EXECUTIVE

Date: Wednesday, 13 February 2019
Time: 2.00pm
Location: Shimkent Room, Daneshill House, Danestrete
Contact: Ian Gourlay (01438) 242703

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

AGENDA

PART 1

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

2. MINUTES - 23 JANUARY 2019

To approve as a correct record the Minutes of the meeting of the Executive held on 23 January 2019 for signature by the Chair.

Page Nos. 5 - 14

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

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

Community Select Committee – 9 January 2019
Community Select Committee – 24 January 2019
Overview & Scrutiny Committee – 29 January 2019

Page Nos. 15 - 24

4. FINAL GENERAL FUND AND COUNCIL TAX SETTING 2019/2020

To consider a report for recommendation to Council concerning the 2019/20 General Fund and Council Tax Setting.

Page Nos. 25 - 138

5. **FINAL CAPITAL STRATEGY 2018/19 - 2023/24**

To consider a report for recommendation to Council concerning the Capital Strategy 2018/19 – 2023/24.

Page Nos. 139 - 186

6. **ANNUAL TREASURY MANAGEMENT STRATEGY INCLUDING PRUDENTIAL CODE INDICATORS 2019/20**

To consider a report for recommendation to Council concerning the Annual Treasury Management Strategy including Prudential Code Indicators 2019/20.

Page Nos. 187 - 218

7. **COMMUNITY ENGAGEMENT FRAMEWORK**

To consider the proposed Community Engagement Framework, outlining the Council's co-operative approach to engaging local residents and community groups.

Page Nos. 219 - 242

8. **URGENT PART I BUSINESS**

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

9. **EXCLUSION OF PRESS AND PUBLIC**

It was **RESOLVED:**

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

2. That having considered the reasons for the following items being in Part II, it be determined that maintaining the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

10. **WEST OF STEVENAGE DEVELOPMENT**

To advise Members on the current state of negotiations relating to West of Stevenage and to seek approval to progress the next stage of this strategic residential development.

Pages Nos. 243 - 266

11. **URGENT PART II BUSINESS**

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

NOTE: Links to Part 1 Background Documents are shown on the last page of the individual report, where this is not the case they may be viewed by using the following link to agendas for Executive meetings and then opening the agenda for Wednesday, 13 February 2019 – http://www.stevenage.gov.uk/have-your-say/council-meetings/161153/

Agenda Published 5 February 2019

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STEVENAGE BOROUGH COUNCIL

**EXECUTIVE
MINUTES**

**Date: Wednesday, 23 January 2019
Time: 2.00pm
Place: Shimkent Room, Daneshill House, Danestrete**

Present:	Councillors: Sharon Taylor OBE CC (Chair), Mrs Joan Lloyd (Vice-Chair), Rob Broom, John Gardner, Richard Henry and Jeannette Thomas.
Start / End Time:	Start Time: 2.00pm End Time: 3.45pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors Jackie Hollywell and Ralph Raynor.

The Chair (Councillor Sharon Taylor) declared an interest in Item 4 – Final Housing Revenue Account (HRA) and Rent Setting Report 2019/20, as her daughter worked in the SBC Housing & Investment Business Unit. She considered that this was not a prejudicial interest and that she would therefore be remaining in the meeting for the duration of that item.

2 MINUTES - 12 DECEMBER 2018

It was **RESOLVED** that the Minutes of the Executive meeting held on 12 December 2018 be approved as a correct record for signature by the Chair.

In respect of Minute 6 – Corporate Performance for Quarter Two 2018/19, the Leader reminded officers that Executive Members had yet to be provided with details of the extent of the usage of Agency staff by the Stevenage Direct Services Business Unit.

3 MINUTES OF THE OVERVIEW & SCRUTINY COMMITTEE AND SELECT COMMITTEES

In relation to the Environment & Economy Select Committee's consideration of the Indoor Market Scrutiny Review at its meeting held on 3 December 2018, the Strategic Director (TP) undertook to arrange for a copy of the Spacemakers Indoor Market report to be sent to all Members of the Executive.

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

Overview & Scrutiny Committee – 26 November 2018

Environment & Economy Select Committee – 3 December 2018
Overview & Scrutiny Committee – 13 December 2018

4 FINAL HOUSING REVENUE ACCOUNT (HRA) AND RENT SETTING REPORT 2019/20

The Executive considered a report on the final proposals for the Housing Revenue Account (HRA) and rent setting for 2019/20, prior to its consideration by the Council on 30 January 2019.

The Portfolio Holder for Resources summarised the changes to rents and service charges, as set out in the report. The 2019/20 HRA budget had increased by £186,870, largely as a result of the addition of a budget of £150,000 to help address damp and mould issues in Council homes. The 2018/19 HRA budget was projected to be £331,000 higher than the approved budget, and included the cost of dealing with the recent infestation at Brent Court.

The Portfolio Holder for Resources explained that £346,232 of 1 for 1 receipts plus interest had been returned to the Government. The number of Right to Buy sales had decreased over the past year, which in turn would also reduce the amount of 1 for 1 receipts receivable.

The Portfolio Holder for Housing, Health & Older People referred to an issue concerning the payment of rent in 2019/20 as there were 53 rent weeks. In the past payment of the correct rent had been supported through the housing benefit system, but the Department of Work & Pensions had stated that they would only support 52 weeks of rent through Universal Credit, therefore the rent payable in week 53 may not be benefitable. This was a national issue, which organisations such as the Association of Retained Council Housing (ARCH) were trying to resolve.

In view of 2019/20 being a 53 week rent year, the Leader requested officers to write to the Secretary of State for Work & Pensions, with a copy to the Shadow Secretary of State, expressing the Council's concern that the Department of Work & Pensions (DWP) will only support 52 weeks of rent through Universal Credit, particularly in view of the significant number of claimants in Stevenage; and stressing that this matter should be resolved on a national basis, rather than by individual local authorities.

The Leader was pleased that £150,000 had been included in the 2019/20 HRA budget to help tackle damp and mould issues in Council homes. It was confirmed that the Community Select Committee's review of damp and mould had included a specific recommendation concerning the need for appropriate resources to be allocated to address this matter. The Strategic Director (MP) undertook to feed this comment back to the Chair and Members of the Community Select Committee.

In respect of the chart set out in Paragraph 4.3.10 of the report, the Assistant Director (Finance & Estates) was requested to clarify to the Overview & Scrutiny Committee and Council that the figures contained in the chart were cumulative.

It was **RESOLVED**:

1. That Council be recommended to approve that HRA dwelling rents not subject to the 1% rent reduction (currently Low Start Shared Ownership LSSOs) be increased, week commencing 1 April 2019, by 3.4% i.e. £3.86 per week which has been calculated using the existing rent formula, CPI +1% in line with the Rent and Service Charge Policy approved at the January 2018 Council.

2. That Council be recommended to note that HRA dwelling rents, (other than those outlined in 1. above) are subject to the 1% rent reduction from week commencing 1 April 2019 or £0.96 and £1.60 per week for social and affordable rents respectively, as outlined in the Government's Welfare Reform and Work Act 2016.

3. That Council be recommended to approve the 2019/20 HRA budget, as set out in Appendix A to the report.

4. That Council be recommended to approve the revised 2018/19 HRA budget, as set out in Appendix A to the report.

5. That Council be recommended to approve the HRA Fees and Charges, as outlined in Appendix C to the report.

6. That Council be recommended to approve the 2019/20 service charges.

7. That Council be recommended to approve the minimum level of reserves for 2019/20, as shown in Appendix D to the report.

8. That the contingency sum of £250,000 within which the Executive can approve supplementary estimates, be approved for 2019/20 (unchanged from 2018/19).

9. That Council be recommended to note the comments from the Overview and Scrutiny Committee, as set out in the report.

10. That, in view of 2019/20 being a 53 week rent year, officers be requested to write to the Secretary of State for Work & Pensions, with a copy to the Shadow Secretary of State, expressing the Council's concern that the Department of Work & Pensions (DWP) will only support 52 weeks of rent through Universal Credit, particularly in view of the significant number of claimants in Stevenage; and stressing that this matter should be resolved on a national basis, rather than by individual local authorities.

Reason for Decision: As contained in report and 10. To press the DWP for a national resolution of the 53 week rent year issue for 2019/20.
Other Options considered: As contained in report.

5 COUNCIL TAX BASE 2019/20

The Executive considered a report seeking approval of the Council Tax Base for 2019/20.

The Portfolio Holder for Resources advised that the Council Tax Base for 2019/20 was estimated to be 27,329.9 Band D equivalents, after an allowance of 98.25% on the collection rate. The tax base had increased by 271.37 Band D equivalent properties compared to the 2018/19 tax base, which generated £55,485 additional Council Tax income for Stevenage before any Council Tax rise was considered.

In response to a request from the Leader, the Assistant Director (Finance & Estates) undertook to provide her with details of the methodology used for assessing new/increased numbers of taxable properties in the Council Tax Base calculation. She also agreed to include details of the growth in taxable properties in future Council Tax Base reports.

It was **RESOLVED**:

1. That, in accordance with the Local Authorities (Calculation of Tax Base) Regulations 2012, the amount calculated by Stevenage Borough Council for the year 2019/20 shall be 27,816.7 equivalent “Band D” properties reduced to 27,329.9 equivalent “Band D” properties after making allowances for a 98.25% collection rate.

2. That the 2019/20 Council Tax Base be approved, including the Council Tax Support Scheme (CTS) for 2019/20 recommended in the Draft General Fund and Council Tax Setting 2019/2020 report to this committee.

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

6 DRAFT GENERAL FUND AND COUNCIL TAX SETTING 2019/20

The Executive considered a report on the 2018/19 projected General Fund Budget and the draft 2019/20 Budget.

