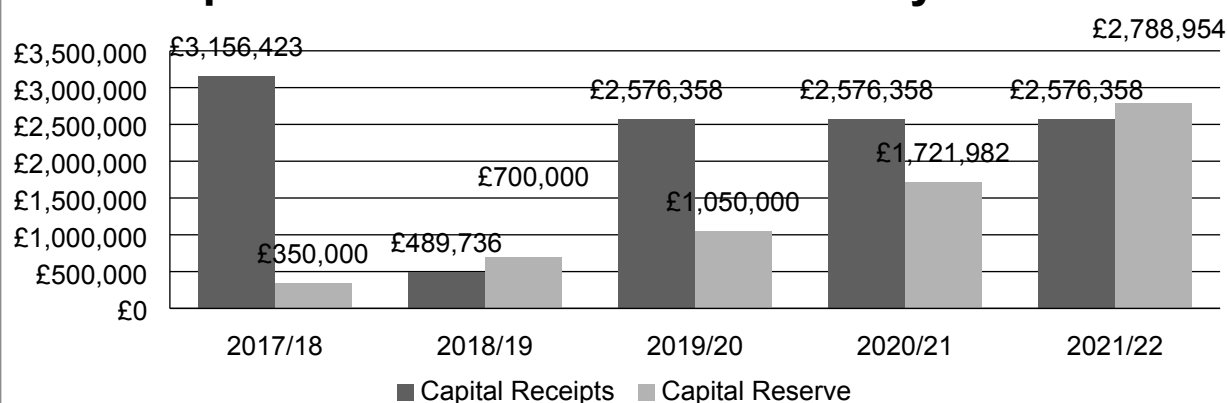
## Resources (2nd Quarter Capital Report 2017/18)



*\*Prudential borrowing includes £15Million for commercial property acquisition*

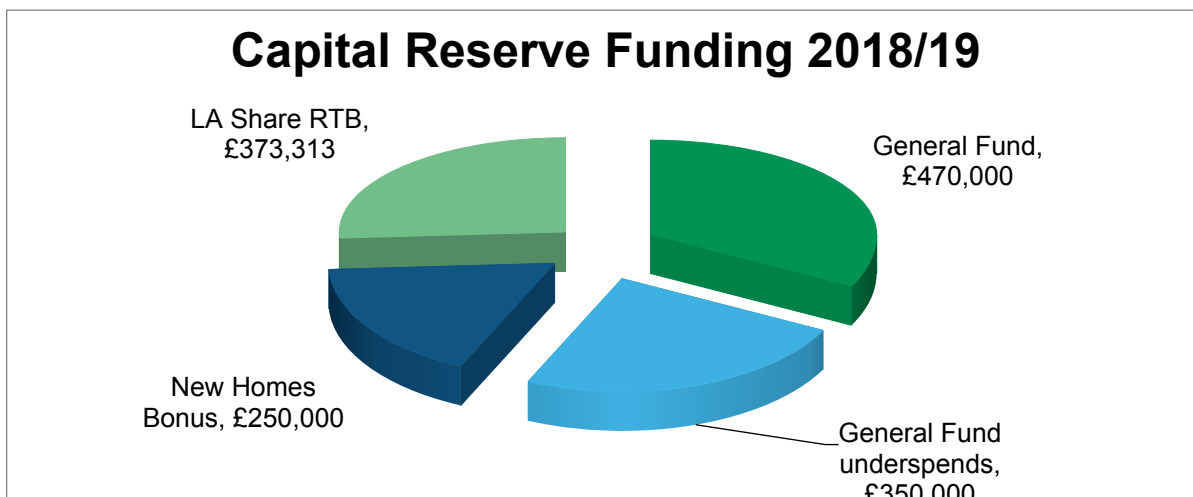
3.11 The level of resources available is also summarised in the chart below.

## Capital Resources unallocated at year end



3.12 The level of capital receipts shown in the chart above remains static from 2019/20 onwards, (£2.58Million) as the current programme does not need to use them. However, there are no new disposal receipts identified after 2019/20 and when future years' capital needs are identified, this will put more demand on revenue resources and borrowing, if new disposal sites are not identified.

3.13 The other main source of funding, the Capital Reserve, will receive a 2018/19 budgeted £470,000 contribution from the General Fund with potentially up to £350,000 underspends, (identified at year end), giving a General Fund maximum contribution of £820,000 (represents 1.16% of gross General Fund expenditure ) per year. New Homes Bonus contributes £250,000 and £373,313 (2018/19) from the Local Authority Share of right to buy receipts as shown in the following chart.



- 3.14 The existing General Fund programme does not include any financials for SBC funding any town centre regeneration (SG1), although the Council has invested already in public realm works and there is some third part funding from the Local Enterprise Board (LEP) in the proposed draft Capital Strategy.
- 3.15 Officers will be presenting a report to the January Executive recommending the preferred developer to deliver the first phase of regeneration in the town centre (SG1). SG1 will be one of the biggest regeneration schemes in the East of England and is the Council's top priority and this is also echoed by the 2017 resident's survey. To ensure the deliverability and success of this scheme it is inevitable that the Council will need to invest resources during the period of development and the Council will need to build up capital reserves, earmark capital receipts and revenue resources to do this.
- 3.16 SG1 is the starting point for regeneration mainly due to the large amount of public sector land holdings, but as part of the wider regeneration of the town, the Council has ambitions to upgrade its leisure facilities which again will require the Council to identify a level of resources to deliver this.
- 3.17 The changing approach to place shaping and ambitions around medium and longer term regeneration and housing development will mean prioritising resources to this end, ensuring that the use and development of assets must be financially sustainable. This may involve consolidation of assets by location, divesting poor condition/high cost assets, development resourced by residential outcomes, identification of more land and some prudential borrowing.
- 3.18 The Council has ambitions to deliver generational change in Stevenage while at the same time managing diminishing resources for both its General Fund and HRA, as government funding is withdrawn and legislative changes impact on income.
- 3.19 To determine the medium term spending priorities, the Leader's Financial Security Group (LFSG) met in November and December to review all General Fund capital bids (2018/19 onwards) and made a number of recommendations and these are contained within this report and summarised in Appendix C.

- 3.20 **HRA** -The HRA capital programme was revised in September 2017 as part of the 30 Year Business Plan. The 30 year HRA capital programme totalled £1,155Million with an identified funding shortfall of £26Million. The 2018/19 programme does not include any higher value voids levy as set out in the Final HRA rent setting and budget report to this meeting.
- 3.21 **Consultation**- The Government has recently closed consultation on the use of prudential borrowing for purely commercial reasons, maximum MRP periods (50 years freehold, all other assets 40 years) and new disclosures required in the Capital Strategy. The government has recommended these changes be introduced from 2018/19. Consultation closed on the 22 December and the Assistant Director (Finance and Estates) responded to the consultation.
- 3.22 Under the proposed new guidance local authorities would not be able to borrow to invest for purely yield bearing opportunities, e.g. commercial property purchased to generate an income stream. This would become classified as ‘borrowing in advance of need’. Under the current (2010) guidance it is clear that “borrowing in advance of need” relates solely to financial investments and financial instruments, whereas investments such as commercial property are capital expenditure as they involve the acquisition of a physical asset and as such are eligible for funding from borrowing. The council has approved a £15Million commercial property investment in May 2017, funded from prudential borrowing.
- 3.23 The LGA response to the consultation points out that local authorities have invested in property in different ways for many years; if this is to be restricted it could have a major impact on councils’ ability to fund and deliver services to their residents. Furthermore, the LGA has stated that, if this change does go ahead and is applied retrospectively, forcing councils to divest themselves of existing investments, the financial costs and potential losses could be disastrous for some councils. The LGA says ‘we oppose any restriction that will reduce funding for councils to benefit their local areas and under no circumstances should this be applied retrospectively’. This is also the view of the Assistant Director (Finance and Estates).
- 3.24 The consultation guidance tries to distinguish between “core” and “non-core” investments, requiring councils to disclose the contribution from these “non-core” assets. Councils have held property investments for many years, with the income forming an integral part of the budget, (e.g. rental from property holdings in town and city centres). It will be difficult to define what is “core” and “non-core” in a meaningful way.
- 3.25 The Government’s view is that it doesn’t want to restrict opportunities for local authorities to use commercial structures to kick start local economic regeneration to deliver services more effectively. However, the prime duty of a local authority is to provide services to local residents, not to take on disproportionate levels of financial risk by undertaking speculative investments, especially where that is funded by additional borrowing. Stevenage Borough Council has always taken a very cautious view of prudential borrowing as set out in this report. The majority of the Council’s borrowing has been as a result of the HRA self-financing deal in 2012.



- 3.26 The Council's report recommending the acquisition of £15Million in commercial property, (while generating a minimum net return of £200,000 per year), was "to support the Council's ambition for Stevenage and town centre regeneration by investing in the town to help create a vibrant town centre and by so doing, help create renewed confidence and a positive message to other investors, and also to enable the Council to be more financially resilient by delivering on our Financial Security aims".
- 3.27 The approval for capital budgets is set out in the Budget and Policy Framework Procedure Rules in the Constitution, which prescribes the Budget setting process. This includes a consultation period. The timescale required to implement this process is outlined below:

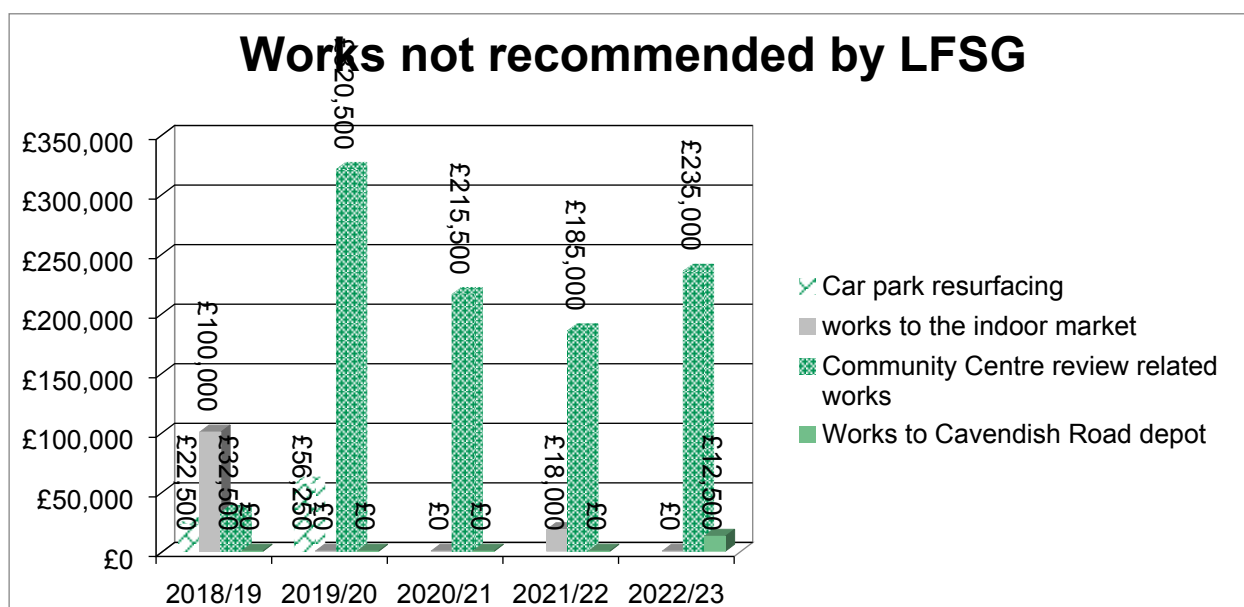
Date	Meeting	Report
Jan-18	Executive	Draft 2018/19 General Fund and HRA Capital Strategy
	Overview and Scrutiny	Draft 2018/19 General Fund and HRA Capital Strategy
Feb-18	Executive	Final 2018/19 General Fund and HRA Capital Strategy
	Overview and Scrutiny	Final 2018/19 General Fund and HRA Capital Strategy
	Council	Final 2018/19 General Fund and HRA Capital Strategy

#### 4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

##### 4.1 Capital Programme – 2018/19 General Fund

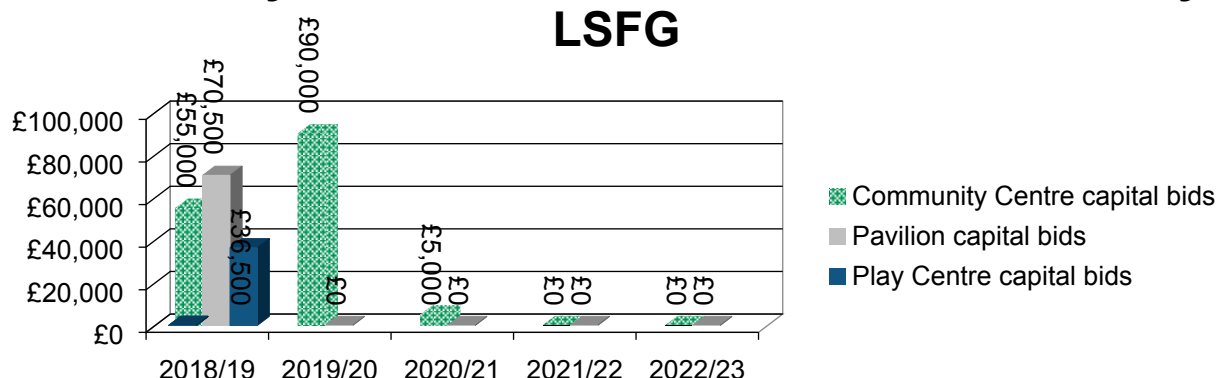
- 4.1.1 As in previous years the capital programme has been zero based so that Members can consider the on-going relevance of schemes in the programme and manage scarce resources. There were a few exceptions to this which were:
- Schemes with previous specific approvals, e.g. garage programme, playground improvements and ICT digital strategy.
  - Vehicles which are on a seven year replacement programme (the programme has been reviewed but did not require bids to be submitted).
  - Works required to the Town Square assets (funded from allocated reserves).
  - Works which had commenced in 2017/18 and where part of the spend is due in 2018/19.
- 4.1.2 Officers were required to submit capital bids with supporting rationale, these are summarised in Appendix C to this report. The bids were reviewed by the Assets and Capital Board (officer group), before being considered by the Leader's Financial Security Group (LFSG).

- 4.1.3 Capital bids were assessed based on the principles set out in paragraph 3.3-3.4, with a new principle recommended by the Assistant Director (Housing Development) as part of the emerging work on community centres. This was that if works were more than £200,000 for any community centre or pavilion, a review of the asset should be completed, prior to any monies being spent. This would mean that only urgent health and safety works should be completed in the interim. In addition, officers are finalising the Asset Management Strategy (see also paragraph 4.3.5), to be presented to the February Executive which will set out a recommended approach on how to review and manage the council's assets.
- 4.1.4 The LFSG reviewed all the capital bids and scored all options between zero (not supported at all) up to three (strongly supported). All scores were averaged and scores of two or more were considered as supported by the group and are recommended to the Executive for inclusion in the Capital Strategy.
- 4.1.5 There were some options that were not supported or required further reviews of assets prior to their inclusion in the programme. These options are included in Appendix C and summarised below.



- 4.1.6 Capital bids totalling £1.197Million were not recommended and £988,500 related to the review of community centres principle as outlined in paragraph 4.1.3.
- 4.1.7 The Capital Strategy does include some works to community centres, which were challenged by LFSG, who asked officers to reconsider the options proposed and only include capital bids for 2018/19 which are health and safety related or would result in loss of use of the building. Consideration was also given to re-using components if sites were subsequently redeveloped, e.g. the reuse of heaters. A summary of these costs included in the Strategy are shown in the following chart.

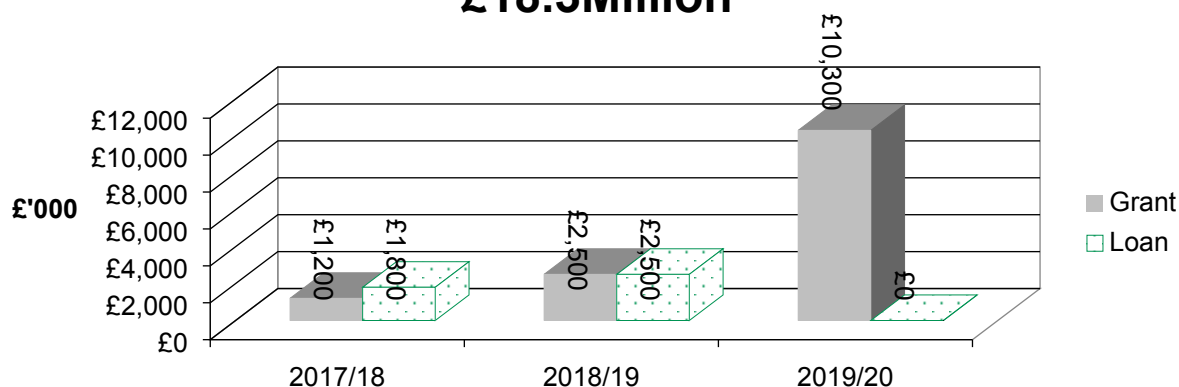
## Community Review related works recommended by LSFG



4.1.8 The 2017/18 capital programme includes a sum of £441,040 for deferred works, which is not currently projected to be spent in 2017/18. This budget will remain in the Capital Strategy and will be sufficient to fund 100% of the 2018/19 bids not recommended for approval should they be required. The impact on the Strategy in future years will be considered once reviews have been completed, the 2018/19 stock conditions survey results are known and the Asset Management Strategy has been approved.

4.1.9 The Capital Strategy (Appendix A) now includes some town centre regeneration related capital bids which are anticipated to be funded by the Local Enterprise Board (LEP) as part of the growth deal funding. The amounts included in the programme are summarised in the chart below.

## Regeneration LEP funded expenditure £18.3Million

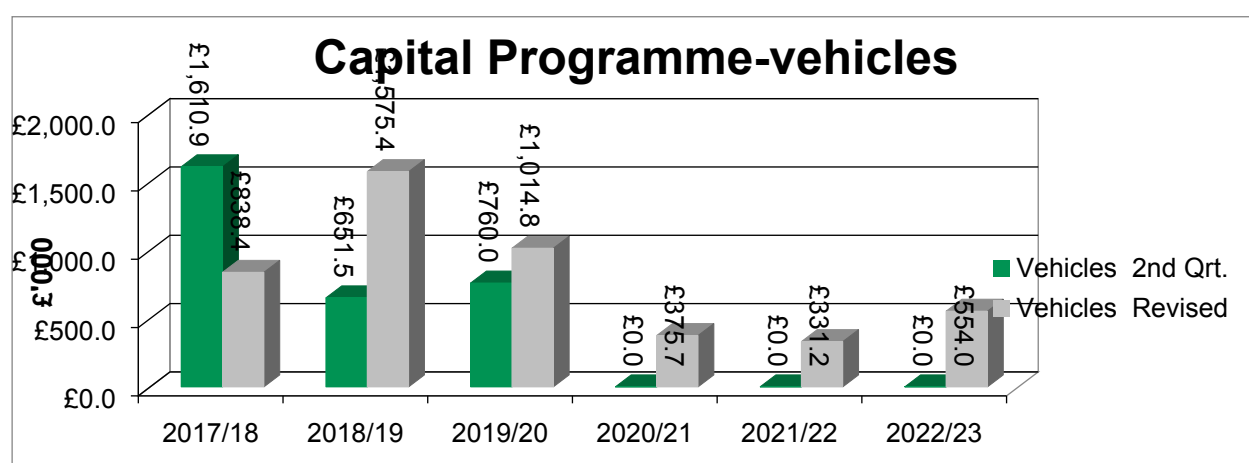


4.1.10 The LEP funding relates to 'growth deal one' monies (GD1) which has been secured, £7.5Million. The LEP Board have earmarked further funding under 'growth deal 3' for Stevenage, and the LEP are in discussions with central government regarding release of this funding. There may be a risk to spending before the monies are released and Members recommended at the February Executive to fund £200,000 of GD3 monies from SBC capital resources to allow the SG1 regeneration project to progress. Once the governance arrangements have been signed off by the government the

Assistant Director (Regeneration) will seek to recover these costs from the LEP.

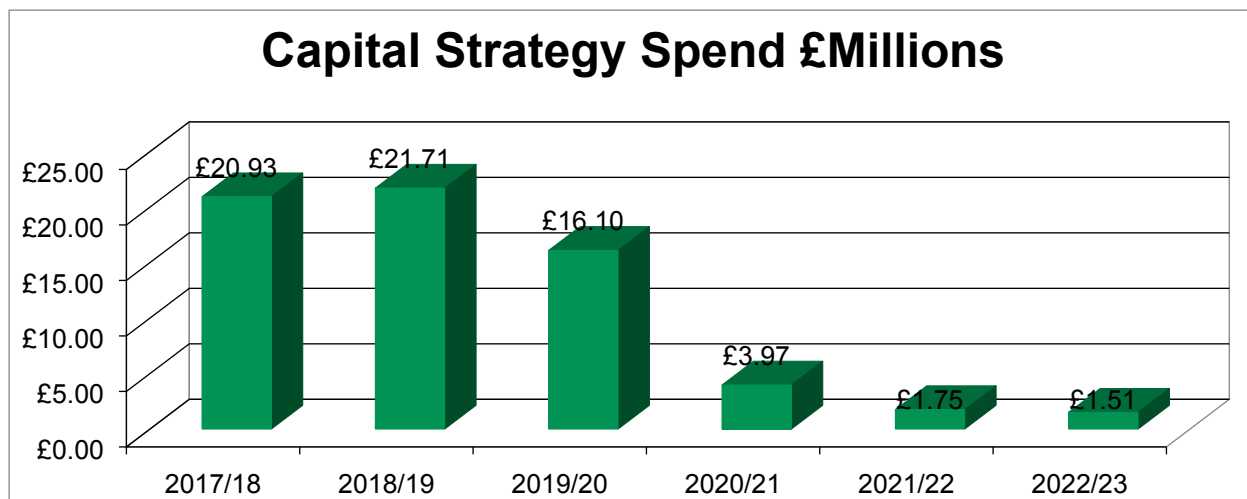
4.1.11 Some of the LEP funding will be paid in the form of a loan and will be required to be repaid in the future, this will need to be funded from either additional receipts or residual land values realised from regeneration.

4.1.12 Vehicle fleet and plant requirements were reviewed based on current condition and need by the new Assistant Director (Stevenage Direct Services). The existing capital programme did not include replacements beyond 2019/20 and only totalled £3.022Million. The programme has now been updated to reflect the vehicles that were budgeted for 2017/18 but will now be received in 2018/19. The capital requirement for the period 2017/18 to 2022/23 now totals £4.689Million. The chart now reflects the slippage of £746.5K of slippage into 2018/19.



4.1.13 The ICT programme is based on the previous approved budgets up to and including 2018/19. For future years a sum of £300,000 has been included annually, match funding the amount of the Council's shared ICT partner, East Herts. Future ICT requirements will be reassessed as part of the business unit reviews and by the new ICT Manager post holder (which was approved in the ICT Improvement plan to the November Executive and included in the BUR growth bids in the General Fund and HRA 2018/19 budgets). The programme remains unchanged from the Draft Capital Strategy report.

4.1.14 The capital programme recommended for 2017/18-2022/23 totals £65.9Million and is detailed in Appendix A and summarised below. This includes slippage in 2017/18 of £7.07Million, this includes £5.98Million related to commercial property investment.



4.1.15 As reported at the January Executive the chart above shows that the programme has significant spend in the first three years of the programme and that there is a likelihood the capital programme is not fully identified for 2020/21 onwards. The asset stock condition surveys to be completed in 2018/19 and the Asset Management Strategy should help to inform the level of required expenditure.

4.1.16 It is also likely that capital bids for funding ambitions as outlined in section 3 of the report i.e. regeneration will be needed to meet the Council's ambitions and will require prioritising limited capital resources available or adopting new funding solutions as outlined in paragraph 3.17.

## 4.2 Capital Programme – 2017/18 General Fund

4.2.1 The 2017/18 programme has been reviewed and updated and the changes are summarised in the following table.

Summary of General Fund Capital Programme changes	2017/18 £	Reason
<b>Working Budget</b>	<b>25,446,960</b>	
Draft Budget Changes (January)	2,559,730	
<b>Proposed amendments February:</b>		
Garage Site Assembly	(180,000)	Slippage into 2018-19, there is a further report to the Executive on the programme. <b>(2018/19 impact)</b>
Garage Rationalisation Programme	(200,000)	
Investment Property	(5,600,000)	Two sites have been identified (one purchased and the other property currently being completed), which achieve the target return for 2018/19, further sites are being researched. <b>(2018/19 impact)</b>
Improvements to Forum Square	(65,000)	The works have been completed and the residual monies vired to the Market Square Improvements <b>(2018/19 impact)</b>
Town Centre Improvements Phase 2 incl wayfinding signage	(50,000)	The works have been re-scoped and the residual monies vired to the Market Square Improvements. <b>(2018/19 impact)</b>
Public Realm Improvements to Market Place	(238,000)	Works to be completed in 2018/19, including the monies vired from the schemes above. <b>(2018/19 impact)</b>

Summary of General Fund Capital Programme changes	2017/18 £	Reason
		<b>impact).</b>
Public Realm Improvements to Town Square	5,000	There is funding in 2018/19 for this scheme (50k was slipped at the first quarter). This is required for technical studies. <b>(2018/19 impact)</b>
Vehicles	(746,500)	A number of vehicles, which have been ordered are due for delivery in April-May 2018 and require slipping into 2018/19. <b>(2018/19 impact)</b>
<b>Total General Fund changes February</b>	<b>(7,074,500)</b>	<b>Decrease in 2017/18 budget and slippage requested for 2018/19</b>
<b>Final February Capital Strategy</b>	<b>20,932,190</b>	

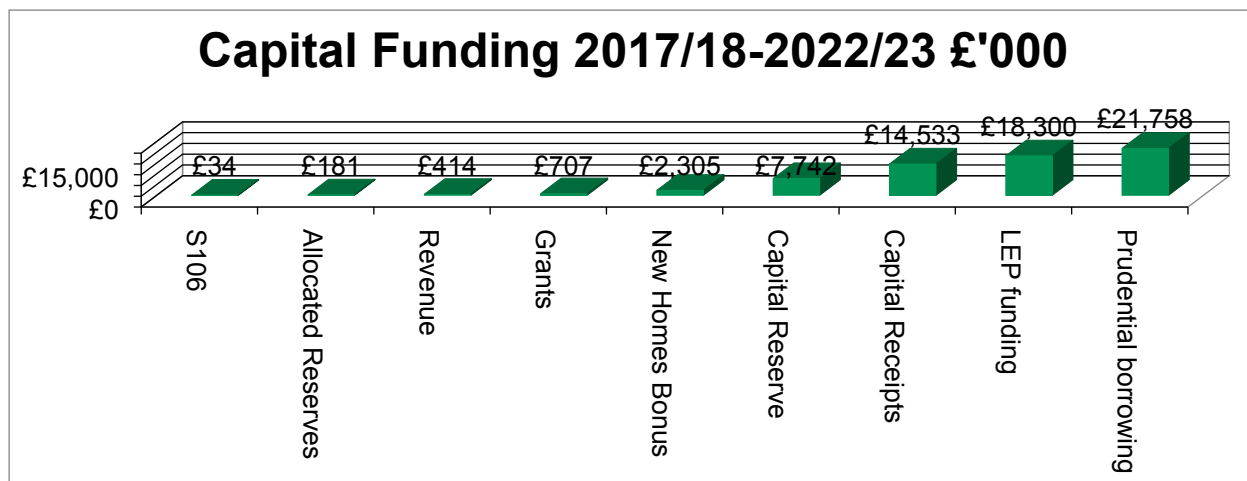
4.2.2 The total changes included in the draft January Capital Strategy will require Council approval in February as the value is more than that delegated to the Executive (£250,000). The increases for January included regeneration site assembly costs funded from the Local Enterprise Partnership (LEP) and are included in Appendix A.

4.2.3 The 2018/19 programme have been reviewed and updated and the changes are summarised in the table below.

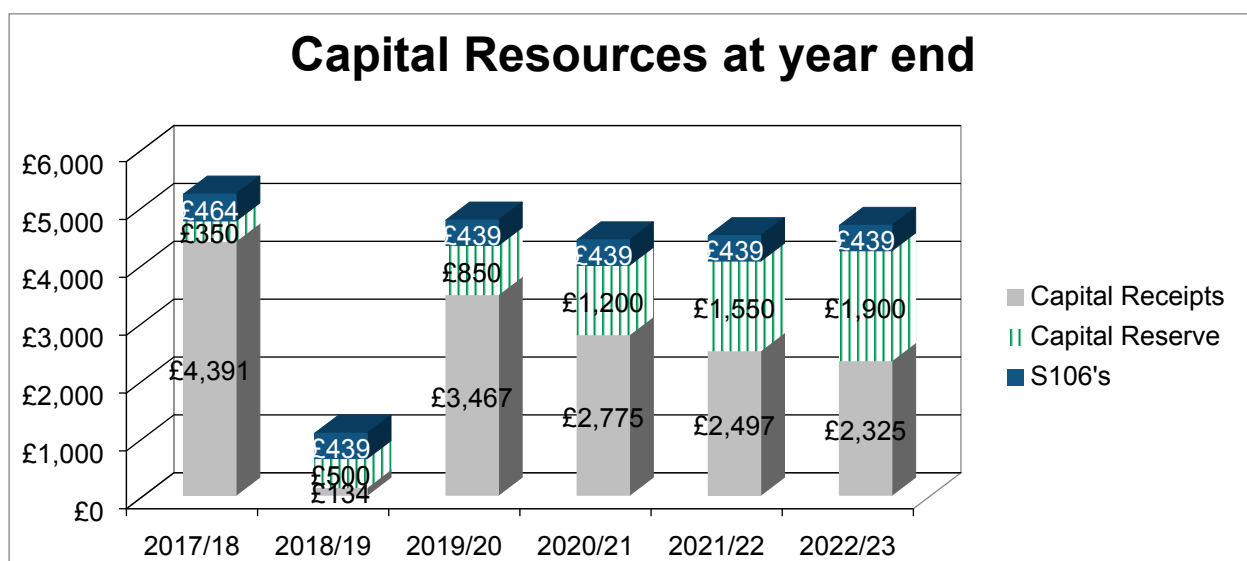
Summary of General Fund Capital Programme changes	2018/19 £	Reason
January Report	14,483,410	
Proposed amendments February:		
Garage Site Assembly	180,000	Slippage from 2017/18
Garage Rationalisation Programme	200,000	Slippage from 2017/18
Public Realm Improvements to Market Place	353,000	Slippage from 2017/18
Public Realm Improvements to Town Square	(5,000)	Put back to 2017/18 for technical studies
Investment Property	5,600,000	Slippage from 2017/18
Vehicles	746,500	Slippage from 2017/18.
Total slippage	7,074,500	Increase in 2018/19 budget
Grants to Registered Providers	150,000	Increase use of 1.4.1 receipts to gain nomination rights
Total changes from January report	7,224,500	
<b>Final February Capital Strategy</b>	<b>21,707,910</b>	

#### 4.3 Capital Programme – General Fund Resources and Investment Strategy (2017/18-2022/23)

4.3.1 The General Fund capital programme is funded from four main funding sources: capital reserve, (see also paragraph 3.11), capital receipts, LEP funding and prudential borrowing (for the commercial property and garage improvement works). Capital receipts and the capital reserve account for 34% of the total funding, or 47% excluding the LEP funding.

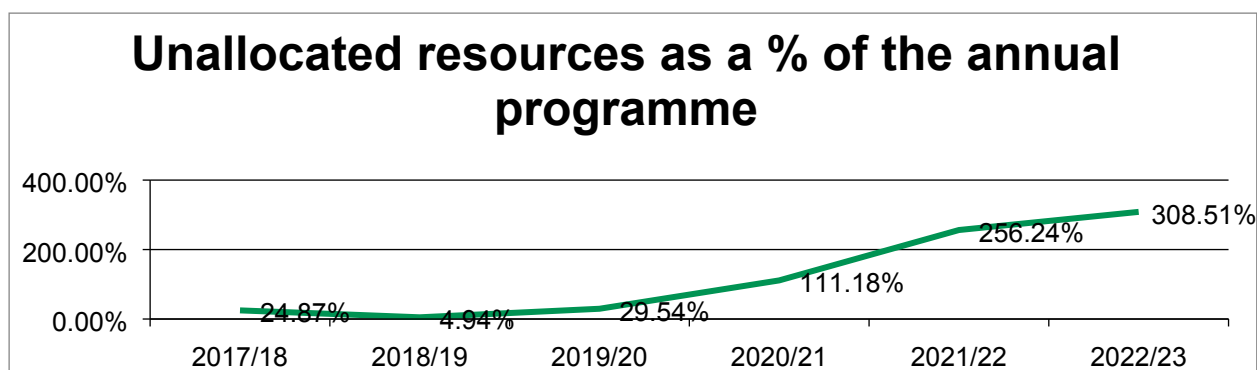


4.3.2 Projected year end unallocated capital resources are shown in the chart below. This shows that there is only £1.07Million of capital balances remaining at the end of 2018/19. This includes an assumption that there will be General Fund revenue underspends of £350,000 in 2017/18 and 2018/19 which will be transferred to the capital reserve, (if realised). If underspends are not identified, there would be just £0.373Million of unallocated resources at the end of 2018/19.

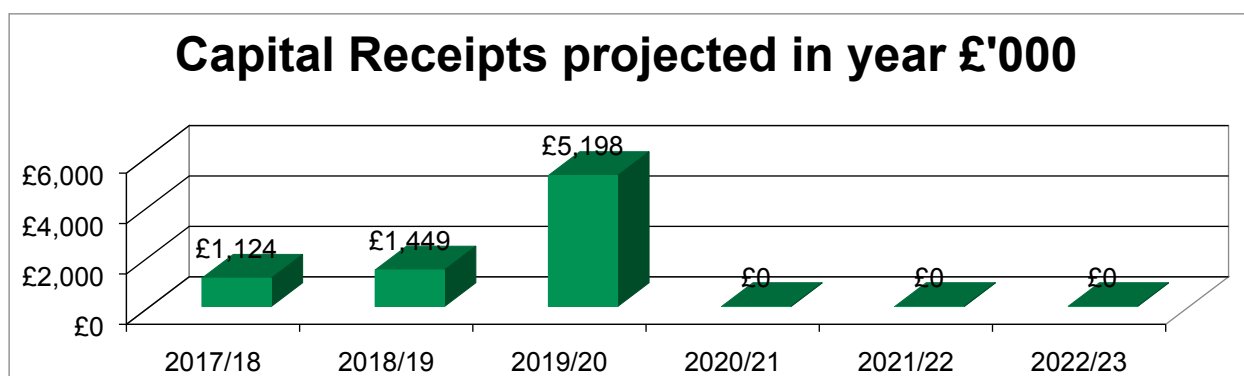


4.3.3 The percentage of resources unallocated at year end as a proportion of capital expenditure is shown in the chart below, which for 2018/19 allows for very little supplementary expenditure or expenditure overruns. The amount of available resource increases dramatically from 2020/21, however as shown in the chart in paragraph 4.1.14 expenditure in later years looks understated and the unallocated balances in the chart above do include the annual assumption of £350K of underspends. In addition the Asset Management Strategy identifies £16.9Million of backlog works required to council owned buildings.





4.3.4 More importantly and in light of the Council's ambitions, which may require significant funding, addition capital receipts will be needed. 2019/20 onwards there are no new receipts identified, (see below).



4.3.5 The proposed programme is funded (albeit unallocated funding is low in 2018/19), but if the Council is to realise its regeneration, housing and neighbourhood improvement delivery aims there will need to be a change in approach which the Asset Management Strategy needs to deliver alongside complementary strategies for community assets.

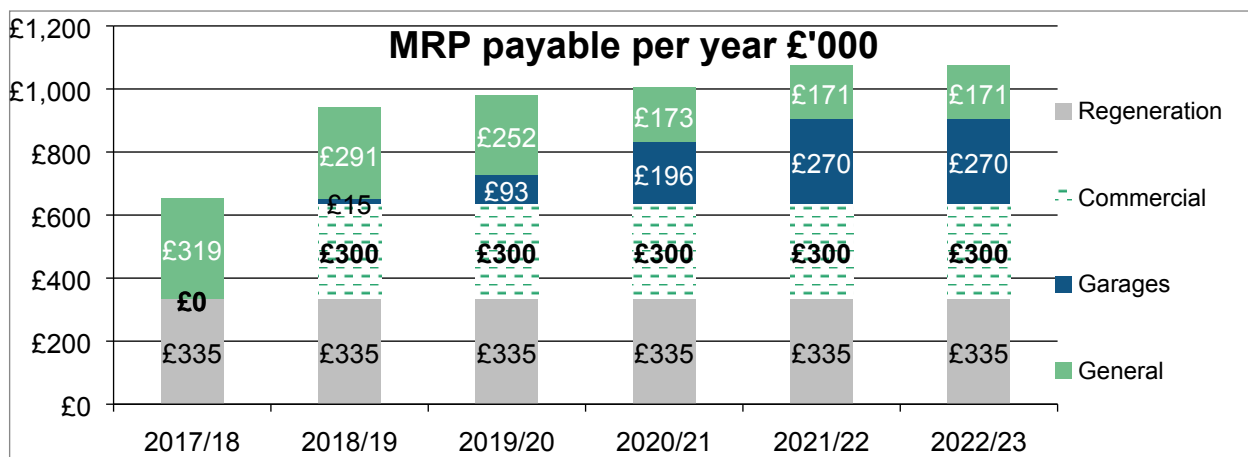
4.3.6 As stated in the draft Capital Strategy there needs to be a renewed focus on:

- Delivery of sites for sale- realised by evaluating how the maximum value can be delivered (Asset Management Strategy).
- Delivery of financially sustainable assets by reviewing condition and considering whether continued investment represents value for money and consider the approach outlined in paragraph 3.5-3.7.
- Consideration of further investment in commercial property primarily to deliver economic sustainability in Stevenage but also to support any future borrowing costs if required for the Council's top priorities, subject to changes the government may make regarding borrowing for commercial investment (see also paragraph 3.21-3.26).
- Building up of reserves from windfall revenue balances to be ring fenced to support the SG1 regeneration and future regeneration schemes.
- Ensuring that wherever possible all S106 receipts are allocated to capital schemes.

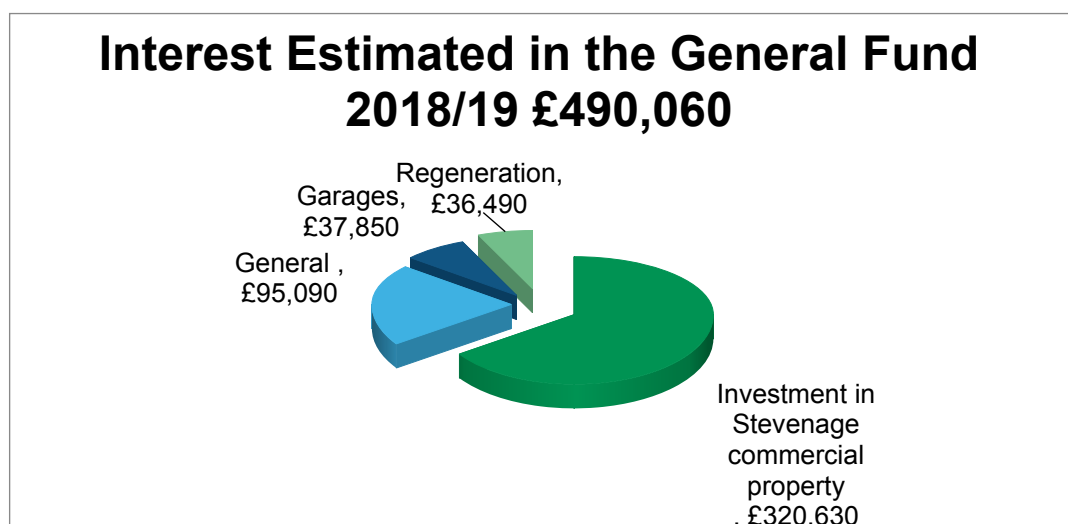
4.3.7 The alternative to the approach set out in paragraph 4.3.6 is to scale down the capital programme and/or borrow to fund capital expenditure. In the



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 in the case of the garage programme. The current level of Minimum Revenue Provision paid in the General Fund is shown in the following table.



- 4.3.8 All of the commercial and regeneration property MRP (and interest) is funded from income generated from those assets and any surpluses are transferred to the Regeneration Assets Allocated reserve which is available for future funding shortfalls or repairs to those assets.
- 4.3.9 MRP is payable regardless of whether the borrowing is taken externally or whether internal balances are used. The projected interest costs on borrowing for 2018/19 are estimated to be £490,060 in 2018/19, which is shown below. The general interest budget relates to capital expenditure for the period 2011/12-2013/14 but where no loans have yet been taken.



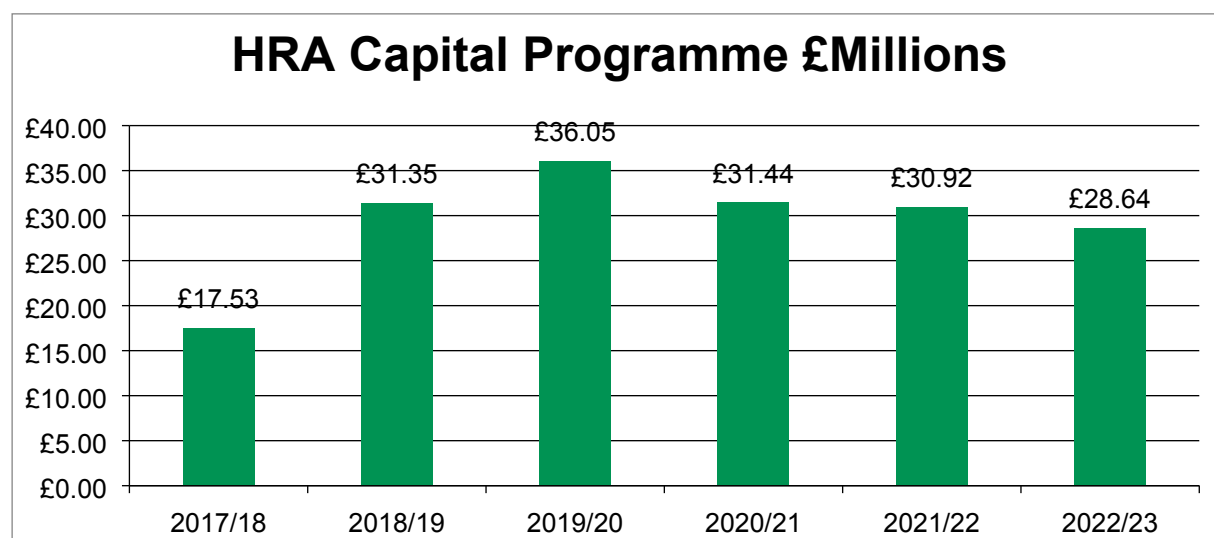
- 4.3.10 The total cost of borrowing in 2018/19 is £1.4Million or an estimated 2% of gross General Fund expenditure. As stated earlier the majority of this cost is met from within the income generated from assets. However if the assets were to be redeveloped the borrowing costs would fall on the General Fund.
- 4.3.11 Although interest costs are relatively low, although starting to rise (2.61% for a 25 year loan), an annual use of borrowing would be an incremental

increase in General Fund costs, which would need to be met from increasing the Financial Security Target for the General Fund. The savings target for the next four years is £1.5Million and any increase to that would be challenging to achieve. For this reason it is recommended that increases in prudential borrowing needs to be met, in the main, from compensating business case savings. This approach further strengthens the importance of the approach outlined in paragraph 4.3.6.

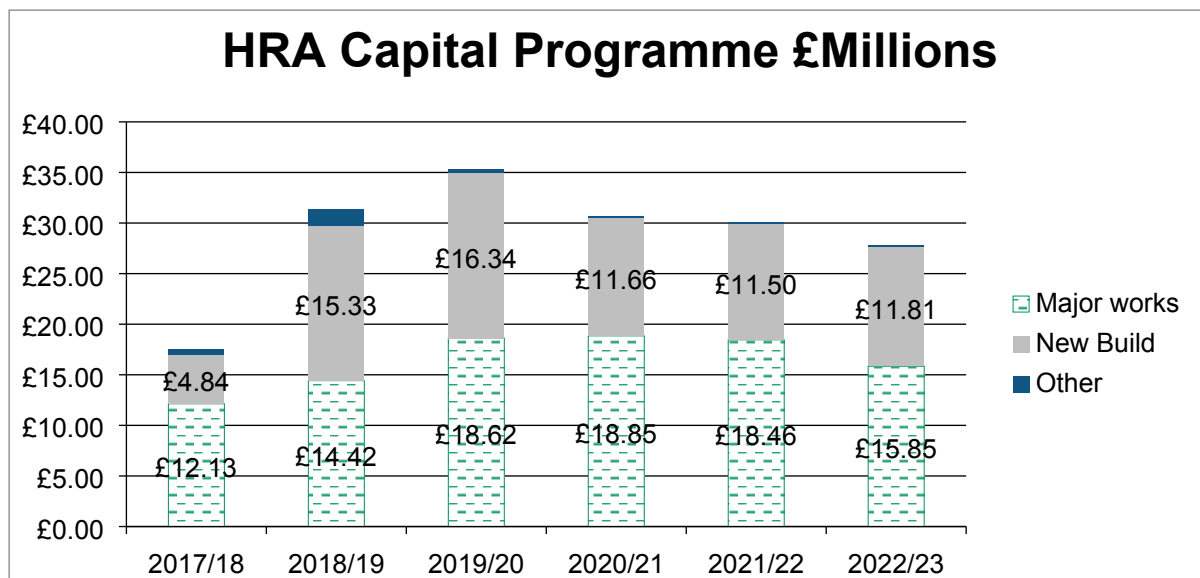
- 4.3.12 The total risk exposure from investment decisions taken for regeneration assets purchased prior to 2015/16 has been mitigated by ring fencing surpluses to the allocated reserve. The estimated balance on the reserve as at 31 March 2019 is projected to be £741Thousand. The Council has taken a similar risk mitigation approach with the Property Investment Strategy which only allows for £200Thousand of income to be included in the General Fund with any remaining surplus being ring fenced to an allocated reserve to cover any future losses. These assets have been purchased to further the Council's regeneration and economic ambitions for Stevenage.

#### 4.4 Capital Programme – Housing Revenue Account (2017/18-2022/23)

- 4.4.1 The HRA capital programme is summarised in the HRA rent setting and budget report to this committee and is set out in the HRA business plan with the exception of the Higher Value Voids Levy (HVV) which the Government has stated will not be introduced in 2018/19 and the slippage to the programme identified in section 4.5. The programme is summarised below and totals £176Million.



- 4.4.2 The increase in 2018/19 onwards reflects the investment in new build. The split between major works, new build and other is shown in the following chart.



4.4.3 As stated in the HRA final rent setting and budget report there is a deficit in the HRA business plan with the first significant shortfall in funding in 2025/26 (£3Million).

#### 4.5 Capital Programme – Housing Revenue Account 2017/18

4.5.1 The 2017/18 programme have been reviewed and updated and the changes are summarised in the table below.

Summary of HRA Capital Programme changes	2017/18 £	Reason
Draft January Capital Strategy	17,270,340	
Approved amendments January:	188,910	
<b>Proposed amendments February:</b>		
New Build Schemes (March Hare)	675,760	This spend has been brought forward from 2018/19 and relates to the new build scheme at the March Hare.
Archer Road	(9,760)	Reduction in final scheme cost and vired to new build cost in 2018/19 programme
Vans for VRS	(600,000)	A number of vehicles, which have been ordered are due for delivery in April-May 2018 and require slipping into 2018/19.
<b>Total Changes February</b>	<b>66,000</b>	<b>Increase in 2018/19 budget</b>
<b>Final February Capital Strategy</b>	<b>17,525,250</b>	

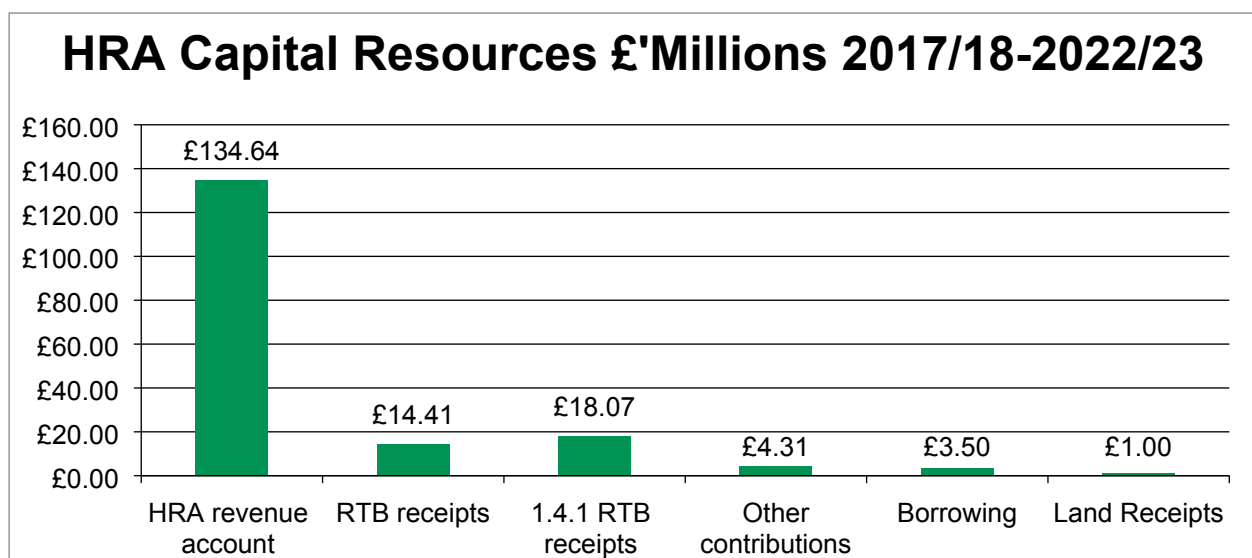
4.5.2 The 2018/19 programme have been reviewed and updated and the changes are summarised in the table below.

Summary of HRA Capital Programme changes	2018/19 £	Reason
Draft January Capital Strategy	36,967,750	

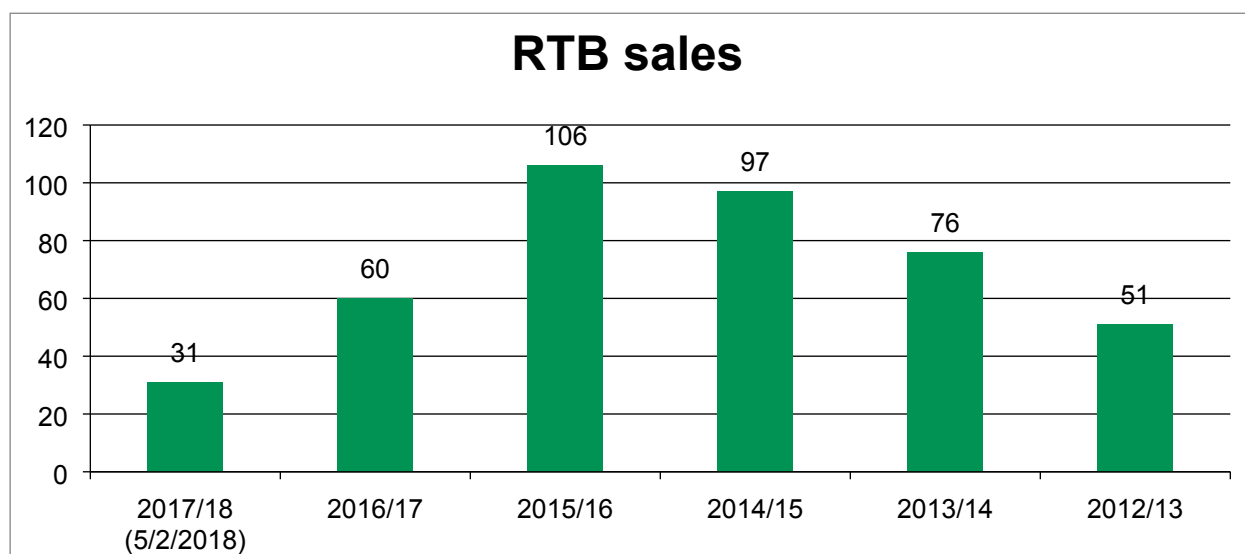
Summary of HRA Capital Programme changes	2018/19 £	Reason
Proposed amendment January:	76,000	
<b>Proposed amendments February:</b>		
New Build Schemes	(666,000)	New Build adjustments from 2017/18 budget brought forward from 2018/19
Vans for VRS	600,000	A number of vehicles, which have been ordered are due for delivery in April-May 2018 and require slipping into 2018/19.
Total net slippage from 2017/18	(66,000)	
New Build Schemes	(2,823,120)	Major development scheme reprofiled based on timeline for planning and to allow for consultation with tenants and residents.
Major Repairs Contract	(2,800,000)	This contract has been reprofiled based on the approved timetable for implementation and mobilisation.
Total slippage to 2019/20 onwards	(5,623,120)	
<b>Total Changes February</b>	<b>(5,689,120)</b>	<b>Increase in 2018/19 budget</b>
<b>Final February Capital Strategy</b>	<b>31,354,630</b>	

#### 4.6 Capital Programme – HRA Resources (2017/18-2022/23)

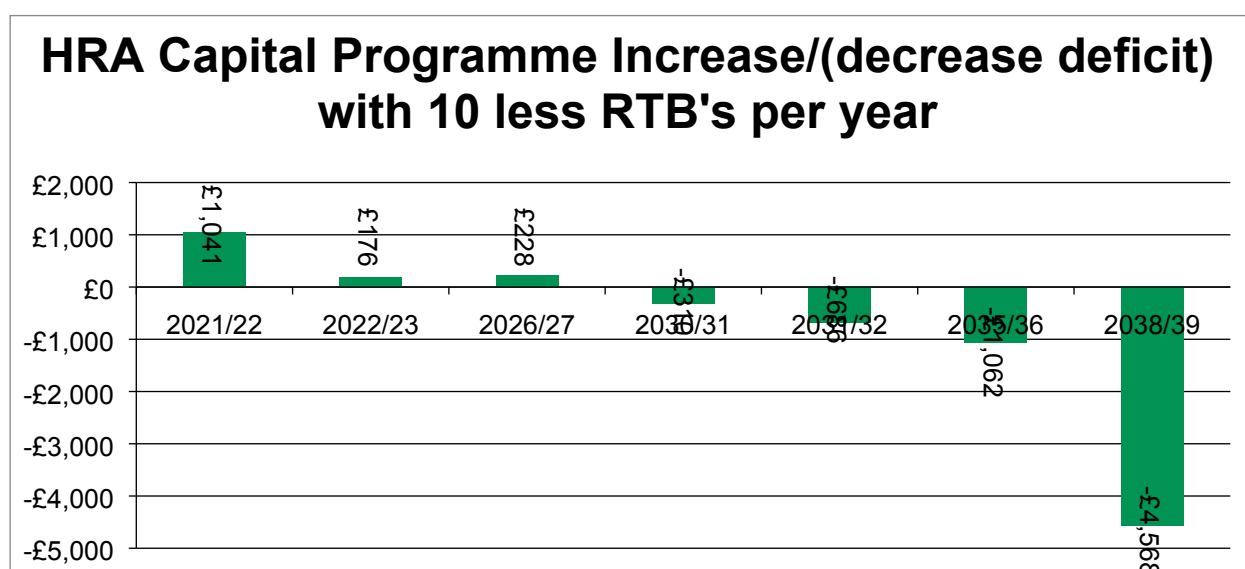
- 4.6.1 The HRA capital programme is funded from four funding sources, of which the majority is funded from the HRA (via depreciation charges or revenue contributions to capital), this accounts for 77% of total funding. Capital receipts from the sale of council houses totals £32.48Million or 18% of total funding; however as Members will be aware the 1.4.1 receipts have restricted use and a further £863,000 is paid to the Government as the Government's share which equates to the pre self-financing pooling payment.