The Portfolio Holder for Resources reminded Members that General Fund Financial Security (FS) Options totalling £798,552 had been approved by the Executive in November 2018. However, the FS target for the period 2020/21 – 2022/23 was £1.2Million.

The Executive noted that the report assumed a 2.99% Council Tax increase for 2019/20, as allowed by the Government. The 2019/20 net General Fund expenditure of £9,075,590 was an increase of £71,451 from the Medium Term Financial Strategy, and the 2018/29 revised budget was £10,119,580, a decrease of £275,665. The projected balances for 2019/20 of £3.945Million were higher than the minimum level of risk assessed balances.

The following comments were made by Members:

- Paragraph 4.3 – Service Pressures – Officers were requested to closely monitor the level of spend on the IT Pressures identified;

- Paragraph 4.14.4 – A 2.99% Council Tax increase on a Band D property for 2019/20 represented less then 2pence per week, rather than the 2pence per day quoted in the report;

- Unless controlled by statute, the Portfolio Holders for Resources and Housing, Health & Older People should give consideration to an increase in fees/charges for Houses in Multiple Occupation (HMO) licences;

- Commercial Investments – the Leader highlighted that the Council had made only one commercial investment throughout the past year. She asked officers to investigate the possibility of expanding the boundaries for future commercial investments; and

- Co-operative Neighbourhood Management Programme – a report be submitted to the March meeting of the Executive, highlighting amongst other points the projects that were included in the programme, together with a breakdown of the funding (capital and revenue), including expenditure so far and what was proposed going forward.

It was **RESOLVED**:

1. That the 2018/19 revised net expenditure on the General Fund of £10,119,580 be approved.

2. That a draft General Fund Budget for 2019/20 of £9,075,590 be proposed for consultation purposes, with a contribution from balances of £95,345 and a Band D Council Tax of £210.57 (assuming a 2.99% increase).

3. That the updated position on the General Fund Medium Term Financial Strategy (MTFS), as shown at Appendix A and the Risk Assessments of General Fund Balances, as shown at Appendix B to the report, be approved.

4. That a minimum level of General Fund reserves of £2,681,537, in line with the 2019/20 risk assessment of balances, as shown at Appendix B to the report, be approved.

5. That the contingency sum of £400,000 within which the Executive can approve supplementary estimates, be approved for 2019/20 (unchanged from 2018/19).

6. That the 2019/20 proposed Fees and Charges increase of £219,790 (Appendix C to the report) be included in the draft budget.

7. That the 2019/20 proposed Financial Security Options of £798,552 (Appendix D to the report and including fees and charges detailed in Appendix C) be included in the draft budget for consideration by the Overview & Scrutiny Committee.

8. That the approval of the level of business rates (NNDR1) for 2019/20 be delegated to the Assistant Director (Finance and Estates), following consultation with the Resources Portfolio Holder (Paragraph 4.6.9 of the report

refers).

9. That 2019/20 business rate gains totalling £400,000 above the baseline assessment be ring fenced for town centre regeneration (SG1), Paragraph 4.6.5 of the report refers.

10. That 2019/20 business rate gains totalling £352,600 above the baseline assessment be used to increase General Fund balances for 2019/20, Paragraph 4.6.5 of the report refers.

11. That 2019/20 business rate gains totalling £275,000 above the baseline assessment be transferred to the NDR allocated reserve for 2019/20, Paragraph 4.6.8 of the report refers.

12. That a ICT allocated reserve be created, as set out in Paragraph 4.3.4 of the report.

13. That the 2019/20 Council Tax Support scheme be approved, as set out in Section 4.8 of the report.

14. That the decisions taken on recommendations 2 – 13 above be referred to the Overview and Scrutiny Committee for consideration, in accordance with the Budget and Policy Framework rules in the Council's Constitution.

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

7 DRAFT CAPITAL STRATEGY 2018/19 - 2023/24

The Executive considered a report on the Draft Capital Strategy for the General Fund and Housing Revenue Account (HRA) for the period 2018/19 – 2023/24. The report also contained details of changes to the Prudential Code for capital investment.

The Portfolio Holder for Resources advised that the level of General Fund resources unallocated at the end of 2019/20 was relatively low and included assumptions about underspends and capital receipts being realised. The level of resources required will be updated in the Final Capital Strategy report.

The Portfolio Holder for Resources commented that the report identified some approaches to funding the bus station project in the absence of Growth Deal 3 monies. The options were not without significant financial consequence for the Council and required the Local Enterprise Partnership funding to be released at a later date (as the options proposed were deemed to be interim). The approach to this would be firmed up in the Final Capital Strategy report, but would probably require the holding back of some schemes.

The Executive noted that the General Fund 2018/19 programme had decreased by £16.4Million (including £13.2Million of Commercial Property monies). The report identified the total cost of borrowing in 2019/20 as £1.49Million, or an estimated 2%

of gross expenditure. The majority of this cost would be 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.

The Portfolio Holder for Resources stated that the HRA capital programme was also summarised in the HRA rent setting and budget report and was as set out in the HRA Business Plan. The HRA funding would be reviewed in line with the action plan contained in the Business Plan reported to the Executive in November 2018. The HRA 2018/19 programme had decreased by £2.6Million, mainly due to the re-profiling of the spend on sprinkler systems between 2018/19 and 2019/20.

Members made the following comments:

- Paragraph 4.3.10 – Capital Assets – Officers were requested to carefully consider the status of sites for sale, and press on with the disposal of appropriate sites in order to obtain receipts to assist in the funding of the Capital Programme;

- The final Capital Strategy should stress the level of risk and potential impact on the Capital Programme of the funding situation regarding the Bus Station re-location scheme; and

- Further investigation should take place in respect of the possible revenue income generating opportunities for the Council of the Bus Station re-location scheme going forward.

It was **RESOLVED**:

1. That the revised General Fund and HRA 2018/19 Capital Programme, as detailed in Appendix B and Appendix C to the report, be approved.

2. That the draft 2019/20 General Fund Capital Programme, as detailed in Appendix B to the report, be approved for consideration by the Overview and Scrutiny Committee.

3. That the draft 2019/20 HRA Capital Programme, as detailed in Appendix C to the report, be approved for consideration by the Overview and Scrutiny Committee.

4. That the updated forecast of resources, as summarised in Appendix B (General Fund) and Appendix C (HRA) to the report, be approved.

5. That the Council's investment strategy for non-treasury assets (Section 3.2) be approved for consideration by the Overview and Scrutiny Committee.

6. That the approach to resourcing the General Fund Capital Programme, as outlined in the report, be approved.

7. That the actions required to ensure the General Fund Programme is funded, as outlined in Paragraph 4.3.10 of the report, be noted.

8. That the approach to funding the cost of the bus station prior to the release of GD3 monies, as outlined in Section 4.4 of the report, be supported.

9. That the growth bids identified for inclusion in the Capital Strategy (Appendix A to the report) be approved.

10. That the return of Right to Buy one for one receipts, as outlined in Section 4.10 of the report, be noted.

11. That the 2019/20 de-minimis expenditure limit (Section 4.11 of the report) be approved for consideration by the Overview and Scrutiny Committee.

12. That the 2018/19 contingency allowance (Section 4.8 of the report) be approved for consideration by the Overview and Scrutiny Committee.

13. That the work undertaken by the Leader's Financial Services Group (LFSG) on behalf of the Executive in reviewing and challenging the General Fund Capital Strategy be noted.

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

8 POTENTIAL IMPACT OF THE UK'S WITHDRAWAL FROM THE EUROPEAN UNION

The Executive considered a report which provided an update on Stevenage and the Borough Council in the event of a "no deal" European Union (EU) exit, and which advised of ongoing planning activities and future work required to mitigate the impact.

The Leader commented that, with a number of scenarios still in play and "no deal" remaining a possibility, it was extremely difficult to predict the impact of the EU exit on the Stevenage local economy. In the event of an economic downturn, a partnership response would be essential to ensure that residents and businesses were supported, and to this end it was recommended that Stevenage Together re-established the Stevenage Economic Taskforce to co-ordinate this activity.

The Leader stated that, in order to prepare for all eventualities, officers had been putting plans in place to ensure that services continued to work effectively in the event of a "no deal". The report provided an overview of the issues, identified potential impacts, and actions to be taken in response.

The Executive commended the report authors on an excellent and very thorough report.

The Assistant Director (Corporate Services & Transformation) updated the Executive on emerging national and regional issues in respect of preparations for Brexit, including:

- The Chief Executive of Central Bedfordshire Council was the Eastern Region's co-ordinating officer for feeding back Brexit-related issues to the Ministry of Housing, Communities & Local Government (MHCLG); and

- The MHCLG had appointed 60 Resilience Officers to assist those local authorities that could be "vulnerable" should a no deal Brexit take place, primarily those authorities with "gateways" into the UK.

It was noted that mitigation and business continuity issues related to Brexit would be tracked via the Council's Strategic Leadership Team.

It was **RESOLVED**:

1. That the complex and uncertain situation created by the EU Exit, and the mitigations being prepared by officers to ensure vital services continue to work effectively in the event of a no deal EU withdrawal, be noted.

2. That the Local Strategic Partnership (Stevenage Together) be requested to prepare to re-establish the economic taskforce, to consider the potential impact of the EU withdrawal on local residents and businesses and to develop an appropriate response.

3. That officers report back to Executive Portfolio Holders once there is more certainty about the EU withdrawal on additional mitigation or actions required.

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

9 URGENT PART I BUSINESS

Stevenage Local Plan

The Chief Executive reminded the Executive that he and the Leader had met the Special Advisor to the Secretary of State for Housing, Communities & Local Government in London in December 2018 regarding the Holding Direction placed on the Stevenage Local Plan. This meeting took place following a commitment by the Secretary of State to make a decision on the Holding Direction by no later than 13 November 2018. As no decision was taken, the Council sought urgent meetings with the Secretary of State to resolve the issue.