- 4.6.2 The dependency on HRA revenue balances to fund the programme means that the HRA balances are projected to reduce by £19.3Million to £3.2Million between 1 April 2018 and the 31 March 2022.
- 4.6.3 The HRA capital programme funding is based on 50 RTB sales per year, RTB's have fluctuated since self-financing was introduced and in 2017/18 (up to 3/1/2018) there have been 31 RTB sales compared to the revised projection of 42 sales. Current sale projections could be as low as 38 sales for 2017/18 and to date one new build property has been sold under RTB, however the council applied to exempt the property from the pooling regime so 100% of the receipt can be spent on the HRA capital programme.



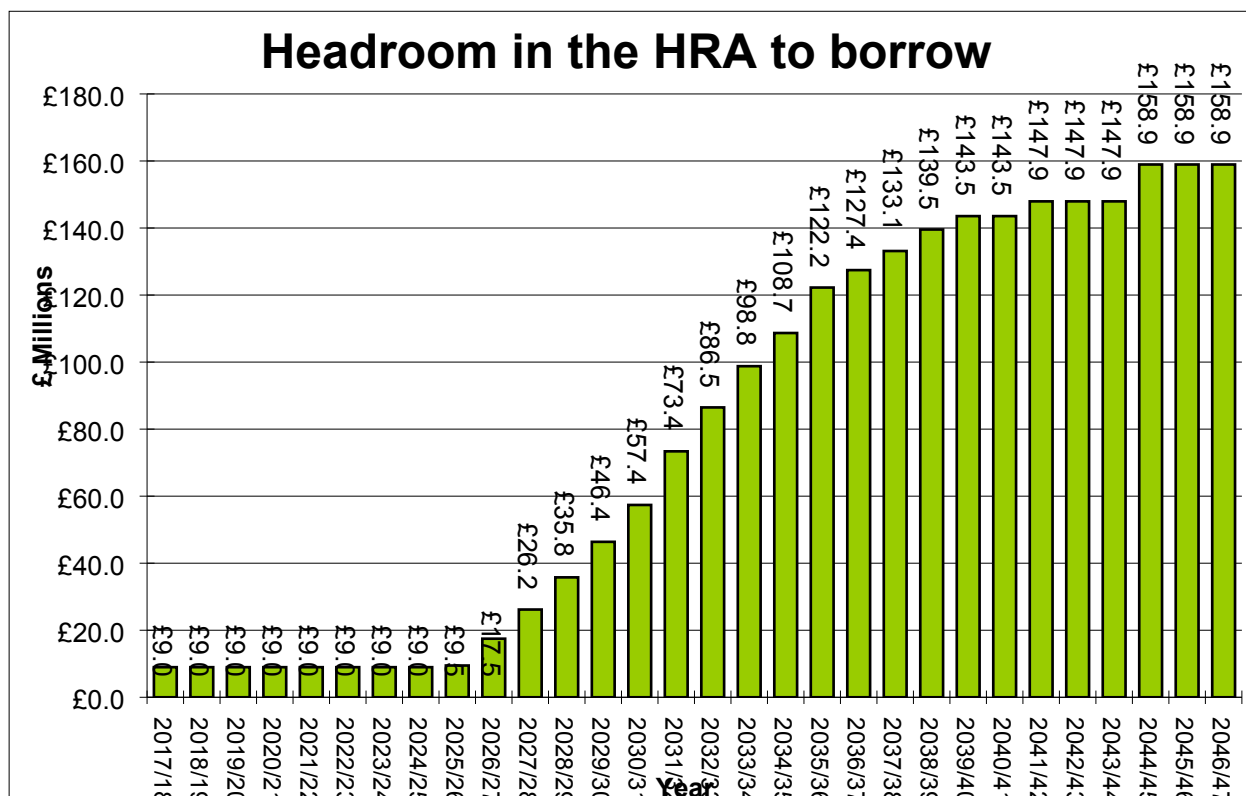
- 4.6.4 The impact of a reduction in RTB sales by 10 to 40 sales per year in the short term increases the capital programme deficit, but in the later years reduces the projected deficit as more rental income is available to fund the programme, reducing it overall by £5.1Million.



- 4.6.5 HRA capital resources have been subject to a number of government policy changes, which have impacted on the level of rents (reduction of £225Million

from the four year 1% rent reduction) and on the level of RTBs, with the increase in discounts since 2012/13, which have more than doubled from £34,000 in 2011/12 to £78,600 in 2017/18.

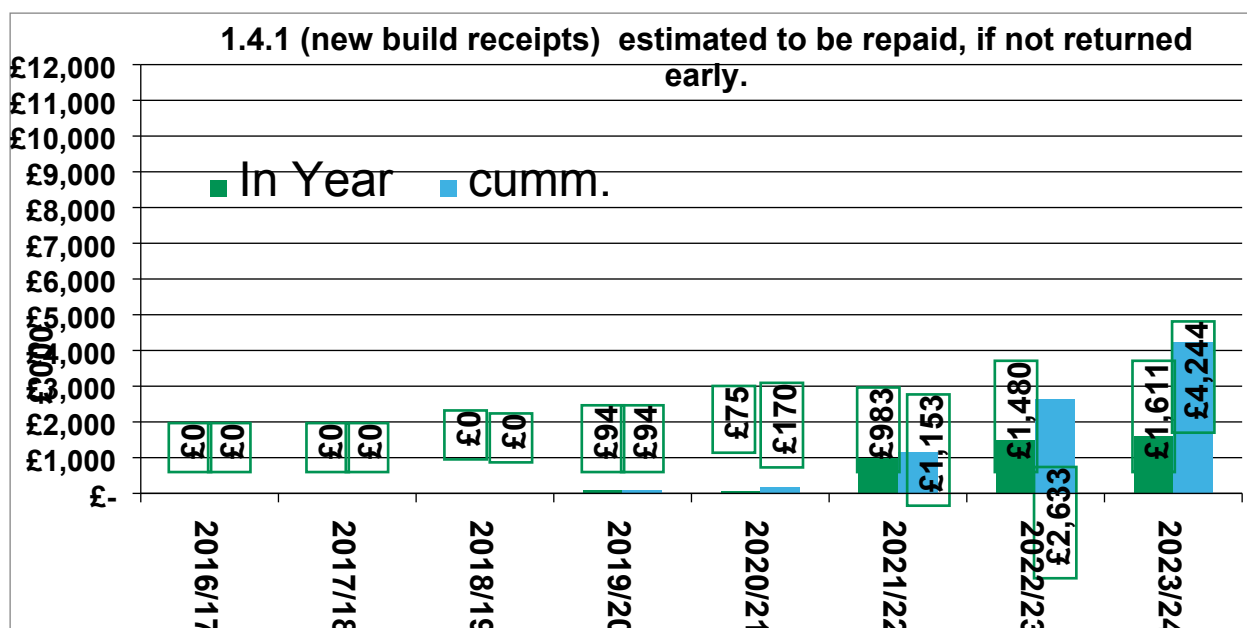
- 4.6.6 The 2017/18 HRA budget assumes new loans totalling £3,500,000. The interest payable in 2017/18 and 2018/19 is estimated to be £7,017,260 and £6,960,140 respectively. The maximum amount the HRA can borrow is £217,685,000 (as set in regulation) and currently the HRA has headroom to borrow as shown below. This includes the transfer of land into the HRA anticipated to be utilised in 2018/19, the total HRA headroom is £8.975Million (31 March 2018).



- 4.6.7 Retaining borrowing headroom has been a policy decision for the HRA. This allows for the funding of emergency or unforeseen event, such as fire safety measures and allows for land transfers into the HRA to meet the council's house building ambitions.

#### 4.7 One for One Receipts For New Build

- 4.7.1 The HRA final budget report (January Executive) identified that there would be a potential return of 1.4.1 receipts in 2019/20 of £94K, however the changes to the HRA capital programme mean the value of receipts that would be due to be repaid is much higher as shown in the chart below.



4.7.2 The Council's HRA new build programme has moved from open market acquisitions to some ambitious new house building, however these schemes are open to more risk of delay as they require design, consultation, planning and tendering the works. Officers are working to mitigate the cost of and the amount of any 1.4.1 receipt returns.

#### 4.8 De Minimis Level for Capital Expenditure 2018/19

4.8.1 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. The limit set for 2017/18 remains unchanged at £5,000.

#### 4.9 Contingency Allowance for 2018/19

4.9.1 The contingency allowance for 2017/18 is £250,000 reflecting the resourcing pressures facing the capital programme. The contingency proposed for 2018/19 is set 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.

#### 4.10 Overview and Scrutiny Committee

4.10.1 The Committee met on the 24 January 2018 and the Assistant Director (Finance and Estates) presented the draft proposals for the 2018/19 Capital Strategy (General Fund and HRA) that has been previously approved by the Executive

- 4.10.2 The Committee were reminded that the report was before them as a Budget and Policy framework item and any comments will be incorporated into the final budget that the Executive would consider for recommendation to Council in February. The Committee did not recommend any changes to the draft budget.

#### **4.11 The Executive**

- 4.11.1 The Executive at its meeting on 14 February 2018, having considered the comments of Overview & Scrutiny Committee agreed the final proposals for recommendations to Council, as set out in the at section 2 of this report.

### **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 Risk Implications**

- 5.3.1 There are risks around achieving the level of disposals or land sales budgeted for. The estimated dates of receipts very much rely on a series of steps being successful at estimated dates, for instance tenders and planning meetings. The Council manages this risk by reviewing and updating the Strategy quarterly, including resources. This will enable action to be taken where a receipt looks doubtful.
- 5.3.2 The General Fund programme is funded from an assumption that £350,000 of underspends will be available to fund the programme each year. If they do not materialise there would be a shortfall of £1.750Million over a five year period, which would necessitate a reduction in the programme or borrowing.
- 5.3.3 There are a number of deferrals in the capital programme and schemes not approved in Appendix C. An amount of £441,040 is included in the General Fund programme to address any additional unavoidable capital spend (which will be carried forward to 2018/19 ), however there is a risk that this may not be sufficient.
- 5.3.4 There are potential contractual risks around tendering contracts in the current market conditions which indicate increased costs of materials and trades as a result of higher inflationary pressures and the unknown impact of BREXIT.
- 5.3.5 The Council's ambition around regeneration, housing delivery and Neighbourhood regeneration could increase pressure on scarce capital resources.
- 5.3.6 The level of RTB receipts if reduced does contribute to HRA balances for rent and meets the Council's waiting list, but may reduce resources available in the short term to fund the HRA capital programme. This will require a re-phasing of the programme in the short term or the consideration of borrowing.



## **5.4 Equalities and Diversity Implications**

- 5.4.1 This report is of a technical nature reflecting the projected spend for the year for the General Fund and HRA 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.
- 5.4.2 Schemes contained within the capital programme will have an EQIA particularly those relating to housing schemes.

## **BACKGROUND DOCUMENTS**

- BD1 2<sup>nd</sup> Quarter Capital Monitoring report (November 2017 Executive)  
<http://www.stevenage.gov.uk/content/committees/182083/182087/182091/Executive-28-November-2017-Item6.pdf>
- BD2 Final HRA Rent Setting and Budget Report (January 2018 Executive)  
<http://www.stevenage.gov.uk/content/committees/182083/182087/182091/Executive-23-January-2018-Item7.pdf>
- BD3 Housing Revenue Account Medium Term Financial Strategy (2017/18-2021/22) September Executive –  
[http://www.stevenage.gov.uk/content/committees/182083/182087/182091/Executive-19-September\\_2107-Item5.pdf](http://www.stevenage.gov.uk/content/committees/182083/182087/182091/Executive-19-September_2107-Item5.pdf)
- BD4 Draft Capital General Fund and HRA Capital Strategy.  
<http://www.stevenage.gov.uk/content/committees/182083/182087/182091/Executive-23-January-2018-Item9.pdf>

## **APPENDICES**

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

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APPENDIX A GENERAL FUND CAPITAL STRATEGY

		2017/2018				2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Cost Centre	Scheme	January Working Budget	Actuals to 31st December 2017	February Revised Budget	Variance (January Working v February Revised Budget)	February Projection	February Projection	February Projection	February Projection	February Projection
		£	£	£	£	£	£	£	£	£
Page 115	<b>General Fund - Schemes</b>									
	Stevenage Direct Services	2,878,360	1,361,396	1,751,860	(1,126,500)	5,531,870	4,107,470	2,811,880	1,072,730	858,960
	Housing Development	2,512,230	855,348	2,512,230		1,251,330	330,000			
	Finance and Estates	15,481,040	16,400	9,881,040	(5,600,000)	5,672,000	15,000	15,000	15,000	15,000
	Corporate Projects, Customer Services & Technology	440,200	150,556	440,200		632,250	300,000	300,000	300,000	300,000
	Housing and Investment	1,689,470	1,064,954	1,689,470		1,175,500	90,000	5,000		
	Regeneration	3,921,810	433,448	3,573,810	(348,000)	6,414,010	10,800,000	500,000		
	Communities and Neighbourhoods	236,080	72,587	236,080		92,750	44,000	20,000	40,000	20,000
	Planning and Regulatory	847,500	423,232	847,500		938,200	413,000	318,000	323,000	318,000
	<b>Total Schemes with Growth Added</b>	<b>28,006,690</b>	<b>4,377,923</b>	<b>20,932,190</b>	<b>(7,074,500)</b>	<b>21,707,910</b>	<b>16,099,470</b>	<b>3,969,880</b>	<b>1,750,730</b>	<b>1,511,960</b>
	<b>General Fund -Resources</b>									
	Capital Receipts	3,898,060		2,568,690	(1,329,370)	5,706,837	1,865,278	692,178	277,758	171,488
	New Build 1-4-1 Receipts - Additional Funding from HRA for RP Grants	2,499,730		2,499,730		701,330				
	Unpooled Receipts	49,560		49,560						
	Grants	407,000		407,000		300,000				
	S106's	8,540		8,540		25,000				
	LEP	3,000,000		3,000,000		5,000,000	10,300,000			
	RCCO	4,000		4,000		394,000	4,000	4,000	4,000	4,000
	Regeneration Asset Reserve			40,000	40,000	140,500				
	Capital Reserve (BG916 Revenue Savings)	723,000		723,000		920,000	720,000	720,000	720,000	720,000
	Capital Reserve (BG903 Housing Receipts)	1,299,673		1,299,673		373,313	386,472	386,472	386,472	386,472
	New Homes Bonus	746,997		631,997	(115,000)	510,230	258,000	312,000	362,500	230,000
	Prudential Borrowing Approved	15,370,130		9,700,000	(5,670,130)	7,636,700	2,565,720	1,855,230		
	Unapproved Borrowing									
	<b>Total Resources (General Fund)</b>	<b>28,006,690</b>		<b>20,932,190</b>	<b>(7,074,500)</b>	<b>21,707,910</b>	<b>16,099,470</b>	<b>3,969,880</b>	<b>1,750,730</b>	<b>1,511,960</b>

APPENDIX A GENERAL FUND CAPITAL STRATEGY

		2017/2018				2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Cost Centre	Scheme	January Working Budget	Actuals to 31st December 2017	February Revised Budget	Variance (January Working v February Revised Budget)	February Projection	February Projection	February Projection	February Projection	February Projection
		£	£	£	£	£	£	£	£	£
	<b>General Funds Receipts</b>									
	<b>Unallocated B/fwd</b>	(5,835,468)		(5,835,468)		(4,390,793)	(133,556)	(3,466,678)	(2,774,500)	(2,496,742)
	In Year Receipts	(1,364,015)		(1,124,015)		(1,449,600)	(5,198,400)			
	Used in Year	3,898,060		2,568,690		5,706,837	1,865,278	692,178	277,758	171,488
	<b>General Fund Receipts Unallocated C/fwd</b>	(3,301,423)		(4,390,793)		(133,556)	(3,466,678)	(2,774,500)	(2,496,742)	(2,325,254)
	<b>Capital Reserve Resource</b>									
	<b>Unallocated B/fwd</b>	(939,071)		(939,071)		(350,000)	(500,000)	(850,000)	(1,200,000)	(1,550,000)
	In Year Resource	(1,433,602)		(1,433,602)		(1,443,313)	(1,456,472)	(1,456,472)	(1,456,472)	(1,456,472)
	Used in Year	2,022,673		2,022,673		1,293,313	1,106,472	1,106,472	1,106,472	1,106,472
	<b>Capital Reserve Unallocated C/fwd</b>	(350,000)		(350,000)		(500,000)	(850,000)	(1,200,000)	(1,550,000)	(1,900,000)

# APPENDIX A GENERAL FUND CAPITAL STRATEGY

Cost Centre	Scheme	2017/2018				2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
		January Working Budget	Actuals to 31st December 2017	February Revised Budget	Variance (January Working v February Revised Budget)	February Projection	February Projection	February Projection	February Projection	February Projection
		£	£	£	£	£	£	£	£	£
	<b>Stevenage Direct Services</b>									
	<b>Parks &amp; Open Spaces</b>									
KC063	Ridlins Park Football Pitch Improvements (S106)	8,540	8,544	8,540						
KC218	Hertford Road Play Area (S106 Funded)					25,000				
KE911	Play Area Improvement Programme	388,880	116,901	388,880		232,700	137,000	243,000	283,500	220,000
KE097	Litter bins	91,000	93,396	91,000		58,000	125,000	73,000	83,000	10,000
KE325	Open Spaces Furniture	8,000		8,000						
KE329	Play Areas Fixed Play	20,000	3,000	20,000						
KE909	Fairlands Valley Park Campshill Bridge	37,040	37,037	37,040						
KE910	Fairlands Valley Park Balancing Pond - Dredging	30,000	27,526	30,000						
	<b>Garage Works</b>									
KG002	Garages	500,000	205,815	300,000	(200,000)	3,430,810	2,815,720	2,105,220	375,000	75,000
KG025	Garage Site Assembly	180,000	789		(180,000)	180,000				
	<b>Vehicles, Plant, Equipment</b>									
KE349	Waste Receptacles	30,000	29,999	30,000		30,000	15,000	15,000		
KE391	Vehicle replacement for KE06CYY (Scarab Major)	109,920	109,923	109,920					125,000	
KE392	Vehicle replacement for KE06EYM (LF45)	45,000			(45,000)	45,000				
KE395	Plant replacement for Shredder (Seko SAMS 500/150)	84,380	84,375	84,380						98,000
KE396	Plant replacement for Site Store (Sitesafe)					8,000				
KE397	Plant replacement for Site Hut (Sitesafe)					11,000				
KE398	Plant replacement for Rotorvator (Dowdswell 70)	12,000			(12,000)	24,360				14,000
KE401	Vehicle replacement for EF07THK (115T350)	30,000			(30,000)	30,000				
KE402	Vehicle replacement for EJ57DGV (TRANSIT 350)	45,000			(45,000)	45,000				
KE403	Vehicle replacement for LM58JNN (140T460)	30,000			(30,000)	30,000				
KE405	Vehicle replacement for LN58UJU (140T460)	30,000			(30,000)	30,000				
KE408	LK07MPE ECONIC 3233 (DENNIS WILL REPLACE)	164,080	164,077	164,080						
KE412	LN09PDO	151,030	151,031	151,030						
KE413	LN09PLO ECONIC 3233	164,080	164,077	164,080						
KE414	LP08ZYD CONNECT TDCI								15,000	
KE420	Vehicle replacement for LL58ZRK (LF45)	40,000			(40,000)	40,000				
KE421	Vehicle replacement for KC57NNR (Fiesta)					12,000				
KE422	Vehicle replacement for KE07BXY (LF45)	40,000			(40,000)	40,000				
KE423	Vehicle replacement for KE008ACU (Fiesta)					14,000				
KE424	Vehicle replacement for EU57WHH (R324T)	35,000			(35,000)	35,000				
KE425	Vehicle replacement for KE07FBX (324)	38,000			(38,000)	38,000				
TBA	Plant replacement for Chipper (Timberwolf TW150DHB)					15,000				
KE426	Plant replacement for Site Hut (Sitesafe)					11,000				
KE427	Plant replacement for Site Hut (Sitesafe)					11,000				
KE428	Plant replacement for JCB Excavator (8035 ZTS)	45,000			(45,000)	45,000				
	<b>Stevenage Direct Services (Continued)</b>									
KE429	Vehicle replacement for GN60ADU (Scarab minor)	85,000			(85,000)	85,000				99,000
KE430	Vehicle replacement for LK09EEP (1545)	38,000			(38,000)	38,000				

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		£	£	£	£	£	£	£	£	£
TBA	Vehicle replacement for LK09EET (1545)					25,000				28,500
KE431	AE05EOW Transit 430 LWB	70,000			(70,000)	70,000				
KE432	EK10BYO TRANSIT 115 350M	45,000			(45,000)	45,000				
KE433	GX61AFO 101	65,000			(65,000)	65,000				75,500
TBA	LK10AVJ R324T					40,000				
KE419	LN09PLU ECONIC 2629	164,910	164,907	164,910		175,000	180,250	185,660	191,230	196,960
KE434	Plant replacement for Side arm Flail (Port Agric Typhoon M580E)	17,500			(17,500)	17,500				
KE435	Plant replacement for Side arm Flail (Port Agric M250)					9,500				
KE436	Applied sweeper green machine	18,000			(18,000)	18,000				21,000
KE437	Applied sweeper green machine	18,000			(18,000)	18,000				21,000
KE453	JCB Refurbishment							165,000		
TBA	N94DRO 955						40,000			
TBA	Vehicle replacement for EY56XEW (Clinical Waste)						25,000			
TBA	Vehicle replacement for F580FUD					35,000				
TBA	Vehicle replacement for F589FUD					35,000				
TBA	Vehicle replacement for LK10CXF (Kubota)									
TBA	Vehicle replacement for LK10CXG (Kubota)					15,000				
TBA	Vehicle replacement for LM58HDX (140T460)						35,000			
TBA	Vehicle replacement for LM58HZT (330)						26,000			
TBA	Vehicle replacement for LN58UJS (RANGER TDCI)						26,000			
TBA	Vehicle replacement for LK08GPJ (324)					30,000				
TBA	Vehicle replacement for LK08GPY (424)					45,000				
TBA	Vehicle replacement for WX08LMO (Neuson Dumper)						20,000			
TBA	Vehicle replacement for Y466GWV (Jones Euro Dumper)						30,000			
TBA	Plant replacement for Chipper (Timberwolf TW150DHB)						15,000			
TBA	EO56LND Ranger 4X4 Turbo Di						20,000			
TBA	LK10FDJ 1545							25,000		
TBA	LM58JWG LF55.220						77,500			
TBA	LK08PVT FAD CF85 410						120,000			
TBA	Vehicle replacement for V544MNM (JCB 2CXU)						40,000			
New	Vehicle replacement for LM61VPC					180,000				
New	Vehicle replacement for LR62YBS						180,000			
New	Vehicle replacement for LN13 DSE						180,000			
New	Vehicle replacement for MX58GYV					80,000				
New	Fork Lift (Gas Operated)					65,000				
	<b>Total Stevenage Direct Services</b>	<b>2,878,360</b>	<b>1,361,396</b>	<b>1,751,860</b>	<b>(1,126,500)</b>	<b>5,531,870</b>	<b>4,107,470</b>	<b>2,811,880</b>	<b>1,072,730</b>	<b>858,960</b>

APPENDIX A GENERAL FUND CAPITAL STRATEGY

		2017/2018				2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Cost Centre	Scheme	January Working Budget	Actuals to 31st December 2017	February Revised Budget	Variance (January Working v February Revised Budget)	February Projection	February Projection	February Projection	February Projection	February Projection
		£	£	£	£	£	£	£	£	£
KG030 KE328 New	<b>Housing Development</b>									
	Grants To Registered Providers	2,499,730	854,970	2,499,730		701,330				
	Archer Road Neighbourhood Centre 2014 (General Fund)	12,500	378	12,500						
	Building Conversion into New Homes					550,000	330,000			
	<b>Total Housing Development</b>	<b>2,512,230</b>	<b>855,348</b>	<b>2,512,230</b>		<b>1,251,330</b>	<b>330,000</b>			

APPENDIX A GENERAL FUND CAPITAL STRATEGY

		2017/2018				2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Cost Centre	Scheme	January Working Budget	Actuals to 31st December 2017	February Revised Budget	Variance (January Working v February Revised Budget)	February Projection	February Projection	February Projection	February Projection	February Projection
		£	£	£	£	£	£	£	£	£
KE388 KR911 KR912 New New	Finance & Estates									
	Town Square Retail Units Development (nos 3 - 29)	40,000	16,400	40,000						
	Deferred Works Reserve	441,040		441,040						
	Investment Property	15,000,000		9,400,000	(5,600,000)	5,600,000				
	IDOX Property Management Software					30,000				
	Energy Performance surveys and proposed building works					42,000	15,000	15,000	15,000	15,000
	Total Finance & Estates	15,481,040	16,400	9,881,040	(5,600,000)	5,672,000	15,000	15,000	15,000	15,000



APPENDIX A GENERAL FUND CAPITAL STRATEGY

		2017/2018				2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Cost Centre	Scheme	January Working Budget	Actuals to 31st December 2017	February Revised Budget	Variance (January Working v February Revised Budget)	February Projection	February Projection	February Projection	February Projection	February Projection
		£	£	£	£	£	£	£	£	£
Page 21	<b>Corporate Projects, Customer Services &amp; Technology</b>									
	KS230 Changing Channels Payment Portal	12,280	8,123	12,280						
	KS256 Implementation of Uniform Modules	10,600		10,600						
	KS251 Harmonising Infrastructure Technology (for shared service)	150,330	75,825	150,330						
	KS262 On-Line Housing Application Form					3,250				
	KS260 Replacement HR & Payroll System	41,990	9,829	41,990						
	<b>Digital Agenda</b>									
	KS268 Infrastructure Investment	175,000	48,012	175,000		125,000	200,000	300,000	300,000	300,000
	KS269 New Intranet	30,000		30,000		50,000				
	KS270 Online Customer Account (formerly Capita Advantage Digital					100,000				
	KS271 Corporate Website - Redesign					99,000				
	KS263 Waste and Recycling System					90,000				
	KS272 Electronic SMB Reports System	10,000	8,768	10,000						
	KS273 Call Recording					46,000				
	KS264 Implementation of Civica Icon Payments (Car Park Season Ticket Online	10,000		10,000						
	BA New CRM Technology					99,000				
	BA Future Online Development of Civica Icon Payments					20,000				
	BA Next Generation Telephony						100,000			
	<b>Total Corporate Projects, Customer Services &amp; Technology</b>	<b>440,200</b>	<b>150,556</b>	<b>440,200</b>		<b>632,250</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>

# APPENDIX A GENERAL FUND CAPITAL STRATEGY

		2017/2018				2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Cost Centre	Scheme	January Working Budget	Actuals to 31st December 2017	February Revised Budget	Variance (January Working v February Revised Budget)	February Projection	February Projection	February Projection	February Projection	February Projection
		£	£	£	£	£	£	£	£	£
	<b>Housing and Investment</b>									
KG024	Asbestos Surveyor for Garages (one year contract)	30,000	11,447	30,000		10,000				
New	Asbestos Surveyor for garages					10,000				
	<b>Play Centres</b>									
KC904	Play Centres General	43,890	11,369	43,890						
KR135	Demolition of Former Chells Play Centre at Elliot Road	19,500	14,850	19,500						
New	Pin Green - New Storage Heaters					8,500				
New	Pin green - Replace External lighting					12,000				
New	Pin Green - Replace Hall Lighting					10,000				
New	Bandley Hill - Replace External Door Sets					6,000				
	<b>Community Centres</b>									
KE902	Community Centres General	269,460	170,498	269,460						
New	St Nicholas - Replacment Windows						25,000			
New	St Nicholas - Boiler and Hot Water Installation Upgrade					22,000				
New	St Nicholas Annexe - External Decorations						20,000			
New	Bedwell - External Cedar Cladding Works							5,000		
New	Shephal - Boiler Replacement						45,000			
KE147	The Oval - Re-roofing	167,000	744	167,000		87,500				
New	The Oval - Replace Radiators					8,000				
New	Springfield House - Works to External Envelope.					15,000				
New	Timebridge - Boiler and Hot Water Refurbishment					10,000				
KE908	Symonds Green Community Centre Extension	349,260	332,671	349,260						
KE912	Scarborough Avenue Site - Residential Redevelopment									
	<b>Park Pavilions</b>									
KE907	Park Pavilions General	77,000	40,594	77,000						
New	Chells - Decommission Shower & Provide Hot Water To Changing Rooms					25,000				
New	Shephalbury Bowls - Reroofing					18,000				
New	Ridlins - Upgrade Heating and Ventilating Equipment					7,500				
New	St Nicholas - Electric Heating Replacement					8,000				
New	Canterbury Way - Demolition					12,000				
	<b>Depots</b>									
KE903	Depots	38,000	7,737	38,000						
New	Cavendish Rd - Office Alterations					35,000				
	<b>Cemeteries</b>									
KE904	Cemetery Buildings	15,000	2,276	15,000						
New	Weston Road - Replace / Upgrade Electric Space Heating.					25,000				
New	Weston road - External Joinery Decorations					10,000				

# APPENDIX A GENERAL FUND CAPITAL STRATEGY

Cost Centre	Scheme	2017/2018				2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
		January Working Budget	Actuals to 31st December 2017	February Revised Budget	Variance (January Working v February Revised Budget)	February Projection	February Projection	February Projection	February Projection	February Projection
		£	£	£	£	£	£	£	£	£
	<b>Housing and Investment</b>									
	<b>Operational Buildings</b>									
KE913	Fairlands Valley Farmhouse - Improvements	55,000	1,233	55,000						
KR900	Council Offices	46,000	4,278	46,000						
KR028	Energy Conservation Schemes	41,730	3,193	41,730						
KR121	Daneshill House Enhancement Works - Atrium & First Floor									
KR122	Daneshill House Enhancement Works - 5th Floor	205,370	193,751	205,370						
KR131	Toilets Upgrade	112,120	91,396	112,120						
KR133	Main Reception Refurbishment	7,360	5,148	7,360						
KR134	Daneshill House Lift Door Control Upgrade Works									
KR139	Swingate House - Reroofing	100,000	96,497	100,000						
KR140	Demolition of Doctors Surgery Shephall Way	17,200	18,150	17,200						
New	Corporate Buildings - Essential Health & Safety Electrical Works					25,000				
New	Corporate and Commercial Buildings - Condition survey					30,000				
	<b>Commercial Estate</b>									
KE901	Markets		217							
KE448	Indoor Market Essential Health & Safety Works	50,000	34,138	50,000		113,000				
KE449	Indoor Market - Fire Alarm Replacement	5,000		5,000		50,000				
New	Indoor Market - Fire Alarm Replacement					25,000				
KE450	Indoor Market Toilet Refurbishment	25,500	470	25,500						
KR902	Business Technology Centre & Chells Industrial Estate		221							
KR903	Shops		173							
KR907	Parts of Swingate House (Investment, formerly non-operational)									
KR136	Preparation Works to Units 1,4,5 of the former QD Building		3,505			57,500				
KR137	Works to 29 Town Square		81			27,500				
KR138	Town Square Assets - Condition Survey		2,964			113,000				
New	Town Centre Toilets - Reroofing / Remedial Works					5,000				
New	Town Chambers - Reroofing, Guttering, Rainwater Pipe Replacement. Safe roof access					200,000				
New	Town Chambers - Essential Works to Existing Windows					50,000				
New	Town Chambers / Square - External Facade Structural Repairs					110,000				
New	Town Chambers - Landlords Electrical Inspection and Remedial Works					30,000				
KE033	Town Centre Toilets - Refurbishment									
KE314	Town Centre Cross Canopies	15,080	17,354	15,080						
	<b>Total Housing and Investment</b>	<b>1,689,470</b>	<b>1,064,954</b>	<b>1,689,470</b>		<b>1,175,500</b>	<b>90,000</b>	<b>5,000</b>		

APPENDIX A GENERAL FUND CAPITAL STRATEGY

		2017/2018				2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Cost Centre	Scheme	January Working Budget	Actuals to 31st December 2017	February Revised Budget	Variance (January Working v February Revised Budget)	February Projection	February Projection	February Projection	February Projection	February Projection
		£	£	£	£	£	£	£	£	£
	<b>Regeneration</b>									
KE389	Improvements to 'Forum Square'	250,000	185,020	185,000	(65,000)					
KE384	Town Centre Improvements Phase 2 incl wayfinding signage	171,810	34,147	121,810	(50,000)	166,010				
KE390	Intersection at Park Place and Queensway	250,000	202,194	250,000						
KE438	Public Realm Improvements to Market Place	250,000	12,088	12,000	(238,000)	503,000				
KE439	Public Realm Improvements to Town Square			5,000	5,000	545,000	500,000	500,000		
KE452	Town Centre Regeneration Programme (LEP Funded)	3,000,000		3,000,000		2,500,000				
New	Bus Interchange					200,000	7,800,000			
New	CCTV Relocation					1,000,000				
New	Town Square Improvements					1,000,000	1,500,000			
New	Leisure Centre					500,000	1,000,000			
	<b>Total Regeneration</b>	<b>3,921,810</b>	<b>433,448</b>	<b>3,573,810</b>	<b>(348,000)</b>	<b>6,414,010</b>	<b>10,800,000</b>	<b>500,000</b>		

APPENDIX A GENERAL FUND CAPITAL STRATEGY

		2017/2018				2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Cost Centre	Scheme	January Working Budget	Actuals to 31st December 2017	February Revised Budget	Variance (January Working v February Revised Budget)	February Projection	February Projection	February Projection	February Projection	February Projection
		£	£	£	£	£	£	£	£	£
	<b>Community &amp; Neighbourhoods</b>									
KC900	Arts and Leisure Centre - Improvements	84,000	21,354	84,000						
KC903	Golf Course	5,480	9,091	5,480						
KC901	Stevenage Swimming Centre	72,000	7,654	72,000						
TBA	Fairlands Valley Park - Aqua					7,000	24,000			
TBA	Leisure Stock Condition					30,000				
New	Leisure Stock Condition					10,000			20,000	
KC221	St Nicholas Play Centre Equipment	19,200		19,200						
KC222	Pin Green Play Centre Equipment- Cableway	3,910	3,906	3,910						
KC223	Pin Green Play Centre Equipment - Large Tower Unit	29,730	29,731	29,730						
New	Banley Hill Play Centre - Treehouse					30,000				
KC219	Fitness Facility Redevelopment	2,000	851	2,000						
KE452	Mobile CCTV Cameras	19,760		19,760						
New	CCTV					15,750	20,000	20,000	20,000	20,000
	<b>Total Community &amp; Neighbourhoods</b>	<b>236,080</b>	<b>72,587</b>	<b>236,080</b>		<b>92,750</b>	<b>44,000</b>	<b>20,000</b>	<b>40,000</b>	<b>20,000</b>

# APPENDIX A GENERAL FUND CAPITAL STRATEGY

		2017/2018				2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Cost Centre	Scheme	January Working Budget	Actuals to 31st December 2017	February Revised Budget	Variance (January Working v February Revised Budget)	February Projection	February Projection	February Projection	February Projection	February Projection
		£	£	£	£	£	£	£	£	£
	<b>Planning &amp; Regulatory</b>									
KE119	Off Street Car Parks (Multi Storey Car Parks)	82,740	40,905	82,740		332,500	225,000	225,000	225,000	225,000
KE900	Off Street Car Parks (Surface Car Parks)	56,250		56,250						
New	MSCP's Lighting Improvements					80,000	20,000			
KE201	Hard standings	88,990	44,467	88,990		50,000	50,000	50,000	50,000	50,000
KE100	Residential Parking	83,020	3,956	83,020		70,000	70,000			
KE417	Town Centre Parking Proposals	11,960	13,986	11,960						
KE217	Parking Restrictions	13,190	10,287	13,190		44,700	25,000	25,000	25,000	25,000
KE440	Town Centre Pond Replacement Fountain Pump	6,000		6,000						
KE441	Parking Enforcement - Phased replacement pay & display machines					22,000				
KE442	Parking Enforcement - Burymead Permit Parking Area Implementation					10,000				
KE443	Parking Enforcement - Old Town Permit Parking Area Implementation	1,000		1,000		11,000				
KE444	Coreys Mill Lane - Additional Parking Capacity	24,600	500	24,600						
KE445	Kimbolton Crescent - resurfacing footpaths / parking areas £35000 to be split 61% HRA and 39% GRF	13,650		13,650						
KE446	Neighbourhood Centres - The Glebe- replacement benches	8,000		8,000						
KE224	CCTV (Cameras/Network/Monitoring/Data)	14,190	14,188	14,190						
KE107	Christmas Lights	11,910	11,092	11,910			5,000		5,000	
KE010	House Renovation/Improvement Grants	25,000	6,903	25,000		18,000	18,000	18,000	18,000	18,000
KG011	Disabled Facilities Grants	407,000	276,949	407,000		300,000				
	<b>Total Planning &amp; Regulatory</b>	<b>847,500</b>	<b>423,232</b>	<b>847,500</b>		<b>938,200</b>	<b>413,000</b>	<b>318,000</b>	<b>323,000</b>	<b>318,000</b>

# APPENDIX B - HOUSING CAPITAL STRATEGY

		2017/2018			2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Cost Centre	Scheme	January Working Budget £	Actual 31st December 2017 £	February Revised Budget £	February Projection £	February Projection £	February Projection £	February Projection £	February Projection £
Page 127	<b>SUMMARY</b>								
	Capital Programme Excluding New Build	12,132,350	5,366,294	12,132,350	14,419,530	18,615,880	18,847,610	18,458,690	15,846,080
	Capital Programme - New Build	4,175,630	2,777,347	4,841,630	15,327,630	16,339,740	11,657,500	11,498,700	11,809,170
	Capital Programme - ICT & Equipment & Special Projects	1,151,270	93,786	551,270	1,607,470	336,970	151,890	156,980	156,980
	Capital Programme - High Voids Levy					756,360	781,690	807,880	824,840
	<b>TOTAL HRA CAPITAL PROGRAMME</b>	<b>17,459,250</b>	<b>8,237,426</b>	<b>17,525,250</b>	<b>31,354,630</b>	<b>36,048,950</b>	<b>31,438,690</b>	<b>30,922,250</b>	<b>28,637,070</b>
	<b>HRA USE OF RESOURCES*</b>								
	MRR (Self Financing Depreciation)	3,947,632		3,813,441	20,066,927	15,733,518	12,783,153	13,097,830	13,533,025
	Revenue Contribution & London Housing Consortium Grant	110,220		110,220	7,675,450	13,416,796	12,952,658	12,135,547	9,321,643
	Unpooled Receipts (BH902)	535,333		539,533					
	New Build Receipts (BH901)	1,228,659		1,424,650	2,454,562	3,701,922	3,497,250	3,449,610	3,542,749
	Debt Provision Receipts (BH903)	8,116,109		8,116,109	1,157,691	1,191,009	1,207,100	1,095,900	1,079,300
	Section 20 Contribution (BH905)					1,005,705	998,529	1,143,363	1,160,353
	Land Receipts					1,000,000			
	Buy Back Allowance	21,297		21,297					
	Borrowing	3,500,000		3,500,000					
	Other Contribution - S106 Affordable Housing								
	<b>TOTAL HRA RESOURCES FOR CAPITAL</b>	<b>17,459,250</b>		<b>17,525,250</b>	<b>31,354,630</b>	<b>36,048,950</b>	<b>31,438,690</b>	<b>30,922,250</b>	<b>28,637,070</b>
	Major Repair Reserve Bought Forward	(4,507,777)		(4,507,777)	(12,051,306)	(3,776,574)	(111,160)	0	0
	Depreciation (increasing MRR)	(11,356,970)		(11,356,970)	(11,792,195)	(12,068,104)	(12,671,993)	(13,097,830)	(13,537,895)
	MRR Used (decreasing MRR)	3,947,632		3,813,441	20,066,927	15,733,518	12,783,153	13,097,830	13,537,895
	Major Repair Reserve Carried Forward	<b>(11,917,116)</b>		<b>(12,051,306)</b>	<b>(3,776,574)</b>	<b>(111,160)</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Total RTB Receipts Bought Forward	(18,679,803)		(18,679,803)	(10,235,790)	(11,895,848)	(13,132,939)	(14,827,182)	(15,973,659)
	Total RTB Receipts Received	(4,355,791)		(4,136,009)	(5,973,640)	(7,224,382)	(6,473,946)	(6,732,415)	(8,016,856)
	Total RTB Receipts Used by General Fund (Registered Providers)	2,499,730		2,499,730	701,330				
	Receipts used for Registered Providers					94,359	75,354	1,040,428	1,480,216
	Total RTB Receipts Used by HRA	9,880,101		10,080,292	3,612,253	4,892,931	4,704,350	4,545,510	4,622,049
	Total RTB Receipts Carried Forward	<b>(10,655,763)</b>		<b>(10,235,790)</b>	<b>(11,895,848)</b>	<b>(14,132,939)</b>	<b>(14,827,182)</b>	<b>(15,973,659)</b>	<b>(17,888,250)</b>

# APPENDIX B - HOUSING CAPITAL STRATEGY

Cost Centre	Scheme	2017/2018			2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
		January Working Budget £	Actual 31st December 2017 £	February Revised Budget £	February Projection £	February Projection £	February Projection £	February Projection £	February Projection £
	<b>CAPITAL PROGRAMME EXCL. NEW BUILD</b>								
	<b>Planned Investment including Decent Homes</b>								
KH157	Decent Homes - Redecs	20,000	250	20,000	20,000	20,000	20,000	20,000	20,000
Various1	Decent Homes - Internal Works	1,099,700	667,654	1,099,700	2,098,900	1,731,290	1,705,670	1,802,910	1,779,870
Various2	Decent Homes External Works	4,886,830	2,164,770	4,886,830	1,650,000				
Various3	Decent Homes - Roofing	2,921,920	1,174,600	2,921,920					
Various4	Decent Homes - Flat Blocks				5,748,870	12,635,140	12,828,700	12,852,780	11,841,420
KH205	Communal Heating	120,000	181,967	120,000	1,331,320	1,333,030	1,313,300	1,316,820	
KH092	Lift Installation - Inspection & Remedial Works	70,000	51,117	70,000	307,230	307,620	303,070	265,390	
	<b>Health &amp; Safety</b>								
KH085	Fire Safety	122,670	51,446	122,670	81,740	81,400	80,190	80,410	79,380
KH112	Asbestos Management	427,210	331,203	427,210	381,470	379,870	374,250	375,250	370,460
KH079	Asbestos Survey								
KH114	Subsidence	107,770	29,552	107,770	150,000	102,540	101,020	101,290	100,000
KH144	Contingent Major Repairs	297,520	179,137	297,520	450,000	420,420	425,480	435,560	440,000
KH221	Scooter Storage	29,810		29,810					
	<b>Estate &amp; Communal Area</b>								
KH232	Hard to let Property Improvement								
KH223	Asset Review - Challenging Assets	595,820	227,691	595,820	814,460	615,240	606,140	607,770	600,000
KH224	Asset Review - Sheltered (non RED)	755,850	83,643	755,850	812,050	410,160	505,120		
KH225	Asset Review Red Sheltered								
	<b>Supported Housing</b>								
KH131	Refurbishment Communal Areas Sheltered Housing								
KH127	Upgrade Warden call Systems - Sheltered Housing								
KH216	Conversion of ex warden accommodation to sheltered flats								
	<b>Other HRA Schemes</b>								
KH174	Energy Efficiency Pilot Projects	33,720		33,720	25,600	15,200	15,150	15,190	15,000
KH094	Disabled Adaptations	643,530	223,264	643,530	547,890	563,970	569,520	585,320	599,950
	<b>TOTAL CAPITAL PROGRAMME EXCL. NEW BUILD</b>	<b>12,132,350</b>	<b>5,366,294</b>	<b>12,132,350</b>	<b>14,419,530</b>	<b>18,615,880</b>	<b>18,847,610</b>	<b>18,458,690</b>	<b>15,846,080</b>



		2017/2018			2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Cost Centre	Scheme	January Working Budget £	Actual 31st December 2017 £	February Revised Budget £	February Projection £	February Projection £	February Projection £	February Projection £	February Projection £
KH233	<b><u>CAPITAL PROGRAMME NEW BUILD</u></b>								
	New Build Programme	3,574,890	2,241,987	4,250,650	15,327,630	16,339,740	11,657,500	11,498,700	11,809,170
	KH209 New Build - Archer Road	600,740	535,360	590,980					
	KH255 Fresson Road (Moat Hsg Assoc)								
	<b>TOTAL CAPITAL PROGRAMME NEW BUILD</b>	<b>4,175,630</b>	<b>2,777,347</b>	<b>4,841,630</b>	<b>15,327,630</b>	<b>16,339,740</b>	<b>11,657,500</b>	<b>11,498,700</b>	<b>11,809,170</b>

# APPENDIX B - HOUSING CAPITAL STRATEGY

Cost Centre	Scheme	2017/2018			2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
		January Working Budget £	Actual 31st December 2017 £	February Revised Budget £	February Projection £	February Projection £	February Projection £	February Projection £	February Projection £
TBA	<b>HIGH VALUE VOIDS LEVY</b>								
	High Value Voids Levy					756,360	781,690	807,880	824,840
	<b>CAPITAL PROGRAMME ICT &amp; EQUIPMENT</b>								
	<b>HRA Resurfacing</b>								
KH276	Skipton Close - Resurfacing Parking Areas	42,500		42,500					
KH277	Kimbolton Crescent - Resurfacing Footpaths/Parking Areas	21,350		21,350					
	<b>HRA Equipment</b>								
KH015	Supported Housing Equipment	55,000	9,539	55,000	55,000	55,000			
KH267	Racking for Cavendish RVS		(93,800)						
KH278	Vans for RVS	654,890		54,890	600,000				
	<b>Sub Total HRA Equipment</b>	<b>773,740</b>	<b>(84,261)</b>	<b>173,740</b>	<b>655,000</b>	<b>55,000</b>			
	<b>Information Technology</b>								
KH217	Northgate Additional Modules	110,000	107,200	110,000					
KH234	Changing Channels - Payment Portal	13,700	2,485	13,700					
KH218	ICT Programme (Business Plan)	13,590		13,590	77,220	81,970	151,890	156,980	156,980
KH235	ICT Equipment	16,080	3,429	16,080	10,000	10,000			
KH251	Harmonising Infrastructure Technology (for shared service)	76,420	31,678	76,420					
KH256	Automated Tenancy Contracts TA	6,000		6,000					
KH259	Replacement HR & Payroll System	20,940	4,902	20,940					
KH260	On-Line Housing Application Form				46,750				
KH261	Mobile Working - Housing Management	9,180		9,180					
KH265	Planned Maintenance Software	4,120		4,120					
	<b>Total</b>	<b>270,030</b>	<b>149,694</b>	<b>270,030</b>	<b>133,970</b>	<b>91,970</b>	<b>151,890</b>	<b>156,980</b>	<b>156,980</b>
	<b>Council Digital Agenda</b>								
TBA	Housing Improvements				568,000	190,000			
KH268	Infrastructure Investment	87,500	24,006	87,500	62,500				
KH269	New Intranet	15,000		15,000	25,000				
KH270	Online Customer Account (formerly Capita Advantage Digital)				100,000				
KH271	Corporate Website - Redesign				51,000				
KH272	Electronic SMB Reports System	5,000	4,347	5,000					
KH273	Call Recording				12,000				
	<b>Sub Total HRA ICT</b>	<b>107,500</b>	<b>28,353</b>	<b>107,500</b>	<b>818,500</b>	<b>190,000</b>			
	<b>TOTAL CAPITAL PROGRAMME ICT &amp; EQUIPMENT &amp; SPECIAL PROJECTS &amp; HIGH VALUE VOIDS</b>	<b>1,151,270</b>	<b>93,786</b>	<b>551,270</b>	<b>1,607,470</b>	<b>336,970</b>	<b>151,890</b>	<b>156,980</b>	<b>156,980</b>

STEVENAGE BOROUGH COUNCIL												
GF CAPITAL - PRIORITY BASED BUDGETING 2018/19 - 2022/23												
Ref No	SCORE (between 3= strongly agree and 0 = strongly oppose)	Priority (1-5) (see list below)	Description of Growth Proposal	Capital in 2018/19	Capital in 2019/20	Capital in 2020/21	Capital in 2021/22	Capital in 2022/23	Reason for Spend	Consequence of delaying spend/alternative course of action	Potential Timing	Funding available

- Priorities:**  
Priority 1 Return on investments- Financial Security  
Priority 2 FTFC (add acronym) e.g. 2-CTOC, 2.CNM  
Priority 3 Mandatory requirements  
Priority 4 Schemes to maintain operational efficiency  
Priority 5 Match funding schemes

General Fund CAPITAL GROWTH												
C4	2.8	3	Waste Receptacles	£30,000	£15,000	£15,000	£0	£0	To enable the provision of replacement wheelie bins, boxes and lids as existing household receptacles become damaged/lost. Seeking funding to meet current service demands in 2018/19. Future years requirement has been reduced in view of pending Business Unit Review that will use container age profile and replacement demand data to inform future profiling along with a review of the current SBC container replacement policy.	SBC has a legal duty to provide households with adequate provision to collect and present their waste, recyclables. With insufficient budgets to fund sufficient quantities residents will have to wait longer to receive replacement bins and boxes.		£0
C5	2.8	2 & 4 (CNM & Operational efficiency)	Replacement of inadequate bins with dual purpose Litter/Dog bins (KE097)	£58,000	£125,000	£73,000	£83,000	£10,000	The Town's myriad of litter and dog bins are no longer fit for purpose. The litter bins fill with rain water or are prone to vermin attack due to being open to the elements at the top. The dog bins have limited capacity and are placed alongside existing litter bins. The new litter/dog bins have increased capacity are dual purpose, are branded with the SBC logo and improve the overall aesthetics of the town. The programme will replace all of the bins by area in accordance with the CNM programme by 2021/12 and then it will be only replacement due to vandalism or demand growth.	Delay will mean continued service complaints about overflowing bins. The Towns bin provision asset will not be fit for purpose. The CNM target by ward areas to improve the appearance of the neighbourhoods will not be fully met. Economies of scale used for the procurement and replacement of bins will be less economical.	We have started this year with replacing all street bins in Shephall and Pin Green by the end of March 2018.	£10,000
C1	2.6	2 - CNM	Play Area Improvements	£0	£0	£0	£0	£220,000	To deliver improvements to equipped play areas to ensure adequate levels of provision, town-wide, in future.	Alternative options considered in report to Exec, Feb 2017.		£220,000
Total Stevenage Direct Services Growth Bids				£88,000	£140,000	£88,000	£83,000	£230,000				£230,000
C6- C7/C96-98	3.00	2	works to facilitate SG1 Regeneration	£5,200,000	£10,300,000	£0	£0	£0	SG1 enabler- LEP Funded-This is external funding that has been secured from the LEP as part of the Growth Deal round 1 bidding process and £8Million through GD3. The GD3 money has yet to be secured though as new governance arrangements are required before this funding can be accessed so gap funding is required to cover the costs for progressing the project until then (£200K in 2018/19).	This is external funding which will be lost is the spend does not take place.	2018/19 & 19/20	£15,300,000
Total Regeneration Growth Bids				£5,200,000	£10,300,000	£0	£0	£0				£15,300,000
C8	3	4	Stock condition survey of Leisure Facilities - Stevenage Arts & Leisure Centre, Stevenage Swimming Centre, Fairland's Valley Park Sailing Centre and Café, Aqua Park and Kioskplant and toilets, Stevenage Golf and Conference Centre	£40,000			£20,000		The last survey was completed in 2013, it is standard practice to survey our buildings every five years; the results will provide SBC with key information which will allow us to identify high risk areas of the buildings which will inform us of future capital commitments. In addition the leisure contract will expire in 2023 and we will need to start to procure the contract in 2019/20 we will therefore have to provide potential bidders with the stock condition survey results and actions. Added £20,000 2021/22 to co-incide with the end of the contract with SLL. It is proposed that the Stock condition survey is carried out in combination with the survey of the corporate and Commercial premises portfolio[refer Ref No. C25].	The current stock condition survey is out of date, the proposal for next year's survey will take approximately 12 months to complete, to defer the survey may have a financial consequence as structural issues may deteriorate further and result in higher capital spend, plus operational failures may occur which could result in a loss of income to SLL and a consequential claim against SBC.	May to Dec 2018	£0
C10	3	4	Aqua Park	£7,000	£24,000				The Aqua Park is now 9 years old and may require some plant works and refurbishment of the structure.	Without works the Aqua Park operation could be disrupted plus the standard of the and presentation of the structure could deteriorate.		£0
C100	2.67	4	CCTV - Replace old shoe box cameras and update control equipment	£15,750	£20,000	£20,000	£20,000	£20,000				£0
C11	2.60	4	To replace the treehouse climbing structure at Bandley Hill Play Centre	£30,000					The existing raised platform wooden treehouse has been in place for a number of years. Ongoing repair costs are increasing as it comes to the end of its economic life; therefore a replacement is recommended/needed. Stopgap retreatment of structural timberwork was undertaken in 2017 to limit further deterioration. A further inspection of the equipment is to be made by a SBC Building Surveyor to confirm if the tree house can be retained or whether its condition indicates significant health & safety issues with ongoing use.	Equipment may have to be isolated and put out of action	3 months from approval for start of works	£0
Total Communities and Neighbourhoods Growth Bids				£92,750	£44,000	£20,000	£40,000	£20,000				£0
C22	3.00	1+4	Parking Enforcement (P+D)	£22,000					Previously agreed, final phase of replacing Pay & Display machines	Loss of income		£0