The Executive was informed that representatives from the Ministry of Housing, Communities & Local Government (MHCLG) had visited Stevenage on 22 January 2019 and had met the Chief Executive, the Leader, Strategic Director (TP), the Chair of Stevenage First and the Leader of Hertfordshire County Council in respect of the matter.

The Chief Executive advised that the MHCLG representatives had been conducted on a tour of various sites in the town centre, with the Council and Stevenage First representatives answering questions related to the request for the Holding Direction. This was followed by a roundtable meeting at which the Council and Stevenage First representatives highlighted the necessity for an approved Stevenage Local Plan in order to provide the necessary housing growth, enhance the town's retail offer and employment opportunities, together with associated infrastructure improvements. The need for the release of the Growth Deal 3 monies to assist in this process was also highlighted to the MHCLG representatives.

The Chief Executive stated that the MHCLG representatives would report back to the Secretary of State after their visit. However, it was made clear to them that if no positive decision was made to remove the Holding Direction on the Local Plan by 28 January 2019 then the Council would have no choice other than to commence legal processes to challenge the continuation of the Holding Direction, which had been in effect since November 2017.

10 EXCLUSION OF PRESS AND PUBLIC

It was **RESOLVED:**

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

2. That having considered the reasons for the following items being in Part II, it be determined that maintaining the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

11 PART II MINUTES - EXECUTIVE - 12 DECEMBER 2018

It was **RESOLVED** that the Part II Minutes of the meeting of the Executive held on 12 December 2018 be approved for signature by the Chair.

12 URGENT PART II BUSINESS

None.

CHAIR

STEVENAGE BOROUGH COUNCIL

COMMUNITY SELECT COMMITTEE
MINUTES

Date: Wednesday, 9 January 2019
Time: 6.00pm
Place: Shimkent Room - Daneshill House, Danestrete

Present:	Councillors: Sarah Mead (Chair), Adam Mitchell CC (Vice-Chair), Sandra Barr, Jim Brown, John Mead, Sarah-Jane Potter, Simon Speller and Tom Wren.
Start / End Time:	Start Time: 6.00pm End Time: 6.15pm

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

Apologies for absence were received from Cllrs Liz Harrington and Roni Hearn.

2 **MINUTES OF THE PREVIOUS MEETING - 7 NOVEMBER 2018**

It was **RESOLVED** that the Minutes of the Community Select Committee meeting held on 7 November 2018 be agreed as a correct record and signed by the Chair.

3 **RESIDENT ENGAGEMENT - DRAFT REPORT & RECOMMENDATIONS**

The Committee considered the draft report and recommendations of the Committee's review into the Council's resident Engagement. The Committee commended officers for including in the report an analysis of digital engagement and for implementing some of the Committee's recommendations such as the installation of a digital screen in the Customer Services Centre. Members noted that residents preferred time limited projects. The Council made extensive consultations on most issues. However, there was a perception that the Council consulted on its terms.

In response to the Chair's invitation, Members made proposals for additional recommendations to the report.

It was **RESOLVED:**

1. That the report be noted

2. That the recommendations are approved

3. The recommendation on branding (4.12) be amended to include a reference to designing a recognisable logo for consultation and engagement

4. That the following recommendations be added to the report

a. Officers provide a report in the near future containing details of the extent to which the recommendations have been implemented

b. A review be carried out to reflect changes in demographics of the Town

c. Results of public engagements and consultations be published more widely

d. A paragraph referencing the Council's Co-operative approach and Co-operative Neighbourhood Management

4 **URGENT PART 1 BUSINESS**

None.

5 **EXCLUSION OF PUBLIC AND PRESS**

Not required.

6 **URGENT PART II BUSINESS**

None.

CHAIR

STEVENAGE BOROUGH COUNCIL

COMMUNITY SELECT COMMITTEE
MINUTES

Date: Thursday, 24 January 2019
Time: 6.00pm
Place: Shimkent Room - Daneshill House, Danestrete

Present:	Councillors: Sarah Mead (Chair), Adam Mitchell CC (Vice-Chair), Sandra Barr, Jim Brown, John Mead and Sarah-Jane Potter.
Start / End Time:	Start Time: 6.00pm End Time: 6.05pm

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

Apologies for absence were received from Cllrs L Harrington, S Speller and T Wren.

There were no declarations of interest.

2 **MINUTES OF THE PREVIOUS MEETING**

It was **RESOLVED** that the Minutes of the Community Select Committee meeting held on 9 January 2019 are agreed as a correct record and signed by the Chair.

3 **RESIDENT ENGAGEMENT SCRUTINY REVIEW**

The Committee considered the final report and recommendations of the Scrutiny review into Resident Engagement. The Chair thanked Members and officers for their work on the review. The Chair was particularly pleased about the recommendations on digital engagement and the diversity of resident groups such as the Housing Management Advisory Board (HMAB).

It was **RESOLVED** that the report and final recommendations are agreed.

4 **URGENT PART 1 BUSINESS**

None.

5 **EXCLUSION OF PUBLIC AND PRESS**

Not required.

6 **URGENT PART II BUSINESS**

None.

CHAIR

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STEVENAGE BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE
MINUTES

Date: Tuesday, 29 January 2019
Time: 6.00pm
Place: Shimkent Room - Daneshill House, Danestrete

Present:	Councillors: Lin Martin-Haugh (Chair), Philip Bibby CC (Vice Chair), Sandra Barr, Jim Brown, Michael Downing, Jody Hanafin, Michelle Gardner, Lizzy Kelly, Sarah Mead, Adam Mitchell CC and Robin Parker CC.
Start / End Time:	Start Time: 6.00pm End Time: 7.35pm

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

Apologies for absence were received from Cllrs J Fraser, J Mead and S-J Potter.

There were no declarations of interest.

2 **MINUTES - OVERVIEW AND SCRUTINY COMMITTEE - 13 DECEMBER 2018**

It was **RESOLVED** that the Minutes of the Overview and Scrutiny Committee held on 13 December 2018 are approved as a correct record and signed by the Chair.

3 **PART I DECISIONS OF THE EXECUTIVE**

Minutes of the Executive – 12 December 2018

The Committee noted the comments of the Executive.

Minutes of the Overview & Scrutiny Committee and Select Committees

The Committee noted the comments of the Executive.

Final Housing Revenue Account (HRA) and Rent Setting Report 2019/20

The Assistant Director (Finance and Estates) gave a presentation to the Committee on the key aspects of the Final Housing Revenue Account (HRA) and Rent Setting Report 2019/20.

In response to a question, the Assistant Director advised that the 53 rent week issue could potentially result in a loss of about £110,000 to the Council. Local authorities, the Department for Work and Pensions and Ministry of Housing, Communities and Local Government were involved in a coordinated effort to resolve the issue at national level.

A question was asked regarding the charge for retrospective permissions granted. The Assistant Director stated that the charge was dependent upon the nature of work. The charge covered costs of inspections and corrective work. The charge had been introduced to act as a deterrent and to encourage residents to seek consent before carrying out building alterations.

The Assistant Director informed Members that funds had been set aside for work to fix damp and mould cases. More damp and mould cases were being resolved following restructuring of the Housing Investment team and the decision to carry out damp and mould repair work as part of the Major Refurbishment Contract. Members were informed that the Community Select Committee carried out a review on Damp and Mould in January 2017 and a revisit of the review was done in October 2018. It was acknowledged that the Council had departed from its previous position predominantly linking damp and mould to the lifestyle of residents.

The Committee highlighted cases in which the Council replaced doors and carpets that were in good conditions and passed on the costs of these repairs and alterations to the vacating tenants or estates of the deceased.
The Assistant Director clarified that the Council recovered costs for damages to property or unapproved alterations carried out by a vacating tenant. The rechargeable costs were assessed on a case by case basis and in some cases, the costs were written off. It was acknowledged that there were inconsistences in Council practice on this issue. The Assistant Director pointed out that this issue could be solved by more frequent tenancy audits and documentation (including photographs).

Council Tax Base 2019/20

The Assistant Director (Finance and Estates) provided an update on Council Tax Base 2019/20.

Draft General Fund and Council Tax Setting 2019/20

The Assistant Director provided an update on the Draft General Fund and Council Tax Setting 2019/20.

In response to a question about the disbursement of funds from the pilot, the Assistant Director pointed out that 75% of the business rates were retained in the County. Local authorities in the county had a 35% share in the funds and the County Council had the bigger share. District councils were eligible to bid for funding from the central projects budget.

The Committee asked questions regarding funding for IT. The Assistant Director (Corporate Services & Transformation) informed Members that SBC was following the current trend of investing less in physical servers and more in software solutions that can be run in the cloud (virtual servers). Funding was required to purchase licences for new products such as Microsoft 365. It was pointed out that the Council had not made optimum level of investment in the past. The Council's IT policy had been reactive. The Council had managed to stabilise IT services and there was a focus on planning for the future growth of IT services. SBC was now planning for revenue-based spending rather than capital spending.

The Strategic Director informed the Committee that the Council was likely to make an annual provision for IT upgrades. The Council was learning from exemplar councils such as Milton Keynes. SBC was also consulting its IT partner (East Herts) and local government IT experts to get the best plan for SBC IT services.

The Assistant Director clarified that the increase in parking fees was effective from the first of January. The Executive had granted approval of the parking fees increase in November 2018.