STEVENAGE BOROUGH COUNCIL

GF CAPITAL - PRIORITY BASED BUDGETING 2018/19 - 2022/23	
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C13	2.80	3	Disabled Facilities Grants	£300,000	pending	pending	pending	pending	Assistance is only available for works which are required to enable a disabled person to remain in their home and access basic amenities. The grant is mandatory and must be determined within 6 months of a valid application. Members agreed, in principle, to join the newly formed Herts Home Improvement Agency in April 2018, subject to final approval by the Executive. If approved, a capital budget will still be required in 2018/19 to pay for applications already received or in progress. Decision on budget for subsequent years is 'pending' until the decision on joining is taken.	Payment of the grant may be deferred for up to 12 months from the date of approval. This is not recommended as it would cause great distress to applicants.	2018/19	£300,000
C20	2.75	4	Residents Parking spaces	£70,000	£70,000				To provide parking spaces in residential areas where limited parking currently causes roads to be heavily congested		2018/19 & 19/20	£0
C14	2.60	4	Home improvement grants	£18,000	£18,000	£18,000	£18,000	£18,000	Provision of funding, by way of a loan or grant, for urgent works in cases where an owner occupier is unable to access alternative sources of funding within a reasonable time. Eligibility is strictly limited to owners who are in receipt of a qualifying means tested benefit for works necessary to remove a Category 1 hazard. Loans are repayable in full once the property is sold, minor works grants are repayable if the property is sold within 10 years hence much of the capital is eventually recycled.	Assistance is only available for works which are urgently required to protect the health & safety of vulnerable occupants. It would not therefore be acceptable to delay the provision of assistance.	2018/19	£0
C19	2.40	4	Hard Standings	£50,000	£50,000	£50,000	£50,000	£50,000	To replace parking hardstand areas in the council's ownership which have reached the end of their design life and are uneconomic to patch.	Concrete areas with crumbling surfaces and cracks do not lend themselves to lasting patch repairs. Spend can be deferred but this is just storing up a larger expense in future years	2018/19	£0
C17	2.20	1+4	Off street car parks (MSCP)	£332,500	£225,000	£225,000	£225,000	£225,000	Essential concrete repairs and surfacing replacements to restore publicly used areas to safe and sound useable condition. The essential works are the repair to the concrete panel fixings, weatherproofing surface treatments including concrete repairs and expansion joint replacement.	Loss of income From use Of facility. If this work is not carried out/deferred there is a risk that the floors may need to be closed. (loss of income) There are also essential repairs required to the entrance / exit to the car park.	2018/19	£0
C21	2.20	4	Parking restrictions	£25,000	£25,000	£25,000	£25,000	£25,000	To implement ongoing programme of parking restriction to address road safety concerns associated with indiscriminate parking in line with the requirements of the Parking Strategy.	Even if future programme of restrictions becomes less ambitious, there is a constant need to review and update existing restrictions.	2018/19	£0
C16	2.00	1+ 2 (TC regen)	Improvements to the lighting in St Georges and Westgate MSCPs	£80,000	£20,000	£0	£0	£0	Protect income by ensuring usability of the car parks; help improve the attractiveness of using the MSCPs; help discussions with the owner of the Westgate to revisit the pricing link to St Georges MSCP.	Reduced income from MSCP car parks as their desirability further declines. Loss of the opportunity to renegotiate the Westgate Car Park link on pricing.	2018/19	£0
C23	2.00	4	Town centre Christmas decorations phases update		£5,000		£5,000		Improve the appearance of the town centre Christmas decorations		2019/20	£0
Total Planning & Regulatory Growth Bids				£897,500	£413,000	£318,000	£323,000	£318,000				£300,000
C24	2.60	1	To allow the conversion of a building that is a liability into attractive new homes and make return for the council	£550,000	£330,000	£0	£0	£0	To convert numbers 2 properties in to apartments for private sale and generate a sales income of £1.8m or an enduring rental income if other circumstances allow retention by Council or a new entity, of the apartments. There is a further value generated in achieving economies of scale. Assumes works funded from sale receipt	As the properties deteriorate this adds costs to the Council in future investment needs. Furthermore whilst the council may dispose of the homes, it is likely that this interesting period property will be lost. By converting the properties the Council is able to return the freehold, sustain the design and make further return by managing the block.	on site in march 2018	£880,000
Total Housing Development Growth Bids				£550,000	£330,000	£0	£0	£0				£880,000
C27	3.00	2 CNM + 3	Asbestos Surveyor for garages	£10,000					Additional Technical Assistance required to complete the garage asbestos survey. The Asbestos surveyor has been undertaking other essential asbestos surveying works required on the corporate buildings therefore extending the time required to complete the garage surveys, this is compounded by delays in gaining internal access into some garages. This is £10K in addition to the £10k already slipped.	Not complying with the Control of Asbestos Regulations and possible delay in delivering the Garage investment programme.	2017/18 started	
C26	2.80	3	Essential health and safety electrical works - Corporate buildings	£25,000					Electrical works required following inspections yet to be carried out. Budget costs based on typical work identified for similar buildings	Health and safety risk	April 2018	
C28	2.80	2 TC Regen & 4	Town Chambers -reroofing, guttering and rainwater pipe replacement. Safe roof access	£200,000					THESE WORKS ARE SUBJECT TO RECEIVING A REGENERATION PREFERRED BIDDER. The acquisitions / condition survey undertaken in 2012 and more recent surveys undertaken by the in-house surveying team in 2015 indicate the roof covering is at the end of its serviceable life. Limited emergency repairs have been carried out but this is no longer sustainable. Provision for safe access onto the roof also needs to be provided for inspection and maintenance purposes. Some of the work may be rechargeable subject to the individual lease conditions and repairing liabilities of the tenants	The building is at risk of further leaks and water ingress affecting the structural integrity of the wood wool slab deck and water damage leading to possible closure of the space below.	Sept 2018	£200,000

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C29	2.80	2 TC Regen &4	Town Chambers - essential works to existing windows - reputty, and make secure - Works undertaken same time as re-roofing to share scaffolding	£50,000					THESE WORKS ARE SUBJECT TO RECEIVING A REGENERATION PREFERRED BIDDER. The acquisition / condition survey undertaken in 2012 and more recent surveys undertaken by the in-house surveying team in 2015 identify the poor condition of the windows . The windows require overhauling eased and adjusted to ensure correct operation, reputty to secure loose putty and decorated externally. Some of the work may be rechargeable subject to the individual lease conditions and repairing liabilities of the tenants. Pre inspection survey required to establish full extent of works required.	If works are delayed then the windows will deteriorate further. This is an opportunity to undertake these works while the scaffolding is erected for thee reroofing . As a minimum the windows will need to be made secure and overhauled at approx. £18K	Sept 2018	£50,000
C30	2.80	2 TC Regen &4	Town Chambers / Square - external facade Structural repairs. Works undertaken same time as reroofing to share scaffolding	£110,000					THESE WORKS ARE SUBJECT TO RECEIVING A REGENERATION PREFERRED BIDDER. The 2015 condition survey identified urgent essential works securing / repairing hazards and failing external concrete column frame to the building façade. Some of the work may be rechargeable subject to the individual lease conditions and repairing liabilities of the tenants. Pre inspection survey required to identify full extent of the essential works required.	Risk to Public and Occupiers	Sept 2018	£110,000
C31	2.80	2 TC Regen &4	Town Chambers - Landlords electrical inspection and remedial works	£30,000					THESE WORKS ARE SUBJECT TO RECEIVING A REGENERATION PREFERRED BIDDER. The 2012 Acquisition and condition survey identified a number of electrical elements in a poor and potentially dangerous condition requiring some rewiring , replacement and upgrade work are anticipated. Electrical test and inspection required to establish full extent of works required.	Risk to personnel and building, loss of electricity to parts of the building.	July 2017	£30,000
C45	2.80	3&4	St Nicholas Community Centre - boiler and hot water installation upgrade - new controls / panel rewiring and fittings. Building currently under review	£22,000					The hot water system & controls are wholly ineffective resulting in lack of hot water. Boiler is a historic unit of a model & type which elsewhere within SBC commercial portfolio has proved problematic in operation and reliability. These works are essential to ensure building remains in a condition of acceptable ongoing occupation . Works subject to Community Centre Review findings.	Lack of hot water leading to possible health and hygiene issues limiting the service provided. Further inspection required consider short term solution (Centre under review)	2018/19	
C46	2.80	2 CNM &4	St Nicholas Community Centre annex - External decorations.. Building currently under review. Essential health and safety works only	£0	£20,000				Window and doors in poor condition requiring redecoration ensuring that the building fabric does not deteriorate beyond repair extending the life of the building. Works identified for 2018/19 and subject to building review, works therefore postponed to future years.	If the decorations are not carried out the fabric of the building will deteriorate requiring extensive (More expensive) repairs in the future	2019/20	
C94	2.80	3&4	Indoor Market - Fire Alarm replacement	£25,000					£55K budget already approved for these works. However early investigations and discussions with specialist consultants / contractors indicate that additional budget of £25K will be required to complete the works	Existing wireless type alarm system is unreliable /Local Fire Service are not prepared to attend due to incidence of false alarms - Basic safety compromised to publicly used space.	2018/19	
C81	2.80	3&4	Ridlins Pavilion - upgrading heating and ventilating equipment	£7,500					During recent maintenance upgrading of the heating and ventilating system further works have been identified to ensure that the system continues to operate to an acceptable condition for ongoing high frequency use occupation.	If the heating and ventilation system fails due to delays in undertaking the upgrade works there is a risk that critical areas of the building will become unfit for occupation resulting in loss of service and income, Current users may decide to seek alternative premises.	2018/19	
C25	2.60	2 TC Regen + FS&4	Corporate and commercial buildings condition survey	£30,000					The last corporate buildings condition survey was undertaken in 2012/13 and is now out of date. To ensure the building condition is recorded and up to date and defects are identified a new condition survey is required. This will support SBC in identifying accurately the true level of investment required to maintain and service the asset and also to identify any health and safety issues as a priority. A condition survey is also required for the commercial buildings identifying the council responsibilities for repairs under the lease agreement. This is a Health & Safety priority classification. It is proposed that the stock condition survey is carried out in combination with the survey of the SLL premises[refer Ref No. C8].	Inadequate investment leading to potential health and safety issues and ensuring that the operational efficiency of the building is maintained and the councils obligations under the terms of the lease are undertaken. Lack of investment could lead to failure of critical elements, components and fittings leading to closure of the building and loss of income.	April 2018	£0
C32	2.60	3&4	Pin green play centre - new storage heaters	£8,500					Identified from 2012/13 condition survey as very limited remaining economic life. Recent inspections have verified that the historic electrical storage heaters are at the end of their serviceable life. Works required to ensure building remains in a condition of acceptable ongoing occupation. Replacement heaters will incorporate more sophisticated controls & timeclock setting function offering improved efficiency & output.	Risk of failure of heating system, closing building and loss of service and possible income. Option to hire emergency temporary heaters if old ones fail, however this will be at a cost and disruption to the centre	2018/19	£0



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C35	2.60	2 CNM &4	Pin green Play centre- replace external lighting	£12,000					Identified from 2012/13 condition survey / recent inspections - external lighting in a poor and no serviceable condition. Works required to ensure building remains in a condition of acceptable ongoing occupation and is safe and secure during the night time. Proposed works would radically improve both illumination & site coverage.	Failure of the light fittings putting the occupiers safety at risk.	2018/19	
C42	2.60	4	Bandley hill Play centre- replace external door sets -	£6,000					Identified from 2012/13 condition survey / recent inspections, - corroded metal external doors are in a poor condition .Doors are in constant use, requiring replacement to ensure ease and safe use . Also to maintain basic security of the building ensuring the building remains in a condition of acceptable ongoing occupation[* Comments as item immediately above]	Doors will continue to deteriorate resulting in water ingress and difficulties operating the door	2018/19	
C63	2.40	4	Springfield House - Works to external envelope.	£15,000					Recent surveys have identified essential works to external brickwork and render, and replacement of localised corroded metal windows This work is required to prevent water ingress and damage to the fabric and structure of the building, ensuring that the building remains in a acceptable and fit for purpose condition allowing ongoing occupation	Delay in carry out the works may lead to fabric and structural damage requiring substantial future repairs resulting in closure of parts of the building and cannot remain in occupation resulting in loss of service / income. Current users may decide to seek alternative premises.	2018/19	
C74	2.40	3&4	Cemetery - Weston road - replace / upgrade electric space heating.	£25,000					2013 condition survey / recent inspections identified electrical heaters are at the end of their serviceable life and toilets are unheated. Replacement and supplemental heating required to ensure building remains in a condition of acceptable ongoing occupation.	Risk of failure of heating system, closing building and loss of service and possible income. Option to hire emergency temporary heaters if old ones fail, however this will be at a cost and disruption to the centre	2018/19	
C78	2.40	4	Shephalbury bowls Pavilion - reroofing	£18,000					Identified from 2012/13 condition survey / recent inspections - roof is in a poor condition and at the end of its serviceable life. New felt roofing targeted for 2017-18 was deferred from current year's capital programme substituted by urgent arising need for replacing flooring and screed which had failed throughout building. Building is timber framed and consequence of further delay in works could be water ingress and rot to timber structural framing.	Water ingress will result in damage and deterioration of the fabric of the building leading to more extensive repairs in the future and if left may result in structural failure. This may lead to closing parts of the building. Patch repairs will be uneconomical	2018/19	
C52	2.33	3&4	Shephal Community Centre boiler replacement end of serviceable life		£45,000				Potterton Kingfisher Floor Standing Conventionally Flued Gas Boiler Identified in 2012/13 SCS recommended then as having maximum 5 year remaining life span.	Failure of Heating would render building unusable.	2019/20	
C95	2.20	4	Town Centre Toilets - reroofing /temporary remedial works	£5,000					Water ingress to underside canopy soffit over ladies toilet entrance due to roof leak. Defect identified previously however due to the anticipated life of the building reroofing works have been postponed. Option to carry out temporary remedial works, however no guarantee on success and life of the roof covering leading to water ingress inside the toilet block. Alternatively clad underside of soffit at £5K, however water ingress will continue causing long term damage to the fabric of the building. Therefore this solution should only be considered as a very short term solution.	The existing paint finish will continue to fail affecting the appearance of the toilet block.	2018/19	
C36	2.20	3&4	Pin Green Play centre- replace hall lighting - poor light levels	£10,000					Identified from 2013 condition survey / & verified from recent independent inspections - Inadequate lighting level in main hall for the type of occupation. Installation is currently in a poor condition. There is a potential safety risk and therefore works required to ensure building remains in a condition of acceptable ongoing occupation and is safe and secure during the night time.	Decreasing light levels putting occupiers at risk (trips etc.) in particular the user group[Young Children] and these visually impaired or wheelchair/mobility disabled.	2018/19	
C44	2.20	2&4	St Nicholas Community Centre - Existing single glazed timber and metal windows beyond economic repair - replacement. £25K 2019/20 Building currently under review. Essential health and safety works only		£25,000				SCS 2012/13 & recent review inspection by qualified Building Surveyor have confirmed short term requirement to replace historic [original ] single glazed 'Crittall' type metal windows which display beading disrepair corrosion and paint failure - these being symptomatic of failure		2019/20	
C93	2.20	4	Cavendish Road depot - Office alterations	£35,000					To form new opening and staircase between existing offices to open up area, providing a more efficient and more collaborative working conditions	Poor working environment and working conditions leading to difficulties in retaining staff.	2018/19	
C75	2.20	2&4	cemetery - Weston road - external joinery decorations	£10,000					Redecorations to window fascia soffit and boarding etc. (external joinery) required ensuring that the fabric of the building is maintained and does not deteriorate beyond economic repair	If the decorations are not carried out the fabric of the building will deteriorate requiring extensive (More expensive) repairs in the future.	2018/19	
C48	2.00	2 CNM &4	Bedwell Community Centre- essential external cedar cladding works	£0		£5,000			If works are not carried out condition will deteriorate resulting in more expensive repairs in the future. Works identified for 2018/19 and subject to building review, works therefore postponed to future years.	Unforeseen costs in expense in future.	2020/21	

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C84	2.00	2	Canterbury way Pavilion - demolition	£12,000					The building is in a generally inferior and extremely poor condition. Extensive works are required to restore the building to a condition acceptable for ongoing occupation. The building is under used and therefore it is recommended for demolition. This is subject to further operational asset management checks to confirm viable demolition.	If the building is not demolished it will continue to deteriorate and become unsafe.	2018/19	
C77	1.90	4	Chells Park Pavilion - decommission shower and provide hot water service to changing rooms	£25,000					Due to the change of use requirement (adult to junior football) showers no longer required but constant hot water required to wash hand basins	Facility will not operate for this use. Users will transfer to alternative premises		
C60	2.60	3&4	The Oval Community Centre - Replace radiators. Building future use under review.	£8,000					Following the boiler replacement carried out in 2017. the existing radiators are beyond serviceable life and fan convectors require replacement to ensure that the building remains operational. Works are subject to the community centre review however these works are considered essential to maintain comfort conditions. Works phased replacement proposed over two years	Failure to maintain the property at a temperature fit for purpose may result in closing the building at certain times. Hiring temporary heaters is a short term solution however there will be costs and disruption to the occupiers. Potential loss of income.	2018/19	
C67	2.25	3&4	Timebridge - boiler and hot water refurbishment	£10,000					Continuing issues with heating & hot water - At present the installations have been converted as a compromise to 'direct fed' arrangement as a holding repair subject to financial limitations imposed.	Lack of adequate heating and hot water service	2018/19	
C83	2.36	3&4	St Nicholas pavilion electric heating replacement	£8,000					2012/13 condition survey / recent inspections identified electrical heaters are at the end of their serviceable life. Replacement required to ensure building remains in a condition of acceptable ongoing occupation.	Risk of failure of heating system, closing building and loss of service and possible income.	2018/19	
Total Housing and Investment Growth Bids				£717,000	£90,000	£5,000	£0	£0				£390,000
C86	3.00	3	Energy Performance surveys and proposed building works	£42,000	£15,000	£15,000	£15,000	£15,000	Statutory requirement under the Energy Act 2011.	Fine of £500 to £5,000 per property based on Rateable Value.	May or June 2018	£0
C87	3.00	1 and 4	Costs relate to a new replacement property management system. The Estates team are considering use of the IDOX/Uniform estate management software. IDOX is a known provider with software already installed in the Planning Department, and Environmental Health, and Building Control considering its other applications. Consolidating the number of systems we operate as a Council is beneficial in reducing the IT infrastructure needed and greater depth of knowledge across the Council. Part of the costs have already been covered by East Herts under the shared agreement.	£30,000	£0	£0	£0	£0	The existing GVAS property database presents a significant security risk to the Council because the application is de-supported. IT have recommended decommissioning of the software as result (due April 2018).	This the only property database the Council's Estate Team use to effectively manage the commercial portfolio. If the system is not replaced before the existing system is de-commissioned, the team will not be able to effectively manage the commercial portfolio, for instance, they will have no access to commercial tenant lease details electronically for viewing and updating, and this will enviably slow progress with rent reviews and lease renewals as the team will need to rely on hard-copy paper copies sourced from Legal Services (which will add an additional pressure on this resource).	January-March 2018	£0
Total Finance & Estates Growth Bids				£72,000	£15,000	£15,000	£15,000	£15,000				£0
TOTAL GF CAPITAL OPTIONS				£7,617,250	£11,332,000	£446,000	£461,000	£583,000				£17,100,000
Funded from £2.1M Digital budget												
C88		4	Generator for Daneshill Datacentre	£60,300	£0	£0	£0	£0	Fully mitigate risk of power disruption to IT services for both SBC and EHC. (A 50% contribution from EH will be sought and if successful SBC share will be £45,000 shared General Fund and HRA)	Only partial mitigation of the risk via battery backup can be achieved within approved funding.		£0
C89		4	Data centre Architecture	£6,700	£0	£0	£0	£0	Specialist advice regarding options to reconfigure the datacentre to mitigate risks in relation to the fibre cable that runs between Daneshill House and Cavendish Road. (Total scheme cost £20,000 cost split with East Herts)	Continue to operate using the existing model with the risk associated with the fibre cable or invest in a second fibre connection between the sites (est. >500k)		£0
C90		4	Network Switches	£15,000	£0	£0	£0	£0	It is likely that changes to the datacentre model will result in the need for higher capacity switches to support increases in network traffic. (Total scheme cost £30,000 cost split with East Herts)	IT services will operate sub-optimally, with the impact being experienced by all staff at both EHC and SBC.		£0
C91		4	Programme and Project Management - IT Improvement Plan (1FTE Grade 7 12 mths. 1 specialist programme manager 9 mths)	£42,545	£0	£0	£0	£0	To deliver the Phase 1 (Security and Resilience) of the IT Improvement Plan by August 2018. (Total scheme cost £127,000 cost split with East Herts)	Longer delivery timescales for programme of IT resilience work, as per IT Improvement Plan.		£0

STEVENAGE BOROUGH COUNCIL												
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Ref No	SCORE (between 3= strongly agree and 0 = strongly oppose)	Priority (1-5) (see list below)	Description of Growth Proposal	Capital in 2018/19	Capital in 2019/20	Capital in 2020/21	Capital in 2021/22	Capital in 2022/23	Reason for Spend	Consequence of delaying spend/alternative course of action	Potential Timing	Funding available
C92		3	Core switches	£0	£33,500	£0	£0	£0	Supplier for support for core switches (network equipment) expires in 2020.	Failure to replace core switches risks running critical network equipment in an unsupported state. This means we will not be entitled to any support if the equipment develops a fault.		£0
Total HRA CAPITAL BUDGETS				£124,545	£33,500	£0	£0	£0				£0
HRA CAPITAL BUDGETS												
C88		4	Generator for Daneshill Datacentre	£29,700	£0	£0	£0	£0	Fully mitigate risk of power disruption to IT services for both SBC and EHC. (A 50% contribution form EH will be sought and if successful SBC share will be £45,000)	Only partial mitigation of the risk via battery backup can be achieved within approved funding.		£0
C89		4	Data centre Architecture	£3,300	£0	£0	£0	£0	Specialist advice regarding options to reconfigure the datacentre to mitigate risks in relation to the fibre cable that runs between Daneshill House and Cavendish Road. (Total scheme cost £20,000 cost split with East Herts)	Continue to operate using the existing model with the risk associated with the fibre cable or invest in a second fibre connection between the sites (est. >500k)		£0
C90		4	Network Switches	£4,950	£0	£0	£0	£0	It is likely that changes to the datacentre model will result in the need for higher capacity switches to support increases in network traffic. (Total scheme cost £30,000 cost split with East Herts)	IT services will operate sub-optimally, with the impact being experienced by all staff at both EHC and SBC.		£0
C91		4	Programme and Project Management - IT Improvement Plan (1FTE Grade 7 12 mths. 1 specialist programme manager 9 mths)	£20,955	£0	£0	£0	£0	To deliver the Phase 1 (Security and Resilience) of the IT Improvement Plan by August 2018. (Total scheme cost £127,000 cost split with East Herts)	Longer delivery timescales for programme of IT resilience work, as per IT Improvement Plan.		£0
C92		3	Core switches	£0	£16,500	£0	£0	£0	Supplier for support for core switches (network equipment) expires in 2020.	Failure to replace core switches risks running critical network equipment in an unsupported state. This means we will not be entitled to any support if the equipment develops a fault.		£0
Total Corporate Projects, Customer Services and Technology				£58,905	£16,500	£0	£0	£0				£0
Budget Provision in 2017-18 due to Urgency of Works												
C72	3.00	3	Indoor market - Upgrade Electrical distribution board	£10,000					Electrical board at end of safe serviceable life. Limited emergency safety works were carried out earlier this year however full replacement of board is essential.	If this work is not undertaken by / at the next test inspection date then the building will become non compliant. This could then lead to the market being closed.	April 2018 (sooner if possible)	
				£10,000	£0	£0	£0	£0				
Not Recommended By LFSG Bids due to likely to be part of regeneration schemes not supported												
C18	1.60	4	Off street car parks (Surface Car Parks)	£22,500	£56,250				The resurfacing takes into account the regeneration plans and is focused on repair and light resurface to extend the life of the car parks through to the end of the regeneration programme.	Health and safety, loss of income	2018/19 & 2019/20	£0
Not Recommended By LFSG review overall cost of the market and the required works prior to approval.												
C73	0.50	4	Indoor market - reroofing	£0	£0	£0	£18,000				2021/22	
C71	0.25	4	Indoor market - hot air curtains over main doors	£10,000					Existing radiant heating does not provide acceptable comfort level due to the excessive heat loss (cold air ingress) at the main entrances	Continue complaints from stall holders. Risk of stall holder terminating tenancy.	2018/19	
C99	0.50	1 & 4	Indoor Market - new fascias and signage to stalls	£90,000					Stalls have had different traders and damaged / old facias have been replaced only as and when required to make them fit for purpose. Subsequently, facias have aged and they are now different shapes, sizes and colours, giving the market an untidy, tired feel and look. This has a huge impact on how people perceive the market, making it difficult to attract new shoppers and traders, from different generations and types of customers. Also installing protruding stall signs will complement the new fascias and encourage shoppers to use other stalls available down each aisle (avenue). The signs will also be used to advertise vacant stalls for rental.	Loss of market stall traders and income	2018/19	
Not Recommended By LFSG spend not based on a surveyed need												
C76	1.50	4	Cavendish Depot- reline existing gutters	£0	£0	£0		£12,500	Liquid based reinforced waterproofing repair work was carried out to limited gutter lengths affected by leakage in Spring 2017.[Areas now occupied by Travis Perkins]. Waterproofing must be repeated in the future to extend life of the metal channel guttering system.	Water ingress affecting building occupation		
				£122,500	£56,250	£0	£18,000	£12,500				



STEVENAGE BOROUGH COUNCIL												
GF CAPITAL - PRIORITY BASED BUDGETING 2018/19 - 2022/23												
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Further Not Recommended by LFSG Bids (many of which are linked to "Community Centre" reviews.

C55	0.00	4	Bragbury Community Centre- flat roof replacement £10K 2018/19 - Centre due for demolition / redevelopment in 2 years Proposed works to be postponed.	£0	£10,000				Identified from 2012/13 condition survey / recent inspections - flat roof is in a poor condition and at the end of its serviceable life.	Water ingress will result in damage and deterioration of the fabric of the building leading to more extensive repairs in the future and if left may result in structural failure. This may lead to closing part of the building		
C56	0.00	3&4	Bragbury Community Centre - replace electric heaters. £25k 2020/21 Centre due for demolition / redevelopment in 2 years Proposed works to be postponed.			£25,000						
C57	0.00	4	Bragbury Community Centre - main hall floor replacement. £8.5K 2018/19 Centre due for demolition / redevelopment in 2 years Proposed works to be postponed.	£0	£8,500				Identified from 2012/13 condition survey / recent inspections - Hall floor covering damaged and beyond repair requiring replacement to ensure building is in a safe (trip hazard) and acceptable condition for ongoing occupation	If left the floor will deteriorate resulting in the room being unusable. Current users may decide to seek alternative premises.		
C50	1.00	4	Shephall Community Centre reroofing		£45,000	£45,000			Poor Condition recorded in 2012/13 SCS - Patch repairs have been undertaken in recent year's to maintain watertightness - Further patching works not economically viable	Water ingress will result in damage and deterioration of the fabric of the building leading to more extensive repairs in the future and if left may result in structural failure. This may lead to closure of the building		
C51	1.00	4	Shephall Community Centre woodblock flooring works	£0	£7,000			£30,000	Identified from 2012/13 condition survey / recent inspection - worn wood block flooring reaching end of economic life - sand and treat 2018/19 and replace in future years 2022/23. Works identified for 2018/19 and subject to building review, works therefore postponed to future years.	Risk that the floor will become unsafe and unusable. Works proposed will keep the floor in a safe an usable condition until replacement.		
C53	1.33	4	Shephall Community Centre - single glazed metal windows end of economic life (insulation improvement)		£30,000				There is a part elevation where historic single glazing remains - In 2012/13 SCS identified this Main Hall location for future work - No work has been undertaken on the element in the meantime due to budgetary constraints.	Excessive heat loss /potential water penetration condensation issues - In combination with planned concurrent roof works which would incorporate insulation double glazed replacement windows to this area and boiler replacement works the combination of improvements would enhance environmental conditions and potentially attract increased letting of the space.		
C58	1.60	2 CNM &4	The Oval Community Centre- external decorations and repairs. Building future use under review.		£15,000							
C59	1.20	2 CNM &4	The Oval Community Centre - window replacement. Building future use under review.		£30,000							
C61	1.20	3&4	The Oval Community Centre - lighting upgrade and suspended ceiling refurb/replace. Building future use under review.	£0	£0	£0	£50,000					£0
C47	1.60	4	Bedwell Community Centre - re- roof (Flat)		£50,000	£50,000	£50,000		Identified in 2012/13 SCS with recommendation for replacement coverings in phased sequence from Yrs 3-7- Felt surfacing has limited remaining life	Water ingress will result in damage and deterioration of the fabric of the building leading to more extensive repairs in the future and if left may result in structural failure. This may lead to closure of the building		
C54	1.25	2 CNM &4	Chells manor Community Centre - repairs and redeco to window sub frames, doors incl fascia soffit and gable boarding and dormer windows	£0	£12,000				Redecorations to window sub frames, doors incl fascia soffit and gable boarding and dormer windows[in combination with the replacement of selected timber components where practical with maintenance free Upvc & other materials].These works are required ensuring that the fabric of the building is restored and maintained and does not deteriorate beyond economic repair. Works identified for 2018/19 and subject to building review, works therefore postponed to future years.	If the decorations and timber replacements are not carried out the fabric of the building will deteriorate requiring extensive (More expensive) repairs in the future		
C43	1.80	4	St Nicholas Community Centre Toilet refurb £70 2018/19 - Part funded by Association (£20K) - Essential health and safety works only - building currently under review.	£0	£70,000				Identified from 2012/13 condition survey / recent inspections, Fixtures, fittings and finishes at end of serviceable life requiring replacement to ensure acceptable ongoing occupation and reduce expensive repairs. Association has commissioned a design for new refurbishment / extension[verified by SBC Architects] providing an enhanced layout arrangement/upgrade to suit modern needs. Works identified for 2018/19 and subject to review, works therefore postponed to future years.	Increased ongoing repairs and of a deteriorating condition - A risk that current users may seek alternative premises which offer improved facilities.		£20,000

STEVENAGE BOROUGH COUNCIL												
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C68	1.40	4	Timebridge - main hall floor - unable to re-sand wood block floor requiring replacement		£25,000				Floor was repaired and resealed as a consequence of flood damage[covered by Insurance Claim] during 2016-2017. -The current floor thickness remaining to this interlocked floor system cannot be resanded further as the layered wood thickness is insufficient	Area which is a principle room may be rendered unusable in the short term future		
C69	1.80	3&4	Timebridge main hall ventilation	£7,500					Recent site surveys have identified the existing ventilation system requires inspection and upgrading / replacement to provide adequate internal environmental conditions for ongoing occupation	Delay may result in the hall being unfit for occupation and therefore cancelling the service provided and loss of income. Current users may decide to seek alternative premises.		
C66	1.40	4	Symonds green Community Centre - toilet refurbishment			£35,000		£35,000	Toilet Accommodation is currently 'fit for purpose' although of basic standard	In the future the areas would become unhygienic and existing fittings and finishes reach end of economic lifespans -* Refurbishment of the toilets was never part of the brief for the extension works to form extra accommodation and an independent café -the café does however include a disabled WC/baby change area to serve this area specifically.		
C65	1.20	4	Springfield House - washroom / toilet refurb			£18,000			Historic layout and finishes with limited remaining economic life expectancy	Area would ultimately become unhygienic and unusable		
C62	1.80	4	Springfield House- Essential roofing works - pitched and flat roof areas			£7,500			Limited works to 'patch' and mitigate potential water penetration have been undertaken since the SCS in 2012/13-ongoing Capital Works to continue essential refurbishment are required to this historic period style building	To maintain watertightness to building and prevent rot & deterioration to timber framed roof construction.		
C64	1.00	3&4	Springfield House - radiator replacements	£0	£0	£0	£20,000	£20,000	Boiler & Plant Replaced in 2016-17/Original Column/Hospital type cast iron radiators were flushed with new valves fitted as part of these works. Radiators have very limited future life expectancy- Replacements would logically be the required second phase of heating enhancement works	Risk of major leaks/Interruption of Heating rendering building unusable		
Further Not Recommended by LFSG Bids play centres and pavilions (linked to "Community Centre" reviews.												
C37	1.00	2 CNM &4	Pin green Play centre - external decoration of building	£0	£0	£0		£10,000	Deterioration of essential waterproofing finishes to a modular building having limited life expectancy	Water ingress/Rot & deterioration affecting continuing building occupation		
C33	1.75	4	Pin Green Play centre - Re roof	£0	£0	£0		£25,000	Identified in 2012/2013 SCS as a major element with a limited future life expectancy[*A maximum 10 year remaining life was then recorded] -The roof was re- inspected by one of our qualified Building Surveyors earlier this year who verified that its replacement should be programmed within a maximum 5 year term. [*there is clear evidence of patch repairs undertaken in the recent past and further deterioration to the general covering and at details. The roof is not insulated and works must include incorporation of insulation to meet current Building Regulations standards.	Water ingress will result in damage and deterioration of the fabric of the building leading to more extensive repairs in the future and if left may result in structural failure. This may lead to closure of the building		
C34	1.75	4	Pin green Play centre -- enhancement of wash room island area - basins and taps and new floor covering	£0	£0	£0		£20,000	Identified in 2012/2013 SCS as an internal element being essential for use & occupation with a limited remaining lifespan predicted -The area was reinspected by one of our qualified Building Surveyors earlier this year and it was reported that the area should be 'earmarked' for refurbishment within 5 years as deterioration was noted in comparison with previous SCS findings.	Washbasins/taps vanity units flooring and wall finishes forming this integral facility would deteriorate to a condition predicting health & safety and affecting reasonable occupation and use.		
C80	1.70	4	Ridlins Pavilion - shower and changing room refurb	£0	£0	£0		£75,000	Prediction of necessary future upgrade / refurbishment of original fittings - Limited works also to wall floor and ceiling finishes - Building Constructed in early 2000's	Users may seek alternative premises for activities		
C41	1.60	4	Bandley Hill Play centre fenestration - sealing /re-beading to make watertight - consider replacement (energy efficient double glazed units		£18,000				SCS 2012/13 & recent review inspection by qualified Building Surveyor have confirmed short term requirement to replace historic [original ] single glazed coated metal windows which display beading disrepair and surface corrosion these being symptomatic of initial failure- Recent improvement project works have included new pitched roofing and external redecoration and toilet refurbishment [to commence January 2018]- Replacement Windows would complete envelope enhancement to well used modern building facility	Water ingress/Excessive Heat Loss[Large areas of fenestration exist to front & rear gable elevations]		
C40	1.60	4	Bandley hill Play centre replace main hall and kitchen flooring	£0	£0	£0		£20,000	SCS 2012/13 & recent review inspection by qualified Building Surveyor have confirmed short term requirement to replace historic [original ] flooring	Trip issues / Finish will become unsatisfactory for use as a Children's Centre		

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C79	1.90	4	Peartree Pavilion - male showers	£25,000					Identified from 2012/13 condition survey / recent inspections identified the generally dilapidated condition of the showers. Refurbishment is required to ensure that the building remains in a condition acceptable for ongoing occupation	Delay in undertaking the refurbishment will result in further deterioration of the condition of the showers and the facility will become unfit for use. Current users may decide to seek alternative premises.		
C38	1.80	4	St Nicholas Play centre - kitchen replacement	£0	£0	£0	£10,000		Flooring to area replaced in 2016-17 / 2nd phase works as planned would include Kitchen unit re-fit where units are becoming very worn with recent acceleration of broken parts	Area would become unhygienic and unusable		
C39	1.80	2 CNM &4	St Nicholas Play centre - external decorations to restore and maintain weather tightness	£0	£0	£0	£20,000		Deterioration of essential waterproofing finishes to a modular building having limited life expectancy	Water ingress/Rot & deterioration affecting continuing building occupation		
C82	1.40	4	St Nicholas Pavilion - reroofing			£35,000	£35,000		Membrane roof covering reaching end of waterproof life.SCS in 2012/13 originally predicted necessity for major works in Years 7-10.	Water ingress affecting building occupation and operation.		
Total Community Centre Review related works				£32,500	£320,500	£215,500	£185,000	£235,000				£20,000
TOTAL WORKS NOT RECOMMENDED				£155,000	£376,750	£215,500	£203,000	£247,500				£20,000

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Part I – Release to Press



**Meeting** **COUNCIL**  
**Portfolio Area** Resources  
**Date** **28 FEBRUARY 2018**



## **ANNUAL TREASURY MANAGEMENT STRATEGY INCLUDING PRUDENTIAL CODE INDICATORS 2018/19** **BUDGET & POLICY FRAMEWORK DECISION**

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### **1. PURPOSE**

- 1.1 To recommend to Council the approval of the Treasury Management<sup>1</sup> Strategy 2018/19 including its Annual Investment Strategy and the prudential indicators following consideration by the Audit Committee and the Executive..

### **2. RECOMMENDATIONS**

- 2.1 That the Treasury Management Strategy as shown at Appendix A to the report be approved.
- 2.2 That the draft prudential indicators for 2018/19 be approved subject to any changes proposed by CIPFA to the Treasury Management Code and Prudential Code.
- 2.3 That the minimum revenue provision policy and note the proposed changes currently under consultation.
- 2.4 That it be noted that no changes are being proposed to treasury limits contained within the Council's Treasury management policies.

<sup>1</sup> CIPFA defines treasury management as “ the management of the Local Authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks”

### **3. BACKGROUND**

3.1 The Council is required to receive and approve (as a minimum) three main treasury reports each year. The Annual Treasury Management strategy including the Prudential Indicators (this report), is the first and most important of the three and includes:

- Treasury Management Strategy
- Investment Strategy
- Capital Plans and prudential indicators
- Minimum Revenue Provision (MRP) policy

3.1.1 Before being recommended to Council the report is required to be adequately scrutinised and this is undertaken by the Audit Committee and Executive.

### **3.2 Treasury Management Strategy**

3.2.1 The key principle and main priority of the Treasury Management Strategy (TMS) is to maintain security of principal invested and portfolio liquidity. With regard to this, the aims of the strategy are:

- i) To ensure that there is sufficient counter party availability and to maintain required levels of liquidity so that the Council has cash available to meet its payment obligations to its suppliers.
- ii) To look for possible changes to the TMS which would increase returns on investments made including alternative investment opportunities with the aim of increasing returns on investments whilst maintaining the security of the monies invested.

3.2.2 The 2017/18 Prudential Code Indicators and TMS Report were approved by Council on the 28 February 2017. Within this report the Chief Finance Officer recognised the need for a fundamental review of the investment portfolio, including alternative investment options and TMS practices. A further update on these changes, approved as part of the 2017/18 TM Strategy, is given in paragraph 4.6.8.

3.2.3 The returns achievable on the Council's investments are currently modest based on the low bank of England base rate and the risk appetite of the TM Strategy. Since March 2009, when the Official Bank Rate (Bank Rate) was reduced to 0.5% and then again in March 2009 to 0.25% the bank rate has been at a historically low level. On 2 November 2017 the Monetary Policy Committee (MPC) approved the first increase in the base rate in eight years to 0.5% (from 0.25%). In 2017/18 investment returns of 0.55% are forecast with a target of 0.70% for 2018/19.

3.2.4 The impact of the European Union (EU) Referendum decision to leave the EU and the implications of this for the UK economy are uncertain and further updates of the Strategy may/will be required once these are known.

## **REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS**

### **LEGISLATIVE AND OTHER CHANGES IMPACTING ON THE TREASURY MANAGEMENT STRATEGY**

- 3.1 Revised CIPFA Prudential Code and CIPFA Treasury Management Code
- 4.1.1 Development of the localism agenda and new powers granted to local authorities for alternative investment and income generating schemes has prompted a review of the Code of Practice on Treasury Management and the Prudential Code by CIPFA. During the year CIPFA consulted on proposed changes to these codes and the Assistant Director (Finance and Estates) has submitted a response.
- 4.1.2 CIPFA has now revised the TM and Prudential codes these are now in force and need to be considered for the 2018/19 Strategy. However guidance notes for inclusion of specific indicators are yet to be released. To enable Members to consider and approve the TMS and Prudential Indicators within the statutory deadline all existing indicators have been included in this report.
- 4.1.3 The main changes introduced by CIPFA are:
- Removal of prudential indicators for:
    - Incremental impact of capital investment decisions on council tax and HRA rents
    - Upper limit on fixed and variable interest rate exposure
    - Upper and lower limits on maturity structure of borrowing
    - Upper limit on total principle sums invested for over 364 days(However this is subject to release of CIPFA TM Code guidance (see para 4.1.2) and to ensure compliance all existing indicators have been included in this report.)
  - Requirement to produce a Capital Strategy which includes capital expenditure including investment decisions. This authority already complies as the Capital Strategy is approved by Council as part of the budget setting process.
  - Inclusion of non-treasury investments (such as investment properties) in the Treasury Management Practices that also includes the publication of a Member approved list of non-treasury Investments.
- 4.2 **Department for Communities and Local Government**
- 4.2.1 In addition the Department for Communities and Local Government (CLG) also ran a consultation on overlapping issues that include revisions to investment guidance and Minimum Revenue Provision (MRP). The government response to the consultation has been published in February 2018. Changes are not required from the 1 April 2018 but at the next earliest

opportunity as the 2018/19 TM Strategy to be approved by Council before 31<sup>st</sup> March 2018.

### 4.3 **MiFIDII**

- 4.3.1 January 2018 saw the implementation of the EU legislation that regulates firms who provide financial services - the Markets in Financial Instruments Directive II (MiFID). This impacted on the Council as by placing investments and borrowing with other financial institutions the Council becomes a counterparty.
- 4.3.2 The default position under this legislation was for the Council to be classed as a retail counterparty – limiting investment opportunities and reducing investment yields. The Council has therefore elected to professional client status to allow uninterrupted advice and opportunities for investment/debt products. There are quantitative and qualitative tests to be satisfied which the Council has passed before a local authority can be classified as such. In addition the Council must have a total investment portfolio of £10million.
- 4.3.3 While professional status enables the Council to maintain its existing relationships with financial institutions and ability to use alternative financial instruments, (subject to compliance with the TM strategy), there are some protections that would have been gained if the status had been downgraded to retail client. These are detailed in the following table.

Area of Protection	Impact on Elective Professional Client	Impact/Mitigation for SBC
Suitability of investment and Appropriateness	As a Professional client a level of experience and knowledge of associated risks will be assumed. The advisor is not required to assess if the transaction is appropriate for the Council as there are entitled to assume as a Professional client the Council has the required level of experience and knowledge.	Low- No change from pre MiFIDII arrangements. TMS stipulates investment criteria and risk appetite to Council investments. Officers are required to attend CiPFA treasury management qualification (or equivalent) and attend training courses to ensure level of knowledge is maintained.
Arranging investment deals	A range of factors are considered for Professional clients to achieve best execution of deal (for retail clients the cost of the transaction is also considered and must be the overriding factor in placing the investment)	Low- No change from pre MiFIDII arrangements. Low transaction costs. Treasury Advice is provided through procurement process to ensure best value provider is used.
Reporting Information back to clients	Timeframe for confirming orders to retail clients is more rigorous than for professional clients	Nil- No change from pre MiFIDII arrangements. Investment confirmations



Area of Protection	Impact on Elective Professional Client	Impact/Mitigation for SBC
		are taken from online systems
Financial Ombudsman Services and FCA	Services of the Ombudsman may not be available to the Council and FCA restrictions on what can be excluded or restricted on any duty of care are tighter for retail clients	Low- No change from pre MiFIDII arrangements.
Investor compensation	Eligibility for compensation under the Financial Services Compensation scheme is dependent on the constitution (not whether professional or retail status is held)	Low- No change from pre MiFIDII arrangements.
Communication	Simplicity and frequency in the way advisors contact the Council will differ to the way information is communicated to Retail Clients	Nil- No change from pre MiFIDII arrangements. Daily access to Treasury Management advisors to ensure SBC are advised on investment and borrowing opportunities.
Information about the advisor/counterparty	Information on services, products and remuneration must be given to all clients however the detail of this information is greater for retail clients	Nil- No change from pre MiFIDII arrangements. Treasury Advice is provided through procurement process to ensure best value provider is used.

4.3.4 However under the old scheme the Council was already classified as a “professional” counterparty and as such the protections in the table above did not apply. Therefore no pre-existing protections have been lost. Officers do not consider the protections available to retail client outweigh the benefits available to professional client status.

### 3.4 Prudential indicators

4.4.1 It is a requirement of the Local Government Act 2003 that Councils must ‘have regard to the Prudential Code and set prudential indicators to ensure capital investment plans are affordable, prudent and sustainable’. As mentioned in para 4.1.1 the Prudential Code has been revised and changes made to Prudential Indicators. Until the guidance that supports these changes is published, officers have retained the existing indicators.

4.4.2 This Strategy’s Prudential Indicators are included in Appendix C and are based on the Final Capital Strategy reported to the Executive in February 2018.

### 4.5 Comments from the Audit Committee and Executive

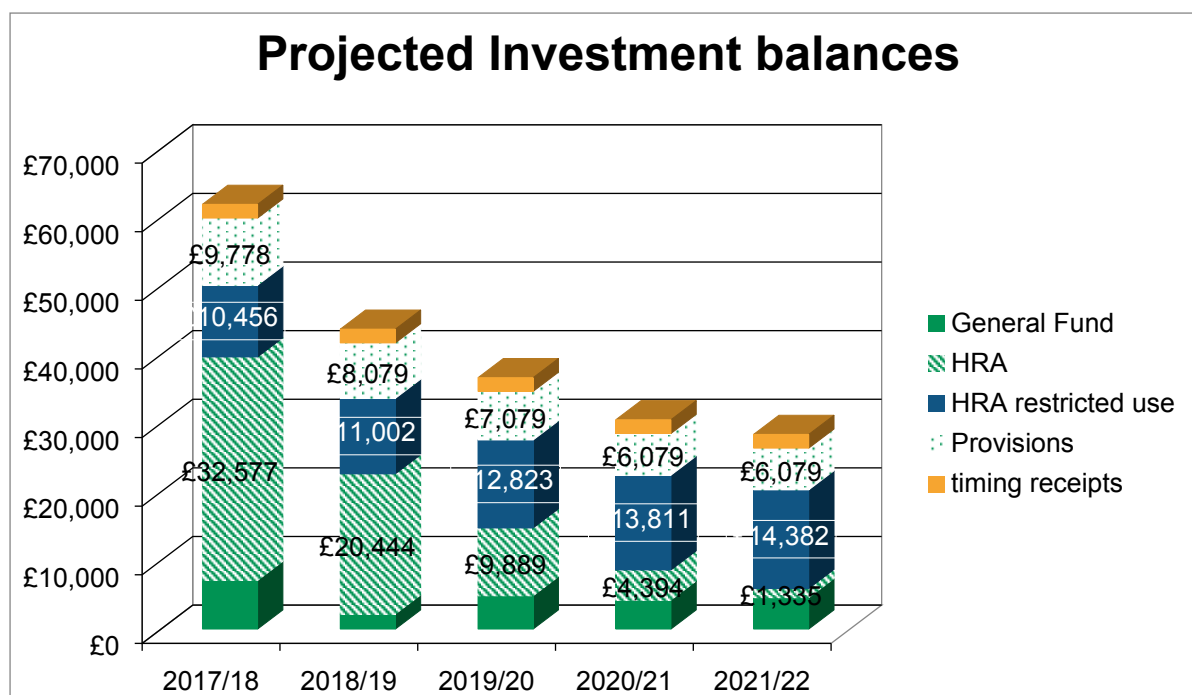
4.5.1 Audit Committee members asked whether there would be sufficient balances to provide services by 2021/22 based on the reduction illustrated in the report. The AD Finance and Estates advised the Committee that the use of balances was within the Council’s approved plans, but the current projections did not include any external borrowing that had not been taken to date. This would

increase balances, but would also increase the cost to the General Fund and HRA.

- 4.5.2 In relation to the use of the cash reserves, Members were advised to note that the HRA Business Plan, General Fund MTFS and the Capital Strategy had a planned use of these resources which meant that whilst not required in 2017/18 they are committed for future years, or relate to provisions or have a restricted use.
- 4.5.3 Having considered the report and responses to questions the Audit Committee made no changes to the report.
- 4.5.4 The comments from the Audit Committee were verbally updated to the Executive at their meeting on the 14 February 2018. The Executive were advised that the changes to prudential borrowing and commercial investment borrowing changes would be implemented from 1 April 2018. Members were advised the rationale for the Property Investment Fund was to support the Council's ambition for Stevenage and town centre regeneration by investing in the town to help create a vibrant town centre and to enable the Council to be more financially resilient by delivering on our Financial Security aims.

#### 4.6 **Performance of Current Treasury Strategy**

- 4.6.1 For the 2017/18 financial year to 31 December 2017 returns on investments have averaged 0.55% and total interest earned was £299,500 contributing to General Fund and Housing Revenue Account revenue income.
- 4.6.2 Cash balances as at 31 December 2017 were £73.03Million and are forecast to be £62.4Million as at 31 March 2018. The Council's balances are made up of cash reserves e.g. HRA and General Fund balances, restricted use receipts e.g. right to buy one for one receipts and balances held for provisions such as business rate appeals.
- 4.6.3 In considering the Council's level of cash balances, Members should note that the HRA Business Plan, General Fund MTFS and the Capital Strategy have a planned use of these resources which means, while not committed in the current year, they are utilised in future years. This means that the Council's cash for investment purposes is projected to reduce from £62.4Million by 31 March 2018 to £29.8Million by 31 March 2022. In essence £32.6Million of investment balances are going to be used in the next four years for revenue and capital plans approved by Members. This impact on cash available to invest is shown in the chart below.



*Note: General Fund and HRA balances are net of internal borrowing at year end*

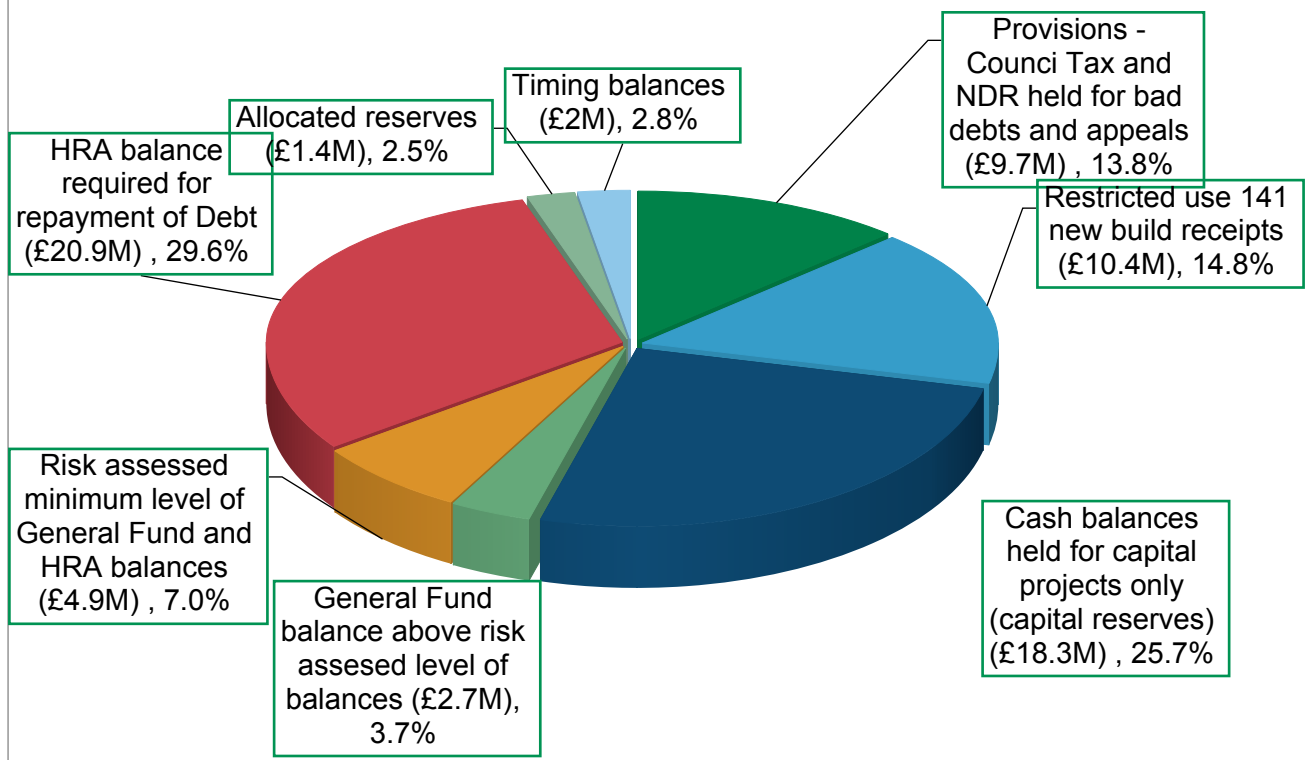
4.6.4 In addition to the balances projected to be held as at 31 March 2018 that will be used by 2021/22 there are other balances invested that cannot be used for general use to run services. These may be balances related to restricted RTB receipts which in 2017/18 total £10.45Million. There are also balances relating to timing differences (from creditors and debtors) estimated at £2Million and balances held for future events such as business rate appeals and again these balances cannot be used to fund services.