It was reported that some residents had received notification of increases to Flexicare fees. The Assistant Director (Finance and Estates) acknowledged a typographical error in the report (page 158). SC18 should read "Increase contribution to support costs to £2 per week per year as part of phased support costs agreed in 2016/17". The Assistant Director clarified that tenants who started using the Flexicare service before 2003 were previously not charged for the service. Service fee increase for the ring-fenced tenants was staggered at £2 per week year. New tenants will pay £18.30 for the service for 2019/20. It was confirmed that residents who used the service were eligible for Attendants Allowance.

Draft Capital Strategy 2018/10 – 2023/24

The Assistant Director provided an update on the Draft Capital Strategy for the General Fund and Housing Revenue Account (HRA) for the period 2018/19 – 2023/24.

Members sought clarification on funding arrangements for the bus station. The Strategic Director informed the Committee that the Council was considering a number of funding options. Local Enterprise Partnership (LEP) funding was available subject to the Secretary of State approving the governance arrangements. The LEP had indicated that recommendations on including business representatives, an Independent Chair and greater political representation will be implemented. It was pointed out that revenue generation initiatives will include a café and departure fees.

Potential Impact of the UK's withdrawal from the European Union

The Assistant Director (Corporate Services & Transformation) updated the Executive on emerging national and regional issues in respect of preparations for a "no deal" exit from the European Union (Brexit). In the event of an economic downturn, a partnership response would be essential to ensure that residents and businesses were supported. It was recommended that Stevenage Together re-established the Stevenage Economic Taskforce to co-ordinate this activity. Central government had appointed Resilience Officers and other additional resources to local authorities. Stevenage and similar-sized authorities will receive £35,000 over two years. In response to Member concerns about potential disruptions to social cohesion, the Assistant Director indicated that the Community Safety Partnership would be able to assist any residents who felt threatened. It was noted that issues related to Brexit were high on the agenda of the Council's Senior Leadership Team.

It was **RESOLVED:**

1. That Part 1 Decisions of the Executive are noted

2. That the Assistant Director (Finance and Estates) provide an update to Members regarding the 53 week rent situation

3. That Assistant Director (Housing and Investment) provides a brief to Members clarifying the policy on the recharges for damages to properties

4. That the Housing Management Advisory Board (HMAB) considers reviewing recharges for damages to properties

5. That Assistant Director (Housing and Investment) provides a brief note to Members detailing the cases of retrospective permissions for building alterations

6. That the Assistant Director (Corporate Services & Transformation) provides an IT services briefing for Members

7. That Tenancy officers advise eligible residents to apply for Attendants Allowance

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

Stevenage Local Plan

The Strategic Director provided an update on the decision by the Ministry of Housing, Communities and Local Government (MHCLG) to place a holding direction on the Stevenage Local Plan. The Council had been in regular contact with officials from the Ministry. The last meeting was held in January 2019. It was made clear to the Ministry officials that if no positive decision was made to remove the Holding Direction on the Local Plan by 28 January 2019, the Council would have no choice other than to commence legal processes to challenge the continuation of the Holding Direction, which had been in effect since November 2017. The Council was now preparing to challenge the holding direction.

It was confirmed that the County Council was in support of the decision by Stevenage Borough Council. The Chief Executive had raised this issue with the local Member of Parliament (MP). It was also confirmed that the local MP was not a party to the legal challenge. The Council was still hopeful of a resolution of the issue. The Council had incurred legal costs related to the holding direction. The full cost to the

Council will depend on the MHCLG's response. Members were informed that a full hearing would take six to nine months.

It was **RESOLVED**

1. That the update is noted

2. That Members be given guidance on how communicate about the issue so as not to prejudice the case

5 **EXCLUSION OF PUBLIC AND PRESS**

It was **RESOLVED:**

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

2. That having considered the reasons for the following items being in Part II, it be determined that maintaining the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

6 **PART II DECISIONS OF THE EXECUTIVE**

It was **RESOLVED** that the following Part II decisions of the Executive be noted:

- Part II Minutes of the Executive – 21 November 2018
- West of Stevenage Development

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

None.

8 **URGENT PART II BUSINESS**

None.

CHAIR

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Part I – Release to Press

Stevenage BOROUGH COUNCIL

Agenda item: 4

Meeting **EXECUTIVE/COUNCIL**

Portfolio Area Resources

Date **13 FEBRUARY 2019/27 FEBRUARY 2019**

FINAL GENERAL FUND AND COUNCIL TAX SETTING 2019/2020

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 2019/20 General Fund Budget, Council Tax Support Scheme and proposals for the 2019/20 Council Tax.

1.2 To consider the projected 2018/19 General Fund Budget

2. RECOMMENDATIONS

EXECUTIVE

That the following proposals be recommended to Council on 27 February 2019:

2.1 That the 2018/19 revised net expenditure on the General Fund of £10,063,500 be approved.

2.2 That a final General Fund Budget for 2019/20 of £8,802,520 be proposed for consultation purposes, with a contribution from balances of £48,446 and a Band D Council Tax of £210.57 (assuming a 2.99% increase).

2.3 That the General Fund Summary as shown at Appendix A to this report, be approved.

2.4 That the Risk Assessments of General Fund Balances and the minimum level of General Fund reserves of £2,671,410, as shown at Appendix B to this report, be approved.

2.5 That the contingency sum of £400,000 within which the Executive can approve supplementary estimates, be approved for 2019/20, (unchanged from 2018/19).

2.6 That the 2019/20 proposed Fees and Charges increase of £219,790 (Appendix C to this report) be approved.

2.7 That the 2019/20 proposed Financial Security Options of £798,552 (Appendix D to this report and including fees and charges detailed in Appendix C) be approved.

2.8 That 2019/20 business rate gains totalling £400,000 above the baseline assessment be ring fenced for town centre regeneration (SG1), (paragraph 4.6.7 of the report refers) be approved.

2.9 That 2019/20 business rate gains totalling £364,830 above the baseline assessment be used to increase General Fund balances for 2019/20, (paragraph 4.6.7 of the report refers) be approved.

2.10 That 2019/20 business rate gains totalling £275,000 above the baseline assessment be transferred to the NDR allocated reserve for 2019/20, (paragraph 4.6.7 of the report refers) be approved.

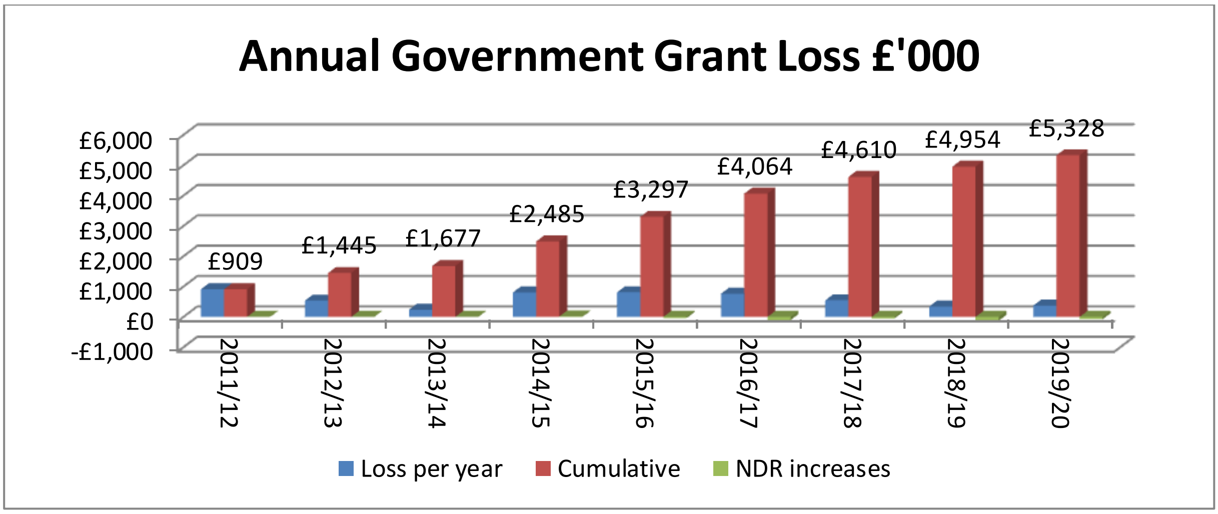
2.11 That the 2019/20 Council Tax Support scheme is approved as set out in section 4.8 to this report.

2.12 That the advice of the Assistant Director (Finance and Estates) on the robustness of the draft budget and the adequacy of reserves (Appendix G) be noted.

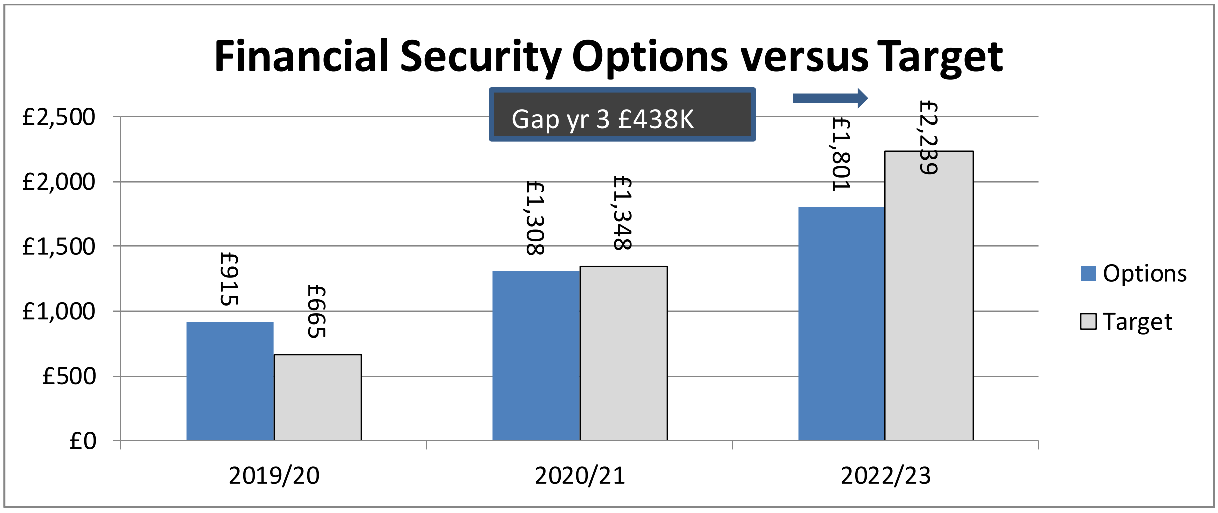
3. BACKGROUND

3.1 This report presents the Council's General Fund net expenditure for 2019/20 taking account of the Financial Security options, fee increases and any pressures. The General Fund Budget forms part of the Council's Budget and Policy Framework. Under Article 4 of the Constitution, the Budget includes: the allocation of financial resources to different services and projects; proposed contingency funds; setting the council tax; the council tax support scheme; decisions relating to the control of the Council's borrowing requirement; the control of its capital expenditure; and the setting of virement limits.