4.6.5 Reserves and provisions forecast at 31 March 2018 as detailed in the chart below total £70.3Million. However the actual cash held is forecast to be £62.4Million, a difference of £7.9Million. This is because both the HRA and the General Fund have used investment balances totalling £7.9Million rather than take external borrowing as interest rates are so low, (see also para 4.9.4).

4.6.6 The commentary in paragraphs 4.6.2 -4.6.5 on investment balances shows that only a small proportion of overall balances are available to fund the HRA and General Fund and some of these balances are held for specific purposes or planned to be spent over the next few years. By 2021/22 there will be £29.8Million balances to invest with £20.3Million relating to provisions or restricted use receipts. In addition both the General Fund and the HRA have, as yet, unidentified Financial Security targets for future years.

4.6.7 The majority of cash balances are held for the repayment of HRA debt (29.6%) and to fund the Council's capital programme (40.5%). Despite these sums held for the capital programme external borrowing is still required as detailed in the 2018/19 Capital strategy report.

## Forecast Cash Reserves as at 31 March 2018



*Note: balances gross of internal borrowing of £7.9Million*

- 4.6.8 The Council's current investment portfolio consists of "conventional" cash investments: deposits with banks and building societies, Money Market Funds and loans to other Local Authorities. Following the review in 2017/18 the use of Ultra Short Dated Bonds (USDB) was approved (formerly known as enhanced cash funds) up to £3Million. Currently no investments have been made with USDB funds, partly due to additional research and advisory fees required prior to an investment being placed impacting on potential returns. In addition, above base rate investment returns are being offered for standard cash deposits and these are being achieved by the TM team.
- 4.6.9 During 2017/18 no investments have been made with the Debt Management office (DMO) and there have been no breaches in the TMS in 2017/18 as at the time of writing this report.
- 4.7 **Review of the Treasury Management Strategy and Proposed changes**
- 4.7.1 The 2017/18 TMS was revised to maintain the key principles of security and liquidity to accommodate the cash balances forecast to be held by the Council. In accordance with the guidance from CLG and CIPFA the Council will continue to apply credit criteria in order to generate a list of highly credit worthy counterparties whilst maintaining diversification.
- 4.7.2 To comply with the new Code requirement a list of non- treasury investments will be included in Treasury Management Practices. The definition of non-treasury investments is likely to be limited to investment properties as Stevenage BC holds no other types of "non-treasury" investments.

## 4.8 Prudential Indicators

- 4.8.1 As mentioned in para 4.1.3 CIPFA has removed a number Prudential Indicators (PI) but have yet to publish the guidance and adoption date. As such all existing PI have been retained and will be reviewed in subsequent reports when confirmation has been given.
- 4.8.2 The prudential indicators as shown in Appendix C have been updated based on the 2018/19 final capital strategy.

## 4.9 The Councils Borrowing Position

- 4.9.1 The Council had external debt of £209.362Million as at 31 December 2017 as is broken down as follows:

Purpose of Loan	PWLB Loan £'000	Market Loan £'000	Total £'000
<b>General Fund:</b>			
Regeneration Assets	1,447	1,500	2,947
<b>HRA:</b>			
Decent Homes	11,504	0	11,504
Self-Financing	194,911	0	194,911
<b>Total HRA Loans</b>	<b>206,415</b>	<b>0</b>	<b>206,415</b>
<b>Total Debt at 31st December 2017</b>	<b>207,862</b>	<b>1,500</b>	<b>209,362</b>

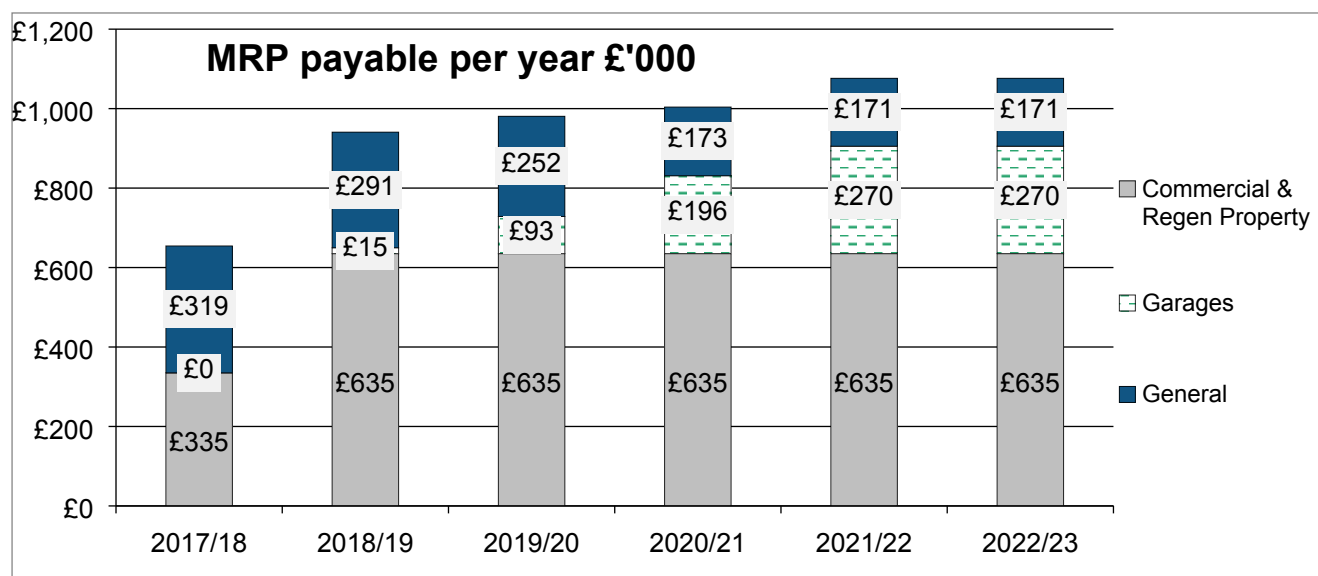
- 4.9.2 In 2017/18 there is a scheduled loan repayment of £3.75million for the HRA. The HRA Business plan identified new borrowing of £3.5million due to be taken in 2017/18. The timing of this borrowing is dependent on cash balances held and forecast borrowing rates.
- 4.9.3 In 2017/18 there were General Fund loan repayments of £131,579 in August 2017 and February 2018. In addition approved prudential borrowing for the investment property portfolio and garage strategy is due to be taken in 2017/18 but will be dependent on actual spend in year.
- 4.9.4 Cash and investment balances have been used in preference to external borrowing as the costs of internal debt (investment interest foregone at 0.57%) is significantly lower than external borrowing (2.66% based on 25 year loan). It is the view of the Chief Financial Officer that this approach will continue to be considered while interest rates remain low.

## 4.10 Minimum Revenue Provision

- 4.10.1 Where capital expenditure has been funded from borrowing, whether this be actual external borrowing or internal borrowing through the use of cash balances the council is required to set aside a Minimum Revenue Provision

(MRP). This amount is calculated based on the approved MRP policy (appendix B) based on the life of the asset.

- 4.10.2 The CLG have consulted on changes to MRP payments which will be implemented from 1 April 2019. Any subsequent changes may require a revised MRP policy to be approved by Council. Current projections of MRP payments based on the existing policy are detailed in the following chart.



- 4.10.3 The internal borrowing approach recommended by the Chief Finance Officer and the subsequent MRP payments the General Fund needs to make has reduced the amount that the General Fund needs to borrow (on historic capital schemes pre 2017/18 expenditure) by £3.2Million or 24% of the total General Fund capital funded by borrowing as at 31 March 2018.

## 4.11 Future borrowing requirements

- 4.11.1 It is the Council's intention not to borrow in advance of need. However, should this happen as part of the optimising treasury management position of the Council and minimising borrowing risks, the transaction will be accounted for in accordance with proper practices. The Government has recently consulted on potential changes to borrowing for commercial purposes and commentary on this is included in the 2018/19 Capital Strategy.
- 4.11.2 The Council's treasury advisors forecasted the Bank of England base rate to increase to 0.75% in December 2018, (January 2018). Base rate and borrowing rate forecasts are shown in the table below.

Link Asset Services Interest Rate View									
	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank Rate	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%
5yr PWLB rate	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%

Link Asset Services Interest Rate View									
	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
10yr PWLB rate	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%
25yr PWLB rate	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%
50yr PWLB rate	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%

Source : Link Asset Services 7/11/17

4.11.3 The Treasury's Certainty Rate for borrowing remains available and enables the Council to take PWLB loans at 20 basis points below the standard PWLB rate. The rates shown in the table above do not include that adjustment. There have been no further updates to the government's proposal to abolish the PWLB.

## 4.12 Investments

4.12.1 The Council complies fully with CIPFA Treasury Management Code 2011 and compliance with the updated Code will be confirmed in subsequent reports following the publication of CIPFA TM Code guidance. The Council also complies with Guidance on self-financing and the investment guidance issued by CLG. It should be noted that CLG investment guidance is currently being reviewed and an update will be given in subsequent reports.

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

- Training opportunities available to Members and officers
- That those charged with governance are also personally responsible for ensuring they have the necessary skills and training
- A full mid year review of the TMS will be reported in 2018/19

4.12.3 The 2018/19 Strategy uses the credit worthiness service provided by Link Asset Services (formerly known as Capita Treasury Solutions) the Council's treasury advisors. This service uses a sophisticated modelling approach which utilises credit ratings from the three main credit rating agencies and is compliant with CIPFA code of practice.

4.12.4 While Link Asset Services may advise the Council the responsibility for treasury management decisions remains with the Council at all times and officers do not place undue reliance on the external service advice.

4.12.5 The TM limits for 2018/19 (Appendix D) have been reviewed and no changes to these limits are being proposed.

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

## **5 IMPLICATIONS**

### **5.1 Financial Implications**

- 5.1.1 This report is of a financial nature and outlines the Prudential Code indicators and the principles under which the treasury management functions are managed.

### **5.2 Legal Implications**

- 5.2.1 Approval of the Prudential Code Indicators and the Treasury Management Strategy is intended to ensure that the Council complies with relevant legislation. At the time of writing updates to the prudential code indicators had not been finalised by CIPFA and as such may be amended/updated in subsequent treasury management reports to ensure the Council complies with best practice (see also section 4).

### **5.3 Risk Implications**

- 5.3.1 The current policy of not borrowing externally only remains financially beneficial while prevailing differentials between investment income rates and borrowing rates remain, and balances remain buoyant. When this changes, the Council may need to borrow at a higher rate, leading to a significant additional revenue cost in year.
- 5.3.2 The Council's Treasury Management Strategy is based on limits for counterparties to reduce risk of investing with only a few institutions.
- 5.3.3 The thresholds and time limits set for investments in the Strategy are based on the relative ratings of investment vehicles and counter parties. These are designed to take into account the relative risk of investments and also to preclude certain grades of investments and counterparties to prevent loss of income to the Council.

### **5.4 Equalities and Diversity Implications**

- 5.4.2 This report is technical in nature and there are no implications associated with equalities and diversity within this report. In addition the council retains the discretion not to invest in countries that meet the minimum rating but where there are concerns over human rights issues (4.12.6).

## **BACKGROUND DOCUMENTS**

BD1 - Annual Treasury management Review of 2016/17

BD2 - 2017/18 Mid Year Treasury Management Review



## **APPENDICES**

A - Treasury Management Strategy

B - Minimum Revenue Provision Policy

C - Prudential Indicators

D - Specified and Non-Specified Investment Criteria

E - Approved Countries for investment

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## **Appendix A Treasury Management Strategy 2018/19**

### **1. Treasury Management Policy Statement**

- 1.1 The Council defines its treasury management activities as: *“The management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”*.
- 1.2 The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
- 1.3 The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
- 1.4 This Strategy has been prepared in accordance with the CIPFA Treasury Management Code 2011. This requires the Council to approve the Treasury Management Strategy annually and to produce a mid-year report. In addition, Members in both Executive and Scrutiny functions receive monitoring reports and regular reviews. The aim of these reporting arrangements is to ensure that those with ultimate responsibility for the treasury management function appreciate fully the implications of treasury management policies and activities, and that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.
- 1.5 The Act requires the Council to set out its Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy to set out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments.

### **2. Annual Investment Strategy**

- 2.1 The Council is required to prepare an Annual Investment Strategy. The Council has regard to the Department of Communities and Local Government’s (CLG) Guidance on Local Government Investments (“the Guidance”) issued in March 2004, any revisions to that guidance, the Audit Commission’s report on Icelandic investments and the 2011 CIPFA Treasury Management in Public Services Code of Practice and Cross-Sectoral Guidance Notes (“the CIPFA TM Code”). The Council’s investment priorities are: -
  - (a) the security of capital
  - (b) the liquidity of its investments.
- 2.2 The Council also aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
- 2.3 The borrowing of monies purely to invest or on-lend in order to make a return is unlawful and this Council will not engage in such activities.

- 2.4 The Council only invests in counterparties with a high credit quality in the UK or other countries meeting minimum AA- sovereign rating. The Council understands that changes have taken place to the ratings agencies and that their new methodologies mean that sovereign ratings are now of lesser importance in the assessment process. However, the Council continues to specify a minimum sovereign rating as the underlying domestic and where appropriate, international, economic and wider political and social background will still have an influence on the ratings of a financial institution. Specified and Non-Specified Investment criteria reflects the Council's Treasury advisors (Link Asset Services) suggested methodology to assess short and long term ratings for a counterparty. The proposed minimum credit quality criteria for Specified and Non-Specified Investment, together with Treasury Limits are detailed below (a summary of all investment criteria and limits, together with procedures, is provided in Appendix D):

### **3 Creditworthiness policy**

- 3.1 The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. Based on this this main principle, the Council will ensure that:
- It maintains a policy covering the categories of financial instruments it will invest in, maximum investment duration, criteria for choosing counterparties with adequate security, and monitoring their security.
  - It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's Prudential indicators of the maximum principal sums invested in excess of 364 days.
- 3.2 The Assistant Director (Finance and Estates) will maintain a counterparty list in compliance with the criteria in the Strategy for Specified and Non-Specified Investment and will revise the criteria and submit them to Council for approval as necessary.
- 3.3 In determining the credit quality, the Council uses the Fitch credit ratings, together with Moody and Standard & Poor's equivalent where rated. Not all counterparties are rated by all three agencies and the Council will use available ratings.
- 3.4 The Council also uses the creditworthiness service (Colour Coding System) provided by Link Asset Services. This service has been progressively enhanced over the last year and now uses a sophisticated modelling approach including the credit ratings the all three main rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties. Additional market information is applied to compare the relative security of differing investment counterparties, such as:
- credit watches and credit outlooks from credit rating agencies
  - Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings
  - sovereign ratings to select counterparties from only the most creditworthy countries
- 3.5 This modelling approach combines credit ratings, credit watches, credit outlooks and CDS spreads in a weighted scoring system for which the end product is a

series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for investments and are therefore referred to as durational bands. It is a service which the Council would not be able to replicate using in house resources

- 3.6 Credit ratings will be monitored whenever an investment is to be made, using the most recent information. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.
- If a downgrade results in the counterparty no longer meeting the Council's minimum criteria, no further new investment will be made with that counterparty until they meet the Council's criteria again.
  - In addition to the use of Credit Ratings the Council will be advised of information in movements in Credit Default Swap and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list. However, investments already with the counterparty are likely to remain invested as it would be very expensive and potentially impossible to have the funds returned prematurely. However, the Chief Finance Officer will review the risk and penalties involved in order to determine whether an investment should be returned.
- 3.8 Sole reliance will not be placed on the use of this external service. In addition the Council will also use market data including information on government support for banks and the credit ratings of that government support.
- 3.9 The Council receives updates from Link on future changes to Money Market Funds (MMF) that might affect the liquidity or risk of the fund. The Council is likely to change its approach to the use of MMF should liquidity or risk be adversely affected.
- 3.10 The Municipal Bond Agency is currently in the process of being set up and it is likely to be offering loans to local authorities in the near future. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loans Board (PWLb). The Council intends to make use of this new source of borrowing as and when appropriate.

#### **4 Country limits**

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

#### **5 Current Investments and Interest Rate Forecast**

- 5.1 At the 31 December 2017 the Council had £73.03Million on deposit with various the institutions.
- 5.2 **Interest Rate Forecast** - The Bank of England base rate remains at 0.5% as at 31 December 2017. Link now forecast that Bank Rate will increase gradually by 0.25% to 0.75% in December 2018 with a further 0.25% increase to 1.00% in December 2019. Current indicative investment rates provided by Link as below:

Investment Rate	
One Month	0.40%
Three Months	0.45%
Six Months	0.55%
One Year	0.70%

Source: Link Asset Services Executive  
Summary 29/01/2017

The Council has budgeted for investment returns of 0.55% in 2017/18 and is budgeting for returns of 0.7 % in 2018/19.

## 6 Borrowing Strategy and Policy on Borrowing in Advance of Need

- 6.1 The Operational Boundary and Authorised Borrowing Limits must be approved as part of the Prudential Code Indicators before the start of each financial year. The revised 2017/18 limits and proposed limits for 2018/19 are:-

	2017/18	2018/19
	£000	£000
Operational Boundary	237,080	243,776
Authorised Limit	246,470	253,166

- 6.2 Based on the capital programme 2018/19 (February 2018 Update) resourcing projections, the Council has the following new borrowing requirements in 2018/19:
- General Fund £7,636,700. (£2,036,700 in relation to the 10 year plan for the garages estates approved by Council on 20 July 2016. £5,600,000 in relation to the Investment Property strategy approved by Council on 17<sup>th</sup> May 2017.)
  - HRA £Nil.
- 6.3 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.
- 6.4 In determining whether borrowing will be undertaken in advance of need the Council will;
- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need
  - ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered
  - evaluate the economic and market factors that might influence the manner and timing of any decision to borrow
  - consider the merits and demerits of alternative forms of funding
  - consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

## **7 End of year investment report**

- 7.1 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Outturn Report.

## **8 Policy on the use of external service providers**

- 8.1 In July 2016, the Council tendered for its treasury management advisors. As a result of which, Link Asset Services (formerly known as Capita Asset Services) was reappointed on a five year contract. The new contract commenced on 26 October 2016.
- 8.2 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
- 8.3 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

## **9 Scheme of Delegation and Role of Section 151 officer**

- 9.1 The Council has the role of:
- receiving and reviewing reports on treasury management policies, practices and activities
  - approval of annual strategy.
  - approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
  - budget consideration and approval
  - approval of the division of responsibilities
  - receiving and reviewing regular monitoring reports and acting on recommendations
  - approving the selection of external service providers and agreeing terms of appointment.
- 9.2 The Audit Committee has the role of reviewing the policy and procedures and making recommendations to Council
- 9.3 The Section 151 Officer has the role of:
- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
  - submitting regular treasury management policy reports
  - submitting budgets and budget variations
  - receiving and reviewing management information reports
  - reviewing the performance of the treasury management function
  - ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
  - ensuring the adequacy of internal audit, and liaising with external audit

- recommending the appointment of external service providers.

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

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



## Appendix B (January 2018 Update)

### Minimum Revenue Provision Policy

#### Minimum Revenue Provision Policy Statement 2018/19

*Note: The Department for Communities and Local Government (CLG) ran a consultation on revisions to investment guidance and Minimum Revenue Provision (MRP). The outcome from this consultation is still awaited and it may be necessary to take a revised strategy and/or MRP policy to Council at a later date as it is still a requirement for the 2018/19 MRP statement to be approved by Council before 31st March 2018.*

The Council implemented the new Minimum Revenue Provision (MRP) guidance in 2009/10. It will assess its MRP for 2018/19 in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

From 2013/14, the council has not had a fully funded capital programme, and although there has not been a need to borrow in full externally, due to the use of investment balances, it will be necessary to make adequate provision for the repayment of debt in the form of Minimum Revenue Provision in 2018/19 for the unfunded element of 2013/14 and 2014/15 expenditure. **The preferred method for existing underlying borrowing is Option 3 (Asset Life Method) whereby the MRP will be spread over the useful life of the asset.**

The Council has approved a **Property Investment** Strategy – an investment of £15Million in property funded from prudential borrowing. The MRP calculation will be calculated under **Option 3 (Asset Life Method) and the annuity method** which links the MRP to the flow of benefits from the properties.

The forecast annual MRP for 2017/18 is £654,374 and for 2018/19 is £825,971 based on the February 2018 Capital Strategy Update having the need to borrow for the General Fund.

#### Additional Information

##### 1. What is a Minimum Revenue Provision (MRP)?

The Minimum Revenue Provision is a charge that Councils which are not debt free are required to make in their accounts for the repayment of debt (as measured by the underlying need to borrow, rather than actual debt). The underlying debt is needed to finance the capital programme. Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g. buildings, vehicles, machinery etc. It is therefore prudent to charge an amount for the repayment of debt over the life of the asset or some similar proxy figure, allowing borrowing to be matched to asset life. Setting aside an amount for the repayment of debt in this manner would then allow for future borrowing to be taken out to finance the asset when it needs replacing at no incremental cost. The manner of spreading these costs is through an annual Minimum Revenue Provision, which was previously determined under Regulation, and is now determined by Guidance.

## **2. Statutory duty**

Statutory Instrument 2008 no. 414 s4 lays down that:

“A local authority shall determine for the current financial year an amount of minimum revenue provision that it considers to be prudent.”

The above is a substitution for the previous requirement to comply with regulation 28 in S.I. 2003 no. 3146 (as amended).

There is no requirement to charge MRP where the Capital Financing Requirement (CFR) is nil or negative at the end of the preceding financial year.

The share of Housing Revenue Account CFR is not subject to an MRP charge.

## **3. Government Guidance**

Along with the above duty, the Government issued guidance which came into force on 31<sup>st</sup> March 2008 which requires that a Statement on the Council's policy for its annual MRP should be submitted to the full Council for approval before the start of the financial year to which the provision will relate.

The Council is legally obliged to “have regard” to the guidance, which is intended to enable a more flexible approach to assessing the amount of annual provision than was required under the previous statutory requirements. The guidance offers four main options under which MRP could be made, with an overriding recommendation that the Council should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits. The requirement to ‘have regard’ to the guidance therefore means that: -

Although four main options are recommended in the guidance, there is no intention to be prescriptive by making these the only methods of charge under which a local authority may consider its MRP to be prudent.

It is the responsibility of each authority to decide upon the most appropriate method of making a prudent provision, after having had regard to the guidance.

The four recommended options are thus:

### **Option 1: Regulatory Method**

Under the previous MRP regulations, MRP was set at a uniform rate of 4% of the adjusted CFR (i.e. adjusted for “Adjustment A”) on a reducing balance method (which in effect meant that MRP charges would stretch into infinity).

This historic approach must continue for all capital expenditure incurred in years before the start of this new approach. It may also be used for new capital expenditure up to the amount which is deemed to be supported through the Supported Capital Expenditure (SCE) annual allocation.

### **Option 2: Capital Financing Requirement Method**

This is a variation on option 1 which is based upon a charge of 4% of the aggregate CFR without any adjustment for Adjustment A, or certain other factors which were brought into account under the previous statutory MRP calculation. The CFR is the measure of an authority's outstanding debt liability as depicted by their balance sheet.

This is not applicable to the Council as it is for existing non supported debt

**Option 3: Asset Life Method.**

This method may be applied to most new capital expenditure, including where desired that which may alternatively continue to be treated under options 1 or 2.

Under this option, it is intended that MRP should be spread over the estimated useful life of either an asset created, or other purpose of the expenditure. There are two useful advantages of this option: -

Longer life assets e.g. freehold land can be charged over a longer period than would arise under options 1 and 2.

No MRP charges need to be made until the financial year after that in which an item of capital expenditure is fully incurred and, in the case of a new asset, comes into service use (this is often referred to as being an 'MRP holiday'). This is not available under options 1 and 2.

There are two methods of calculating charges under option 3:

equal instalment method – equal annual instalments,

annuity method – annual payments gradually increase during the life of the asset.

This is the preferred method as it allows costs to be spread equally over the life of the asset.

**Option 4: Depreciation Method**

Under this option, MRP charges are to be linked to the useful life of each type of asset using the standard accounting rules for depreciation (but with some exceptions) i.e. this is a more complex approach than option 3.

The same conditions apply regarding the date of completion of the new expenditure as apply under option 3.

This method is not favoured by the Council as if the asset is subject to a downturn in value, then that amount would have to be written off in that year, in addition to the annual charge

**4. Date of implementation**

The previous statutory MRP requirements ceased to have effect after the 2006/07 financial year. Transitional arrangements included within the guidance no longer apply for the MRP charge for 2009/10 onwards. Therefore, options 1 and 2 should only be used for Supported Capital Expenditure (SCE). The CLG document remains as guidance and authorities may consider alternative individual MRP approaches, as long as they are consistent with the statutory duty to make a prudent revenue provision.