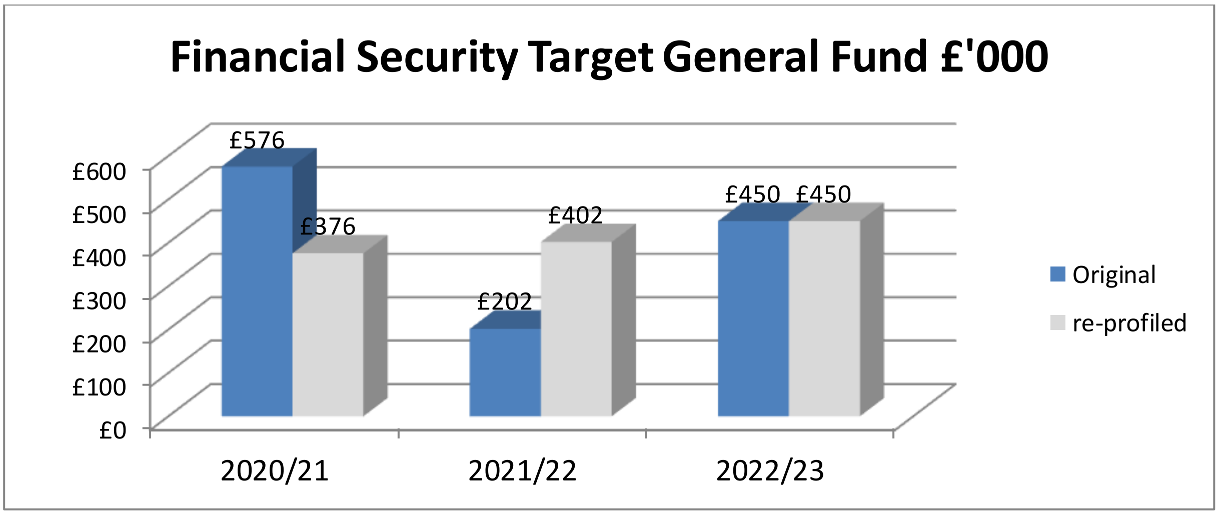
3.2 The Council's Financial Strategy (MTFS) was reported to Executive in September 2018 and updated in the November Financial Security report. Both reports highlighted the need for an on-going Financial Security savings target to fund inflation and service pressures compounded by the loss of central government of £5.3Million by 2019/20.



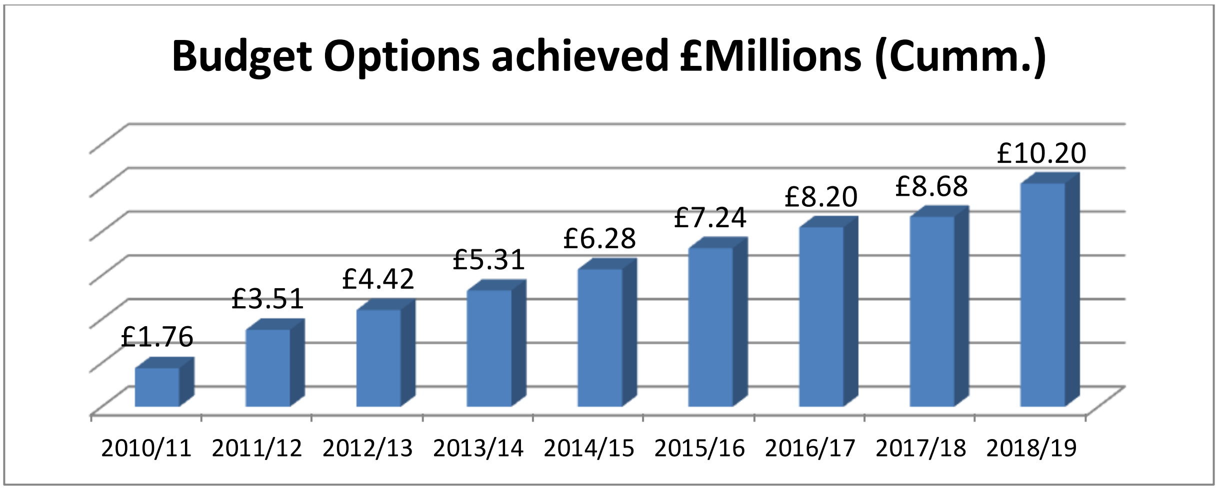
3.3 The November Financial Security report identified that even with the Financial Security options presented to that committee, there was a significant financial shortfall in year three, (2022/23).



3.4 This resulted in a revision to the Financial Security work stream and future targets as set out below and approved by Members as part of the Financial Security report to the November Executive.



3.5 The need to find budget reductions since 2010/11 has not just resulted from central government grant reductions, but has been compounded by other government policy changes e.g. apprenticeship levy, national insurance changes, reductions in housing benefit administration grant and service pressures from initiatives such as benefit freezes and other welfare reforms. The total identified savings implemented since 2010/11 is summarised in the chart below.



3.6 The MTFS as approved by Members in September (2018) had a key principle: 'achieve an on–going balanced budget by 2022/23 by ensuring inflationary pressures are matched by increases in fees and income or reductions in expenditure'. This is critical as the managed use of balances in the MTFS starts to converge with the level of minimum balances.

3.7 At the November 2018 meeting, the Executive approved a package of Financial Security budget options, growth and pressures and fee increases to be included in the 2019/20 Budget.

3.8 The Council signed up to the four year central government funding settlement deal for the period 2016/17-2019/20, with 2019/20 the final year. Members also approved Stevenage being part of the Hertfordshire business rates pilot for 2019/20, which would mean £275K of business rates in addition to the estimated £631K (Financial Security November report) above the baseline assessment, (the amount the government has estimated we need from business rates). In the November Financial Security Report to the Executive members approved £400K be ring fenced for regeneration, with the remaining £231K to support General Fund balances. Notification of the provisional 2019/20 Finance Settlement , New Homes Bonus (NHB) allocation and Hertfordshire Business Rates pilot were received on 13 December 2018 and detailed in section 4.4 and 4.5. The Final settlement was received on the 29 January 2019 and there was no change from the provisional figures.

3.9 Members were advised in the September MTFS report 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% or up to 3% which ever was the greater and the Draft General Fund budget assumed a 2.99% increase for modelling purposes.

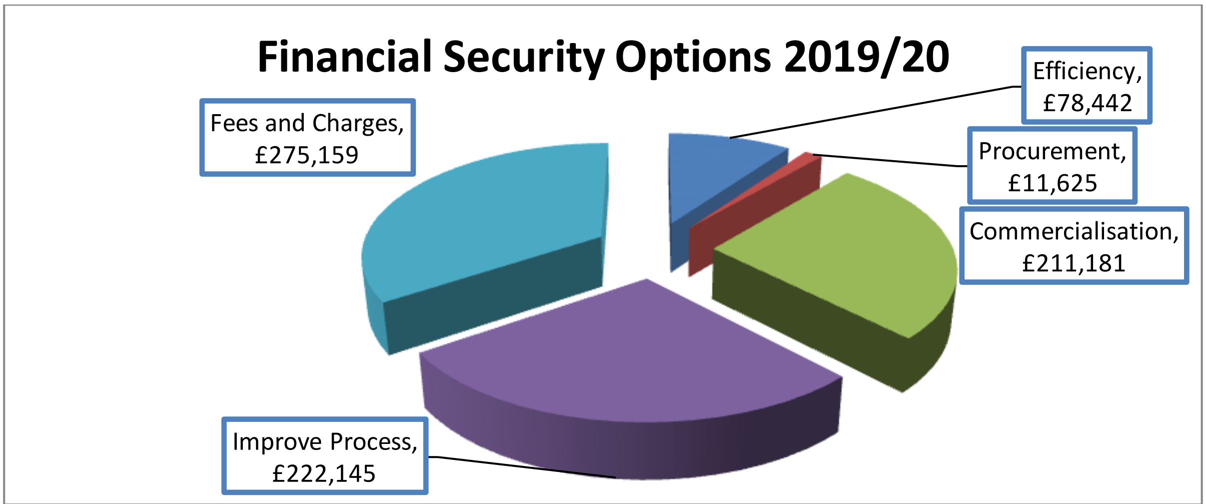
3.10 The Budget and Policy Framework Procedure Rules in the Constitution, prescribe the Budget setting process, which includes a consultation period. The timescale required to implement this process is outlined below:

Date	Meeting	Report
January 2019	Executive	Draft 2019/20 General Fund budget, Council Tax and Council Tax Support
		(incorporating Financial Security Options)
	Overview and Scrutiny	Draft 2019/20 General Fund budget, Council Tax and Council Tax Support
		(incorporating Financial Security Options)
February 2019	Executive	Final 2019/20 General Fund budget, Council Tax and Council Tax Support
	Overview and Scrutiny	Final 2019/20 General Fund budget, Council Tax and Council Tax Support
	Council	Final 2019/20 General Fund budget, Council Tax and Council Tax Support

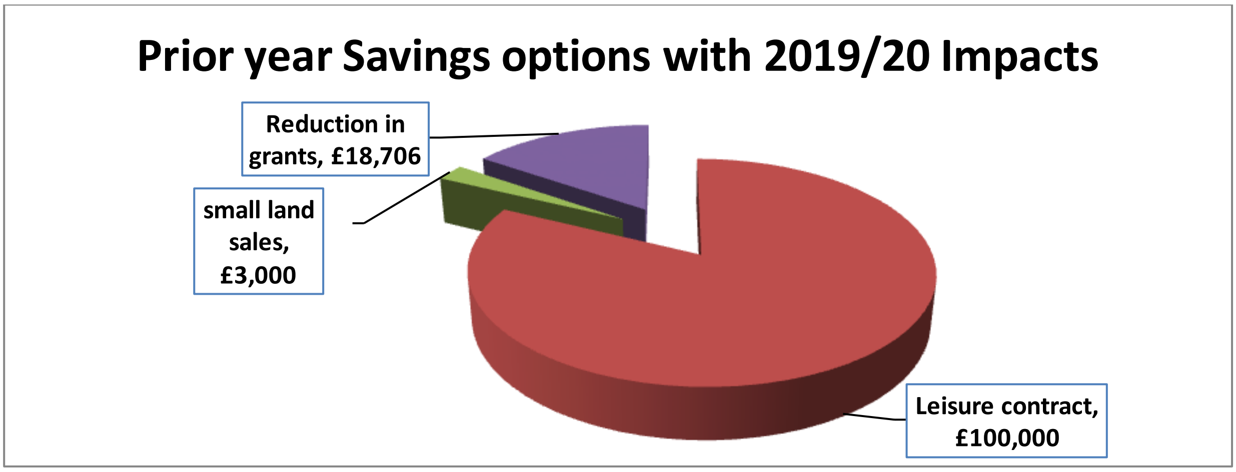
4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Financial Security Options

4.1.1 At the November Executive, Members approved General Fund Options of £798,552, and as detailed in Appendix C & D (unchanged from the November Financial Security report or the January draft General Fund report). A summary of the new proposed options is shown below. There is no change from the



4.1.2 There are options from previous years that have an incremental increase on the General Fund. These are summarised below.



4.1.3 Members also previously approved a Commercial Property Investment Strategy with an associated income target of £200,000 per annum, (July Executive 2017). However only one site has been purchased to date, with further options under review. The total net income to be generated in 2018/19 is estimated to be £50,000.

4.1.4 Officers together with the Leaders Financial Security Group (LFSG) will be working towards achieving the unidentified Financial Security target as summarised in paragraph 3.4, which totals £1.2Million for the three years 2020/21-2023/24. Although the Financial Security report to the November Executive only identified a £438K shortfall in the 2019/20-2021/22 Financial Security target, the target has been increased to reflect;

- savings target for 2022/23 **£450K;**
- mainstreaming of funding for priority New Homes Bonus (NHB) services **£100K;**
- removal of NHB contribution to the General Fund as a result of uncertainty around the level and future of the resource **£200K**;
- identified shortfall in the Financial Security Target 2019/20-2021/22 **£438K**

4.1.5 The Financial Security target outlined above includes fees and charges increases and is based on an annual increase in council tax. On-going Financial Security options are required to fund inflationary pressures while at the same time absorbing the impact of reductions in government grants.

4.2 Fees and Charges

4.2.1 2019/20 fees, charges and concessions were reviewed as part of the work of the Corporate Fees and Charges Group, with the results scrutinised and recommendations made for approval by LFSG, as detailed in Appendix C (£219,790) and included in the Financial Security totals in 4.1 above. There is no change from the November Financial Security report or the January draft General Fund report.

4.3 Service Pressures

4.3.1 There was no growth allowance for the 2019/20 draft budget and only a small allowance of £75,000 assumed from 2020/21 onwards. However, since the approval of the Financial Security report at the November Executive and the revision of the

Financial Security targets, a number of ICT pressures have been identified totalling £122,000 in 2019/20. These were included in the Draft budget to the January Executive and related to increased functionality and future proofing the service by for example enabling email and general data to move to the cloud, which will also add resiliency and flexibility to the email and data provision. The licence brings additional products such as Skype, Teams, Onedrive. In addition moving to Office 365 will be a more cost effective package in the long term as existing software costs will increase significantly. A summary of the pressures are summarised in the table below.

Summary of IT Pressures	£
Move to Microsoft 365 Licences- the Council has had to change licence provision (GF share)	67,000
System Upgrades 2019/20 – Northgate, Business Objects, Oracle and other smaller upgrades	22,320
Inflation pressures –(above that reported in the MTFS) mainly due to dollar and Euro exchange rates increasing cost of ICT products	32,790
	£122,110

4.3.2 In addition to costs shown above, there are likely to be other revenue and capital pressures identified by the ICT Board's long term plan. The Board identified some staffing pressure costs for the period 2018/19-2020/21 which required funding.

4.3.3 In order to minimise the impact on the General Fund of the ICT pressures, (before a fully costed business case or restructure can be agreed), the CFO recommended in the draft budget setting aside of monies to deliver this in the interim rather than increasing the General fund base budget. Costs identified to date and recommended by the ICT Partnership Board (and both SBC and EHDC leadership teams) are shown below.

ICT staff costs	2018/19	2019/20	2020/21	Total
Identified costs	£109,972	£225,810	£267,868	£603,650
SBC share (50%)	£54,986	£112,905	£133,934	£301,825
General Fund	**£36,841**	**£75,646**	**£89,736**	**£202,223**
HRA	£18,145	£37,259	£44,198	£99,602

4.3.4 The CFO has identified that the ICT cost pressures can be funded by taking the projected overachievement of housing benefit overpayment budgets (£100K in 2018/19 and 2019/20) and the residual sums in the FTFC allocated reserve to create an ICT allocated reserve, in the interim period prior to any business case coming forward.

4.3.5 The rationale for not increasing General Fund housing benefit income budgets by £100K is because when claimants on benefit transition to Universal Credit, overpayments will no longer be raised. This means the Council will not be able to claim the 40% subsidy on the overpayments as well as the potential 100% recovery of overpayments, in addition any legacy amounts will be difficult to collect, increasing bad debt provisions. The impact of this would be an increase in the General Fund net budget.

4.3.6 The CFO had recommended that any overachievement of income be transferred to an allocated reserve, to 'cap' the amount of reliance on overpayment income for the General Fund, when/if it reduces for working aged claimants. Members approved at the January Executive that these monies were ring-fenced to fund ICT pressures until a business case is approved for any mainstreaming of additional ICT budgets.

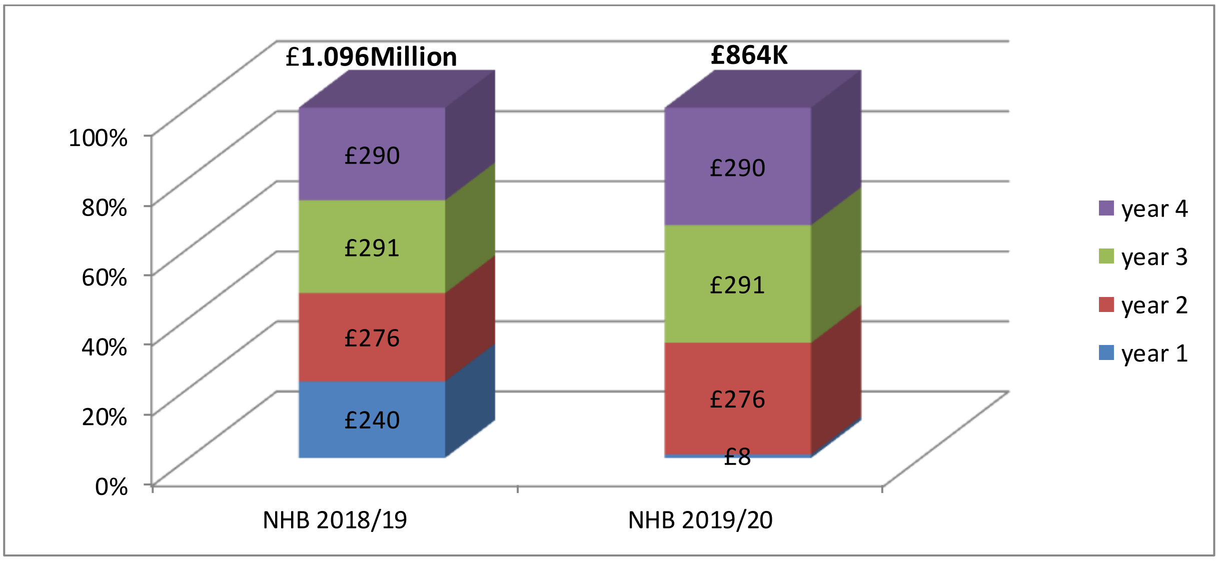
4.3.7 There is an impact of the ICT costs on the HRA and its share of ICT costs are proposed to be funded from within the transformation budgets already in the HRA budget**.**

4.3.8 In addition to the pressure identified above, there are also potential General Fund cost pressures as noted in the Regeneration update report to the December Executive. The Draft Capital Strategy report to the January Executive identified the need to fund the new bus station as part of the Town Centre Regeneration scheme (SG1), if the identified Local Enterprise Board (LEP) monies allocated to the bus station are not released. Use of any borrowing will significantly impact on the General Fund at an estimated £52,000 per Million spent. The Capital Strategy report to this Executive identifies the proposal to potentially fund the works required in 2019/20 and 2020/21 in the interim period, should the funding not be released.

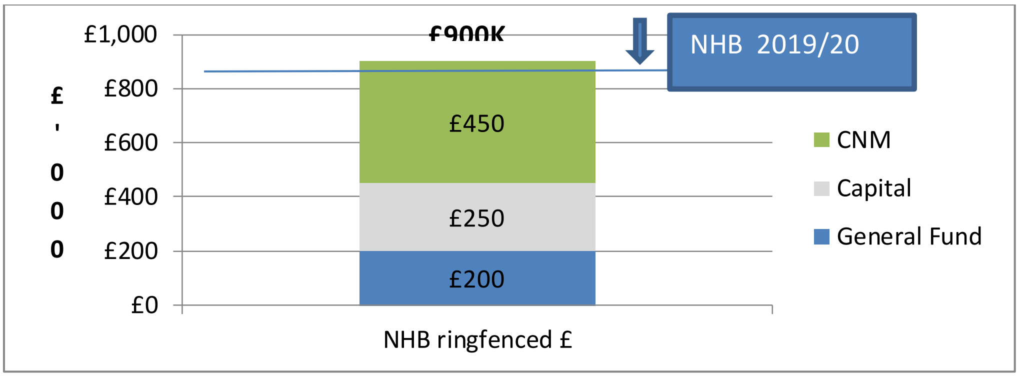
4.4 New Homes Bonus

4.4.1 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 2019/20 for four years, (2018/19 five years, 2016/17 and earlier, six years). A threshold of 0.4% of the tax base has to be achieved before any NHB is payable, after changes the government announced for 2017/18. This had the effect of reducing the amount of NHB payable in the current year.

4.4.2 The amount of NHB the Council will receive in 2019/20 is much lower than expected because the council tax base at 1 September 2018 did not increase higher enough above the threshold test, (0.4% of the 1 September 2017 tax base). This means the total allocation for 2019/20 is £864K compared to the £1.096Million received in 2018/19. Future years are likely to be at the same level or less and the government has signalled a change to how NHB will be awarded and some local government observers have suggested that NHB may be removed altogether.



4.4.3 The impact of the reduction in NHB is that the ring fenced allocations from NHB cannot all be met from the 2019/20 allocation, with a shortfall of £36K. However there are unspent prior year balances sufficient to fund the shortfall in 2019/20, with £36K required from balances in 2020/21. With the risk of removal/change to the rules of NHB in the next spending review, the Executive approved the removal of the £200K contribution to the General Fund and increased the Financial Security target (£36K in 2020/21 and £200K in 2021/22) at the November Executive.



4.4.4 In addition to the ring fenced allocations, three high priority services have been supported by NHB, the domestic abuse project (SADA), No More Project and the co-operative neighbourhood wardens. There is sufficient funding in 2019/20 to resource the domestic abuse and no more projects due to the success of attracting external monies and remaining unspent NHB balances for these projects. The four wardens funded from new homes bonus have been incorporated into the community and neighbourhood's business unit review, (fully from 2020/21) and only require a top up of £7.8K, (was reported as £37K in FS report), in 2019/20 as a one off. Members approved funding the one off shortfall for the fourth Community Neighbourhood warden from General Fund balances in 2019/20. Post 2019/20 Members approved increasing the Financial Security targets by £100K in 2020/21 to meet the on-going costs of the domestic abuse and no more projects.

4.4.5 The 2019/20 NHB monies means there are no funds left for new one off projects. The CFO and Members will also need to review the future funding of the capital and CNM programme once the policy on NHB becomes clear or if the 2020/21 NHB amount does not meet the amounts required as outlined in the chart in 4.4.3.

4.5 Finance Settlement

4.5.1 The provisional finance settlement was published on the 13 December 2018 and the final on the 29 January 2019. Compared to the figures previously published (as part of the 2018/19 settlement), there was an increase of £1,824 for 2019/20, as a result of the increase in RPI for Business Rates. The draft budget report to the January Executive had assumed the return of levy surplus (£38,833) would be paid in 2019/20, however the Government has indicated this will now be paid in 2018/19 and this report reflects that switch between years.

4.5.2 The 2018/19 settlement increased by £72,672 as a result of a correction by the government to error indexing of business rates and the return of levy surplus now to be paid in 2018/19.

Final Finance Settlement (2019/20)		
	2018/19	2019/20
Revenue Support Grant	£351,230	£0
Business Rates:		
Business Rates	£2,474,490	£2,531,197
Under indexing	£51,552	£77,430
Other adjustments	£38,994	
Return of levy surplus	£38,833	
Total Business Rates	£2,603,869	£2,608,627
Total	**£2,955,099**	**£2,608,627**
Variance to 2018/19 settlement	**£72,672**	**£1,824**

4.5.3 Stevenage Borough Council would have had negative Revenue Support Grant (RSG) from 2019/20 of £27,145, however the government signalled in the finance settlement consultation that this would not be a cost to councils in 2019/20.

4.5.4 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 in 2020/21, which will see RSG and Public Health grant replaced by business rates income, the methodology for this and therefore the impact on SBC has yet to be assessed. However Members should note that if there is a full reset of rates any gains above the baseline would not be on-going beyond 2020/21.

4.5.5 In addition to the NDR baseline funding the Council has the opportunity to retain a proportion of business rates growth which currently attracts a levy payment to the government of 50%. However for 2019/20 the countywide bid to retain 75% of all Hertfordshire business rates was successful, as announced as part of the finance settlement on the 13 December 2018. This is discussed in more detail in section 4.6 to this report.

4.6 Business Rates and the Pilot

4.6.1 At the September Executive Members delegated to the Assistant Director (Finance and Estates), after consultation with the Resources Portfolio holder the authority to join the Hertfordshire Business Rates Pilot for 2019/20. This required a bid to be submitted to the government by 25 September 2018.

4.6.2 All business rates (after the tariff from District authorities has been charged) will be kept in Hertfordshire, which after each LA share is distributed (in line with the bid document), there is an opportunity to bid for a share of a £2.33Million pot of funding.

4.6.3 The Council (via the Executive) must approve the level of estimated 2019/20 business rates it will receive by 31 January each year. However the timing of the announcement of the Government settlement on the 13 December together with information on the business rates pilots means that there was not enough time to complete a report for the January Executive and Members approved at the January Executive this was delegated to the Assistant Director (Finance and Estates) following consultation with the Portfolio Holder for Resources. This has now been completed and the impact reflected in this report.

4.6.4 The projection for 2019/20 business rate gains for SBC (excluding the benefit of being in the Hertfordshire Pilot) is now estimated at £764,825, following completion of the NNDR1 form which calculates the amount of business rates for the year. This is £51,058 more than the January Executive report. This is based on a review of NDR yield appeals provision and bad debt. If the Council's NDR yield reduces in 2019/20 the amount of gains will also diminish, therefore a proportion is recommended to be transferred to General Fund balances.

4.6.5 The Hertfordshire business rates pilot increases the projected NDR income to a gain of £1Million, an increase of £275,000 with the added benefit of bidding for the central pot. This amount was not known at the time of writing the report as it is reliant on the amalgamation of all ten NNDR1 in Hertfordshire. The pilot works on the principle that no council will be worse off in the pilot than they would have been had the pilot not been approved (amount shown in paragraph 4.6.4).

4.6.6 There are risks to taking all business rate income projections in year such as:

- a recent case at the Supreme Court exempting shop-based cash machines from separate business rates this will if not appealed date back to 2010
- A large appeal was successful totalling £1.5Million of which only 50% had been estimated in the provision
- A number of retail companies have issued profit warnings and/or indicated some store closures still to be announced nationwide.

4.6.7 Due to the vagaries of the tax system the CFO has never built these into the base budget**. However, should the gains be realised then Members approved at the November Executive and subsequently at the January Executive the following allocations for gains that:**

- **£400,000 would be used to support the Council's regeneration priority**
- **£364,830 (updated for increase of £51, 058) being used to increase General Fund balances to allow for any unidentified pressures or delay in FS options being implemented.**
- **£275,000 is set aside in a business rates allocated reserve until 2020/21, until the actual gains are projected to be achieved.**

4.7 Council Tax

4.7.1 Part of the budget setting process includes consideration of council tax levels. The November Financial Security report (with updated MTFS) modelled a 2.99% council tax increase for 2019/20 however the government had not published the outcome of the consultation on the settlement or the settlement at that date.

4.7.2 In the Provisional settlement the Government is allowing up to a 3% increase before a referendum on the level of council tax is required or £5.00 on a Band D, whichever is higher. This increases council tax in line with inflation and effectively allows for a 2.99% increase (CPI 2.4%, RPI 3.3% in September 2018).

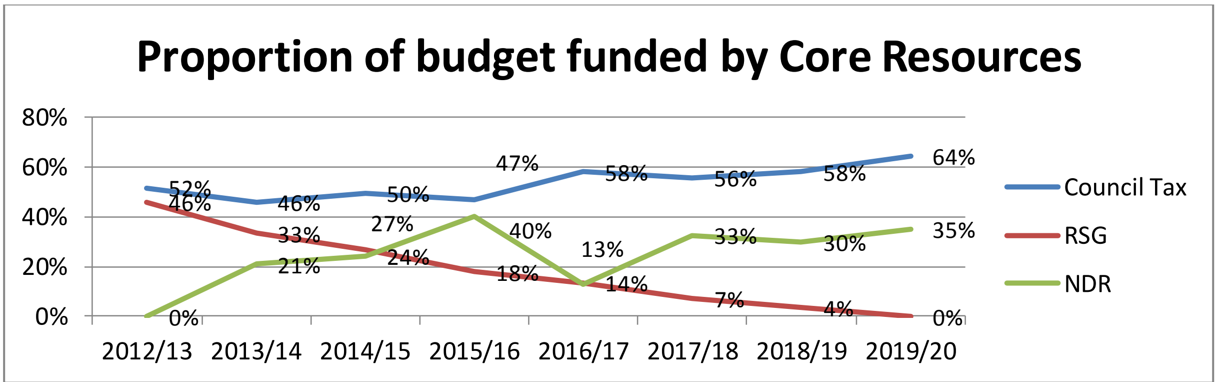
4.7.3 The table below shows the 2.45% and 2.99% increase per year for each council tax property band.