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Treasury Management Prudential Indicators	Appendix C		2018/19 Treasury Management Strategy				
	2017/18	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Capital Expenditure (Based on Final Capital Strategy: Feb 2018 )	Revised Mid Yr review 17-18	Revised Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec
	£000	£000	£000	£000	£000	£000	£000
General Fund	25,993	20,932	21,708	16,099	3,970	1,751	1,512
HRA	17,301	17,525	31,355	36,049	31,439	30,922	28,637
Total	43,294	38,457	53,063	52,148	35,409	32,673	30,149
	2017/18	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Ratio of financing costs to net revenue stream:	Revised Mid Yr review 17-18	Revised Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec
	%	%	%	%	%	%	%
General Fund Capital Expenditure	7.13%	7.82%	14.22%	16.08%	16.50%	16.90%	16.36%
HRA Capital Expenditure	15.60%	16.91%	16.94%	16.72%	16.16%	15.33%	14.84%
General Fund: Net revenue stream is the RSG, NNDR grant and Council Tax raised for the year.							
HRA: The net revenue stream is the total HRA income shown in the Council's accounts from received rents, service charges and other incomes. The ratio of financing costs to net revenue stream reflects the high level of debt as a result of self financing.							
	2017/18	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Authorised Limit for external debt	Revised Mid Yr review 17-18	Revised Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec
	£000	£000	£000	£000	£000	£000	£000
Borrowing - General Fund	34,485	33,971	40,666	42,251	43,103	42,026	40,950
Borrowing - HRA	217,685	217,655	217,655	217,655	217,655	217,655	217,655
Total	252,170	251,625	258,321	259,906	260,758	259,681	258,605
The authorised limit in that it is the level up to which the Council may borrow without getting further approval from Full Council. The Council may need to borrow short term for cash flow purposes, exceeding the operational boundary. The authorised limit allows for £9m headroom. The headroom for the HRA will be reduced if land/assets are transferred to the HRA or if additional borrowing is taken out.							
	2017/18	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Operational Boundary for external debt	Revised Mid Yr review 17-18	Revised Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec
	£000	£000	£000	£000	£000	£000	£000
Borrowing - General Fund	31,985	31,471	38,166	39,751	40,603	39,526	38,450
Borrowing - HRA	210,765	211,209	211,209	211,209	211,209	211,209	211,209
Total	242,750	242,680	249,376	250,961	251,812	250,736	249,660
The operational boundary differs from the authorised limit in that it is the level up to which the Council expects to have to borrow. The Council may need to borrow short term for cash flow purposes, exceeding the operational boundary. The operational boundary allows for £1m headroom in addition to our capital plans.							
	31-Mar-18	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23
Gross & Net Debt	Revised Mid Yr review 17-18	Revised Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec
	£000	£000	£000	£000	£000	£000	£000
Gross External Debt - General Fund	18,186	12,516	18,389	20,692	22,284	22,021	21,758
Gross External Debt - HRA	202,433	206,174	206,174	206,174	206,174	206,174	206,174
Gross External Debt	220,619	218,690	224,563	226,866	228,458	228,195	227,932
Less Investments	(57,233)	(62,434)	(45,563)	(37,038)	(31,479)	(29,756)	32,678
Net Borrowing	163,386	156,256	179,000	189,828	196,979	198,439	260,610
The Gross External Debt is the actual debt taken out by the Council plus any relevant long term liabilities. The Gross External Debt should not exceed the Operational Boundary for external debt. For 2020/21 £12.595M is required to be borrowed - this is an estimated loan							
The Net Borrowing is defined as gross external debt less investments. The net borrowing requirement may not, except in the short term, exceed the total capital financing requirement in the preceding year, plus the estimates of any additional financing.							
	31-Mar-18	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23
Capital Financing Requirement (CFR)	Revised Mid Yr review 17-18	Revised Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec
	£000	£000	£000	£000	£000	£000	£000
Capital Financing Requirement GF	29,485	28,971	35,666	37,251	38,103	37,026	35,950
Capital Financing Requirement HRA	208,265	208,709	208,709	208,709	208,709	208,709	208,709
Total Capital Financing Requirement	237,750	237,680	244,376	245,961	246,812	245,736	244,660
The Capital Financing Requirement (CFR) reflects the amount of money the Council would need to borrow to fund it's capital programme. This is split between the Housing Revenue Account CFR (HRACFR) and the General Fund CFR (GFCFR).							
	2017/18	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Incremental Impact on Capital Investment Decisions	Revised Mid Yr review 17-18	Revised Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec
<i>This indicator will not be a statutory requirement under the revised Prudential Code.</i>							
	£000	£000	£000	£000	£000	£000	£000
Increase (Decrease) in Council Tax (band D)	0.00	0.00					
Increase (Decrease) in average rent per week	0.01	0.01					
	2017/18	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Upper limit for fixed interest rate exposure	Revised Mid Yr review 17-18	Revised Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec
<i>This indicator will not be a statutory requirement under the revised Treasury Management Code. It is shown here until the implimentation date of the new Code is confirmed.</i>							
	£000	£000	£000	£000	£000	£000	£000
Fixed Rate Borrowing - General Fund	34,485	33,971	40,666	42,251	43,103	42,026	40,950
Fixed Rate Borrowing - HRA	217,685	217,655	217,655	217,655	217,655	217,655	217,655
Fixed Rate Investments	100%	100%	100%	100%	100%	100%	100%
Net Fixed Rate Borrowing	NA	NA	NA	NA	NA	NA	NA
	2017/18	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Upper limit for variable interest rate exposure	Revised Mid Yr review 17-18	Revised Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec
<i>This indicator will not be a statutory requirement under the revised Treasury Management Code. It is shown here until the implimentation date of the new Code is confirmed.</i>							
	£000	£000	£000	£000	£000	£000	£000
Variable rate borrowing - General Fund	34,485	33,971	40,666	42,251	43,103	42,026	40,950
Variable rate borrowing - HRA	217,685	217,655	217,655	217,655	217,655	217,655	217,655
Gross Variable Rate	252,170	251,625	258,321	259,906	260,758	259,681	258,605
Variable rate investments	100%	100%	100%	100%	100%	100%	100%
	2017/18	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Upper limit for total principal sums invested for over 364 days	Revised Mid Yr review 17-18	Revised Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec	Updated Feb 18 Exec
<i>This indicator will not be a statutory requirement under the revised Treasury Management Code. It is shown here until the implimentation date of the new Code is confirmed.</i>							
	£000	£000	£000	£000	£000	£000	£000
Sums invested for over 364 days	10,000	10,000	10,000	10,000	10,000	10,000	10,000
					GF	HRA	Total
Gross Debt & CFR for 2018/19 Estimated					Estimate	Estimate	Estimate
					£000	£000	£000
Opening balance for 2018/19 CFR plus estimates of additional capital financing requirement for the current and the next two financial year					38,103	208,709	246,812
Estimated Gross Debt 2018/19					18,389	206,174	220,860
Actual Gross Debt is the actual borrowing for any purpose plus other relevant long-term liabilities. It should not, except in the short term, exceed the CFR in the previous year plus the estimates of any increase in the CFR at the end of the current and next two financial years. If in any of these years, there is a reduction in the CFR, this reduction is ignored in estimating the cumulative increase in the CFR which is used for this comparison with external debt.							

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

**TM Strategy 2018/19**

Table 1

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

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

Table 2

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

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

Please Turn Over

Table 3 **Treasury Limits**

Investment Instrument	Cash balances less than £30Million	Cash balances higher than £30Million
	Limits	Limits
Variable Rate Investments (Excluding Enhanced Cash Funds)	Maximum holding £30M	Maximum holding 100%
Counterparty limits (to encompass all forms of investment)	Maximum £5M	Maximum £8M
Instant Access Or Overnight Deposit	Maximum holding 100%	
Fixed Rate less than 12 month maturity	Maximum holding 100%	
Fixed Rate more than 12 months to maturity (includes all types of Fixed Rate Investments i.e. Certificates of Deposits )	Maximum £5M	Maximum £10M
Money Market Funds - Traditional Instant Assess (Counterparty Limit per Fund)	Maximum £5M per MMF	Maximum £8M per MMF
	No limit on total cash held	
Enhanced Cash Funds	Maximum £3M	
Certificates of Deposits	Maximum £5M	
Property Funds	Maximum of £3M - No durational limit. Use would be subject to consultation and approval	

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



## APPENDIX E: Approved Countries (with Approved counterparties) for Investments (January 2018)

*Based on lowest available rating*

### AAA

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

### AA+

- Finland

### AA

- Abu Dhabi (UAE)
- France

### AA-

- Belgium
- Qatar

**The UK is exempt from the sovereign rating criteria as recommended by Capita**

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

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Part 1 – Release to Press



**Meeting: COUNCIL**

Portfolio Area: Members' Services



**Date: 28 FEBRUARY 2018**

## **OFFICER REPORT – MEMBERS' ALLOWANCES SCHEME 2018-2019**

Author - Jackie Cansick                      Ext No. 2216  
Lead Officer – Scott Crudgington      Ext No. 2225  
Contact Officer - Jackie Cansick      Ext No. 2216

### **1. PURPOSE**

1.1 To recommend to Council a Members' Allowances Scheme for 2018-2019.

### **2. RECOMMENDATIONS**

2.1 That a Members' Allowances Scheme be agreed for 2018-2019 as set out in Appendix A, attached.

### **3. BACKGROUND**

3.1 Local authorities are required to make a Members' Allowances Scheme before the beginning of each financial year having considered a report of an Independent Remuneration Panel.

3.2 At its meeting on 28 February 2017 the Council adopted a new Members' Allowances Scheme based on the recommendations of an Independent Panel that had undertaken a comprehensive review in Autumn 2015.

3.3 The Scheme recommended is the same as that agreed by Council on 28 February 2017.

### **4. REASONS FOR RECOMMENDED COURSE OF ACTIONS AND OTHER OPTIONS**

4.1 Council is being recommended to approve a Scheme for 2018/2019 based on the latest recommendations of the Independent Panel as there has been no

Council – 28 February 2018

amendment to the political management structure of the Council upon which those recommendations were based.

- 4.2 The Scheme recommended includes provision for allowances to be index linked to officer (NJC) pay awards therefore any pay award agreed would be automatically applied.

## **5. IMPLICATIONS**

### **5.1 Financial Implications**

The budget provision for the Members Allowances Scheme in 2018/2019, inclusive of travel and subsistence is £485,170 which is sufficient to fund the proposed Scheme.

### **5.2 Legal Implications**

The provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003 have directed the convening of the Independent Panel. The appended draft Scheme for 2017-2018 is in accord with that recommended by the Panel.

## **BACKGROUND DOCUMENTS**

- Report of Independent Panel –December 2015
- Local Authorities (Members' Allowances) (England) Regulations 2003

## **APPENDICES**

- Appendix A - Recommended Scheme for 2018-2019

### STEVENAGE BOROUGH COUNCIL

### MEMBERS' ALLOWANCES SCHEME

EFFECTIVE FROM 1 April 2018 to 31 March 2019

Stevenage Borough Council has made the following Members' Allowances scheme under the Local Government Act 2000 and the Local Authorities (Members' Allowances) (England) Regulations 2003.

1. This scheme may be cited as the Stevenage Borough Council Members' Allowances Scheme, and shall have effect for the year 1 April 2018 to 31 March 2019.

2. In this scheme,

“Councillor” means a Member of the Stevenage Borough Council who is a Councillor; “year” means the period ending on 31 March 2019.

3. Basic Allowance

A basic allowance shall be paid to each Councillor from 1 April 2018.

4. Special Responsibility Allowances

- 1) For each year a special responsibility allowance shall be paid to those Councillors who hold the special responsibilities in relation to the authority that are specified in the schedule to this scheme.

- 2) Subject to paragraph 6, (part year entitlements) the amount of each such allowance shall be the amount specified against that special responsibility in that schedule.

- 3) Members are only able to claim one SRA.

5. Renunciation

A Councillor may by notice in writing to the Chief Executive elect to forego any part of their entitlement to an allowance under this scheme.

6. Part-year Entitlements

Payment of Basic and Special Responsibility Allowances will be pro-rata where Councillors do not serve for a full year on the Council.

7. Payments

Payments shall be made on a regular monthly basis. Claims for dependent carer's allowances and travel and subsistence allowance shall be made within two months of being incurred.

## 8. Suspension of Payments

The Council will withhold all allowances to any Councillor who is suspended for misconduct and will require Councillors to repay any allowance already paid during a period of suspension.

### **Basic Allowances**

Basic Allowance	Paid to All Members	£7,501
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### **Special Responsibility Allowances**

(i)	Leader of the Council	£21,058
(ii)	Executive Members	£10,314
(iii)	Chair of Planning and Development Committee	£10,314
(iv)	Chair of Overview & Scrutiny Committee	£9,261
(iv)	Chair of Licensing Committee	£7,371
(v)	Chairs of Select Committees	£5,265
(vi)	Chair of Audit Committee	£4,212
(vii)	Leader of the Opposition	£4,212

### **Payment to Specific Co-opted Members**

Independent Member - Audit Committee	£1,274
Independent person who must be consulted on alleged breaches of a code of conduct	£1,274

### **Carer's Allowance**

The following amounts may be claimed for Councillors attending approved duties.

Childcare	Maximum of £7.00 per hour
Dependant care	Maximum of £11.00 per hour

Payment to relatives will not be admissible and there will be a maximum allowance of 20 hours per month. Receipts will need to be provided.

### **Travel, Subsistence and Other Allowances**

The allowances for travel and subsistence will be the same as those fixed for employees of the Council from time to time. Claims to be submitted within 2 months of the date to which they relate.

### **Variations**

The Basic and Special Responsibility Allowances details above are index linked to any pay awards applicable to NJC staff.

Part I – Release to Press



**Meeting: COUNCIL**

**Portfolio Area: Resources**



**Date: 28 FEBRUARY 2018**

## **PAY POLICY STATEMENT**

Author	Clare Davies	Ext No. 2164
Contributors	Anita Thomas	Ext No 2430
	Clare Fletcher	Ext No 2933
Contact Officer	Clare Davies	Ext No. 2164
Lead Officer	Scott Crudgington	Ext. No. 2225

### **1. PURPOSE**

- 1.1 To approve the pay policy statement for the financial year 2018/19.

### **2. RECOMMENDATIONS**

- 2.1 That the Pay Policy Statement set out in accordance with the Localism Act, 2011 and the Data Transparency Code 2015 as Appendix One to this report be approved.
- 2.2 That the pay policy is placed on the Council's web site and that a notice of the policy is published in the next edition of Chronicle.

### **3. BACKGROUND AND REASONS FOR RECOMMENDED COURSE OF ACTION**

- 3.1 The Localism Act requires local authorities to adopt annually a statutory pay policy statement which must then be published (in addition to placing it on the Council's website) 'to help local people understand how public money is being spent in their area and to hold the Town Hall to account'. The first of these Pay Policy Statements was approved on 29 February 2012.
- 3.2 No remuneration may be made to officers which falls outside the Pay Policy Statement although it will be possible for a meeting of the Council to amend the Statement at any time.
- 3.3 The Pay Policy Statement must include its policies on the following matters:-

- the remuneration of its chief officers
    - the level and elements of remuneration for each chief officer,
    - the remuneration of chief officers on recruitment
    - increases and additions to remuneration for each chief officer
    - the use of performance related pay
    - the use of bonuses for chief officers
  - the approach to the payment of chief officers on their ceasing to hold office
- 3.4 'Remuneration' of chief officers includes pay and terms and conditions which may apply in the future and to chief officer appointments which may be made in the future.
- 3.5 The Statement may also set out policies relating to other terms and conditions relating of Chief Officers.
- 3.6 The Statement must also set out:
- The relationship between the remuneration of its chief officers and that of its employees who are not chief officers.
  - The Authority's definition of its 'lowest paid employees' for these purposes and the reasons for this definition and
  - The remuneration of its 'lowest paid employees'
- 3.7 For clarity, 'Chief Officer' includes the Head of Paid Service (the Chief Executive) the Chief Finance Officer (Assistant Director of Finance and Estates) the Monitoring Officer (Borough Solicitor), non-statutory chief officers (the Strategic Directors) and deputy chief officers (Assistant Directors).
- 3.8 In approving its pay policy statement the Council must have regard to any guidance issued or approved by the Secretary of State. He has issued guidance 'Openness and accountability in local pay'. As a result the Council is not bound to follow the guidance but should take it into account in approving the Statement.
- 3.9 The Act itself does not require local authorities to publish specific salary details in the Pay Policy Statement. However, the Accounts and Audit (England) Regulations 2011 and the Data Transparency Code 2015 also require the publication in the accounts of salary bands and the salaries of Chief Officers. Salary bands for these posts have therefore been included in the Pay Policy Statement as suggested in the Guidance.
- 3.10 The Guidance refers extensively to the Hutton Review of Fair Pay in the Public Sector. This Review comments on fairness in pay and that the salary gap between the highest and lowest paid officers has grown in recent years. Hutton suggests that the relationship between chief officers and other employees is explained and taken into account in remuneration decisions for all staff. This relationship he recommends can be illustrated by the publication of pay multiples – the ratio between the highest paid employee and mean average earnings.



- 3.11 The Statement therefore includes pay multiples comparing the Chief Executive's remuneration against the lowest paid employees and mean average earnings across the Council.
- 3.12 The Guidance also expresses concerns that senior staff moving posts within the public sector could be seen as driving up average pay levels particularly where the sector as a whole is paying twice through a salary and a pension. As a closely related issue 'Authorities should use their Pay Policy Statement to explain their policies towards re-engaging chief officers who have received severance or redundancy payments from that authority'. Although it is not envisaged that any such appointments will be made the Council has adopted a policy which relates to all Council officers, including chief officers and states that "Any employee who takes voluntary redundancy will not be permitted to return to the employment of Stevenage Borough Council, either as a permanent, fixed term employee, for a minimum period of 12 months following the date of their redundancy. (There is no restriction on returning to the employment of Stevenage Borough Council following compulsory redundancy.)"
- 3.12 The proposed pay policy takes account of the statutory guidance issued under the Localism Act 2011, in February 2013 by the Secretary of State, on pay policy statements, relating to appointments and severance packages of £100,000 or above.
- 3.13 There have been no changes to the terms and conditions of Chief Officers or Deputy Chief Officers since last year. A cost of living increase was agreed Nationally for Chief Officers in April of 2017 and this was applied in line with the national agreement to the Chief Officer and Deputy Chief Officer pay scales. The Chief Officers pay award for 2018/19 is yet to be agreed, however, we have assumed a 2% pay award. Any pay award agreed will be implemented in line with the national agreement.

#### **4. EQUALITIES AND DIVERSITY IMPLICATIONS**

- 4.1 The Council has a legal obligation to comply with the Equality Act 2010 in respect of equal pay for equal work, for men and women. The Council therefore implemented Single Status with effect from 1<sup>st</sup> July 2014 in order to ensure compliance.
- 4.2 The Council will publish, on 30 March 2018, information about the Gender Pay Gap for Stevenage Borough Council, in accordance with the requirements set out by the Government Equalities Office.

#### **BACKGROUND DOCUMENTS**

- Council report 28 February 2017  
<http://www.stevenage.gov.uk/content/committees/160923/160927/160991/20170228-Item14.pdf>

## **APPENDICES**

- Appendix 1 - Stevenage Borough Council Pay Policy Statement 2018/19.

## APPENDIX 1 – PAY POLICY STATEMENT FOR STEVENAGE BOROUGH COUNCIL

This Pay Policy Statement is made in accordance with Chapter 8 of the Localism Act, 2011.

This policy shall apply from 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019 subject to amendment by Council.

The Chief Officers pay award for 2018/19 is yet to be agreed, however, we have assumed a 2% pay award for 2018/19. Any pay award agreed will be implemented in line with the national agreement.

Chief Officers and deputy chief officers shall be paid according to the following bands.

### Remuneration bands of senior officers are set out here:

Head of Paid Service/ Chief Executive	£102,705 - £119,379
Deputy Chief Executive	£85,905 - £99,840 (Strategic Directors pay band plus 10%)
Strategic Directors	£78,096 - £90,764
Monitoring Officer/ Borough Solicitor	Employed by Hertfordshire County Council as we now have a Shared Legal Service
Assistant Director of Finance (Section 151 Officer)	£69,850 - £80,471 (Assistant Director inclusive of £5100)
Assistant Directors	£64,850 to £81,600 (inclusive of additional payments)

*Lowest Paid Employees with effect from 1 <sup>st</sup> April 2018	£17,391
Mean Average Basic Earnings	£30,572

\*Excludes apprentices

### Notes:

1 'Lowest Paid Employee' means the employees on the lowest grade assuming that the posts are full time (excluding apprentices).

Any employee, up to and including those on grade 6, is eligible for an overtime payment at an enhanced rate of +0.33 of their basic salary for any over time hours worked Monday to Saturday and +1.00 for any over time hours worked on a Sunday. for any additional hours worked over 37 per week.

Employees at or below Grade 6 that are required to undertake non-standard working are entitled to non-standard working enhancements. In addition to their normal salary those employees at or below grade 6, who are required as part of their contracted hours to work on a Saturday, or for longer than 4 consecutive hours

between 10pm and before 7am receive a shift enhancement of +0.33 of their basic salary for those hours, and employees at or below grade 6 who are required to work on a Sunday as part of their contracted hours receive a shift enhancement of +1.00 of their basic salary, this rate of enhancement also applies to any hours worked on a public holiday.

2. \*With effect from 1<sup>st</sup> January 2014 the Council commenced paying the Living Wage to all employees, excluding apprentices. SBC updates the Living Wage on 1<sup>st</sup> April each year. With effect from 1<sup>st</sup> April 2018 this will be £16,881.23 (£8.75 per hour)

3. The pay of the Chief Executive (including payments for elections) is currently 6.86 times the pay of the lowest paid worker and this ratio is not expected to change significantly. The pay of the Chief Executive is currently 3.91 times the pay of mean average earnings.

4. Chief Officers (except the Monitoring Officer and the Chief Finance Officer) are paid an allowance of £24.95 unchanged per month for expenses but otherwise no bonuses performance related pay or other forms of additional remuneration are paid to Chief Officers or Deputy Chief Officers.

5. Many of the Chief Officers, Deputy Chief Officers and other employees receive a payment for attending and performing certain duties at elections. These payments are set in line with guidance produced per election type.

6. Salary packages amounting to £100,000 or more for new appointments will be approved by Full Council.

7. Salary increments are paid annually by default for all employees of the Council up to the top of the pay grade

8. The pay of Chief Officers and Deputy Chief Officers is based on job evaluations undertaken through the Inbucon scheme.

9. The terms and conditions of Chief Officers and Deputy Chief Officers are set in accordance with the JNC.. National negotiations are currently under way between the employer's side and the trade union side for April 2018-March 2019, any pay award agreed will be implemented in line with the national agreement. For the purposes of this report, we have assumed a pay award of 2%.

10. Chief Officers and Deputy Chief Officers including any new appointments at this level will be made in accordance with the pay scales set out above.

11. All employees including Chief Officers and Deputy Chief Officers are entitled to redundancy payments based on the same multiple of 2.5 times statutory provision and based on actual weekly pay.

12. Any redundancy or severance packages of £100,000 or more will be approved by Full Council.

13. All employees including Chief Officers and Deputy Chief Officers are entitled to retirement pensions calculated in the same way under the Local Government Pension Scheme (Administration) Regulations 2008, Regulations 2014 and the Council Pension Discretion Policy. These Regulations require the Council to publish its policy on increasing an employee's total pension and on awarding additional pension.<sup>1</sup>

14. The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 require the Council to formulate, review and publish its policy on making discretionary payments on early termination of employment.

15. The terms and payment of terminating the employment of any officer of the Council in any contentious circumstances which do not result from an award made by an Employment Tribunal or Court are settled by the Council on the basis of the legal merits of the case, the time and disruption which protracted litigation would involve, any limit of statutory entitlement on monetary claim available to an employee and what is considered prudent in all the circumstances.

16. An employee who is made redundant must have a break of at least four weeks in order to retain a redundancy payment before they can be re-employed by the council in a different position.

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<sup>1</sup> Stevenage Borough Council Executive minutes dated 28 March 2007, Section 5 refers.

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## STEVENAGE BOROUGH COUNCIL

### AUDIT COMMITTEE MINUTES

Date: Monday, 5 February 2018

Time: 6.00 pm

Place: Shimkent Room - Daneshill House, Danestrete

**Present:** Councillors: Maureen McKay (Chair), Rob Broom, Howard Burrell, Laurie Chester, David Cullen, John Gardner, Graham Lawrence and Brian Mitchell

Also in attendance : Councillor S Speller

**Start / End Time:** Start Time: 6.00pm  
End Time: 7.15pm

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

Apologies for absence were received on behalf of Councillor G Snell.

There were no declarations of interest.

#### 2. MINUTES - 8 NOVEMBER 2017

It was **RESOLVED** that the Minutes of the meeting of the Audit Committee held on 8 November 2017 are approved as a correct record and signed by the Chair.

#### 3. ANNUAL CERTIFICATION REPORT

Kay Storey, Ernst and Young LLP presented the Certification of Claims and Annual Returns Report 2016/17 which summarised the results of the work on the Council's 2016-17 claims.

The main considerations for the Committee related to the Housing Benefits Subsidy Claim and the fees for certification and other returns work

It was **RESOLVED** that the report be noted.

#### 4. EXTERNAL AUDIT PLAN

The Assistant Director (Finance and Estates) advised that with the consent of the Chair, the report had been withdrawn and would be submitted to the next meeting of the Committee.

## **5. ANNUAL TREASURY MANAGEMENT STRATEGY (INCLUDING PRUDENTIAL CODE INDICATORS 2018/19)**

The Assistant Director (Finance and Estates) presented a late report which would be recommended to Council at its meeting on 28 February 2018 seeking approval of the Treasury Management Strategy 2018/19 including its Annual Investment Strategy and the prudential indicators.

The Committee was advised that the Council had elected to professional client status to allow uninterrupted advice and opportunities for investment/debt products. The status would also enable the Council to maintain its existing relationships with financial institutions and the ability to use alternative financial instruments.

In relation to the level of cash reserves, Members were advised to note that the HRA Business Plan, General Fund MTFs and the Capital Strategy had a planned use of the resources which meant that whilst not committed in the current year, they would be utilised in future years.

In response to a question regarding the level of balances that would be remaining by 2021/22, Officers reminded the Committee that this was within the Council's approved plans and that taking historic external borrowing would increase balances, but would also be a cost to the General Fund.

It was **RESOLVED**:

1. That the Treasury Management Strategy is recommended to Executive and Council for Approval;
2. That the draft prudential indicators for 2018/19 subject to any changes proposed by CIPFA to the Treasury Management Code and Prudential Code be approved;
3. That the minimum revenue provision policy be approved and the proposed changes currently under consultation be noted.
4. That it be noted that no changes are being proposed to treasury limits contained within the Council's Treasury Management policies.

## **6. SHARED INTERNAL AUDIT SERVICE PROGRESS REPORT**

The SIAS Audit Manager presented a report providing Members with:

- The progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's 2017/18 Internal Audit Plan as at 20 January 2018;
- The findings for the period 20 October 2017 to 20 January 2018;
- The proposed amendments required to the approved Annual Internal Audit Plan;
- The implementation status of previously agreed high priority audit recommendations;
- An update on performance management information as at 20 January 2018.



Members were pleased to note that significant progress has been made in the delivery of both of the key performance indicators (billable days and audits to draft report stage) since the last meeting of the Committee. Following recruitment to posts, the Audit Manager advised that formal audit start dates had now been agreed with management and resources allocated accordingly.

The SIAS Audit Manager agreed to include the final report for the Repairs and Voids Service in the agenda for the next meeting of the Committee.

It was **RESOLVED** that the Internal Audit Progress Report for the period to 20 January 2018 be noted.

**7. URGENT PART 1 BUSINESS**

None.

**8. EXCLUSION OF PUBLIC AND PRESS**

It was **RESOLVED** that:

1. Under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as described in paragraphs 1-7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to information) (Variation) Order 2006.
2. Members having considered the reasons for the following reports being in Part II and determined that the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

**9. TECHNOLOGY SHARED SERVICE IMPROVEMENT PLAN**

It was **RESOLVED** that the progress to date in relation to enhancing the Council's Cyber Security and resilience arrangements, as set out in the IT Improvement Plan is noted.

**10. URGENT PART II BUSINESS**

None

**CHAIR**

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