		Increase per year					
Council Tax band	2018/19	2.45%	2019/20 (2.45%)	Total cost per week	2.99%	2019/20 (2.99%)	Total cost per week
A	£136.31	£3.33	£139.64	£2.69	£4.07*	£140.38*	£2.70
B	£159.02	£3.89	£162.91	£3.13	£4.75	£163.77	£3.15
C	£181.74	£4.44	£186.18	£3.58	£5.43	£187.17	£3.60
D	£204.46	£5.00	£209.46	£4.03	£6.11	£210.57	£4.05
E	£249.90	£6.11	£256.01	£4.92	£7.47	£257.37	£4.95
F	£295.33	£7.22	£302.55	£5.82	£8.83	£304.16	£5.85
G	£340.77	£8.33	£349.10	£6.71	£10.18*	£350.95*	£6.75
H	£408.92	£10.00	£418.92	£8.06	£12.22*	£421.14*	£8.10

**Band A,G&H have reduced by 1pence since the draft General Fund budget due to roundings*

4.7.4 Increasing council tax by 2.99% compared to say a 1.99% increase does net the Council an additional £55,878 in 2019/20 per year or £295,000 over a five year period and £135,000 more than increasing council tax by 2.45%. This does contribute to the Council meeting Financial Security targets alongside the options contained within this report and protect front line services.

4.7.5 Council tax is a key funding resource and locally raised taxation has become 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 64% of core resources will be generated from council tax.



4.7.6 As in previous years the council tax increase will not be agreed until the February Council 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 considered by the Executive and Overview and Scrutiny Committee.

4.8 Council Tax Support

4.8.1 A local CTS scheme cannot be revised for at least one financial year. A Billing Authority (SBC) must consider whether to revise or replace its scheme with another on an annual basis.

4.8.2 Any revision to a scheme must be made by the Council by the 11 March, immediately preceding the financial year in which it is to take effect and will require consultation with those affected. Additionally consideration should be given to providing transitional protection where the support is to be reduced or removed.

4.8.3 The Council must, in the following order, consult with major precepting authorities (i.e. Hertfordshire County Council and Police and Crime Commissioner for Hertfordshire), publish a draft scheme in such manner as it thinks fit, and consult such other persons as it considers are likely to have an interest in the operation of the scheme. The CFO wrote to both precepting authorities regarding the proposal for 2019/20 and at the date of writing the report HCC had no objections to the scheme proposed and no response had been received from the PCC.

4.8.4 Each year a report is usually brought to members to determine whether any changes should be made to the current scheme as outlined above and if so to start consultation during the summer.

4.8.5 The Local Council Tax support scheme is for working age claimants only. The scheme for elderly residents is still prescribed by central government.

4.8.6 The current **working age** scheme is assessed on 91.5% of maximum liability. It is fully means tested and there is no tolerance for changes in income before impacting on entitlement. Members have previously agreed no additional protection for individual groups, other than that required in law (pensionable aged claimants), and that built into the original Council Tax Benefit scheme. All working age customers have to pay at least 8.5% of their liability. This is demonstrated below.

Table 1: Annual value of 8.5% of liability by band

8.5% per year	2013/14/ 2014/15	2015/16	2016/17	2017/18	2018/19
Band A	£82.46	£83.72	£86.54	£90.46	£ 95.71
Band B	£96.20	£97.67	£100.96	£105.54	£ 111.66
Band C	£109.95	£111.63	£115.38	£120.61	£ 127.61
Band D	£123.69	£125.58	£129.81	£135.69	£ 143.56
Band E	£151.18	£153.49	£158.65	£165.84	£ 175.46
Band F	£178.66	£181.40	£187.50	£196.00	£ 207.36
Band G	£206.15	£209.30	£216.34	£226.15	£ 239.26
Band H	£247.38	£251.16	£259.61	£271.38	£ 287.12

Table 2 : Weekly value of 8.5% of liability by band

8.5% per week	2013/14/ 2014/15	2015/16	2016/17	2017/18	2018/19
Band A	1.59	1.61	1.66	1.74	1.84
Band B	1.85	1.88	1.94	2.03	2.14
Band C	2.11	2.15	2.22	2.32	2.45
Band D	2.38	2.42	2.5	2.61	2.75
Band E	2.91	2.95	3.05	3.19	3.36
Band F	3.44	3.49	3.61	3.77	3.98
Band G	3.96	4.03	4.16	4.35	4.59
Band H	4.76	4.83	4.99	5.22	5.51

4.8.7 On 8 March 2018 Overview and Scrutiny committee received a presentation on a potential new scheme for 2019/20 based on claimant's income bands. The new style of scheme would aim to simplify the criteria for customers as well as mitigating the impact of changes in circumstances on workload and council tax collection, resulting from universal credit reassessments.

4.8.8 Customers whose income remained within the band for their circumstances would not have their CTS reassessed for a small change in circumstances. Entitlement for other income levels would be clear and accordingly this would provide increased clarity and stability for those whose income changes regularly or as a result of the monthly reassessment of universal credit entitlement.

4.8.9 Members were advised that substantial modelling would need to be carried out to avoid any unintended consequences, as well as enabling full consultation with tax payers and major preceptors. The current software modelling tool is unable to model certain family groups which prevents evaluation of the impact of the proposed scheme on the existing scheme. A new module is due for release in the autumn and it is proposed to recommence modelling again at that time, for consideration for a scheme from 2020.

4.8.10 The Executive approved the recommendation to keep the existing scheme in place for 2019/20 at its meeting held on the 5 September 2018. **Members are recommended to agree the existing scheme uprated for benefit changes for 2019/20**.

4.9 General Fund Net Expenditure

4.9.1 The 2018/19 projected and the 2019/20 draft General Fund net expenditure is summarised in Appendix A (Summary of General Fund Expenditure). The 2019/20 budget has decreased by £273,070 compared to the January Executive report. However, the reduction in cost includes an increase in income of S31 grants (£276,420). In the Chancellors budget speech (October 2018) a number of retail reliefs were announced and completion of the NNDR 1 form has estimated the amount due in 2019/20. While the Council receives compensation for S31 reliefs given as it supresses the business rate yield collectable, this just transfers business rate income from core resources (below the line) to net expenditure (above the line) and does reduce the draw on balances.

4.9.2 If the increased S31 impact on General Fund net expenditure is excluded (as it is neutral and merely switches income from core resources to net expenditure),there is still an increase in on-going net expenditure of £195,990 from that reported in the November Financial Security report. The increase in expenditure has been partly mitigated by a review of budgets which identified £84,430 of further budget savings relating to repair, travel and other budgets. (The increased on-going impact reported at the January Executive was £234,546). A summary of the changes are shown in the table below.

Summary of 2019/20 budget movements	On-going?	£	On-going £
January Executive Draft Budget		£9,075,590	£231,200
Lower costs/Increased Income:			
NNDR Admin grant - grant notification received	Y	(£720)	(£720)
Review of budgets to identify budget savings (based on historic spend)	Y	(£84,430)	(£84,430)
Increase S31 grants for new retail relief	Y	(£276,420)	
Increased Costs/lower Income:			£0
HB Admin Grant pressure - grant notification received	Y	£11,120	£11,120
NNDR Levy surplus return (s31 grant) to be paid 2018/19 not 2019/20	N	£38,830	
Increase in salary inflation	Y	£25,200	£25,200
Revision to shared service costs & other contracts	Y	£13,350	£13,350
Total budget movements		**(£273,070)**	**(£35,480)**
Updated General Fund 2019-20 net budget		**£8,802,520**	**£195,720**

4.9.3 **The 2018/19 General Fund working budget** has decreased by £56,080 a summary of is shown in the table below.

Summary of 2018/19 budget movements		
	£	£
January Executive approved budget		10,119,580
Increase in projected Recycling subsidy (Alternative Financial Model Framework AFM) from HCC		(38,280)
NNDR adjustment to the levy calculation		21,030
NNDR Levy surplus return (s31 grant) to be paid 2018/19		(38,830)
Total budget movements		**(56,080)**
Updated General Fund 2018-19 net budget		**10,063,500**

4.9.4 The Council was notified of the change to the levy calculation in January 2019 and has been included in the 2018/19 budget.

4.10 Projected General Fund Balances

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

	2018/19 Estimate	2018/19 Projected	2019/20 Estimate
Net Expenditure*	£9,411,453	£10,063,500	£8,802,520
(Use of)/ Contribution to Balances	(£818,821)	(£1,368,639)	(£48,446)
Budget Requirement	**£8,592,632**	**£8,694,861**	**£8,754,074**
RSG	(£351,230)	(£351,230)	£0
Business Rates	(£2,539,149)	(£2,641,378)	(£2,562,580)
Total Government Support	**(£2,890,379)**	**(£2,992,608)**	**(£2,562,580)**
(Return) /Contribution to Collection Fund (NDR)	(£30,293)	(£30,293)	(£380,962)
Collection Fund Surplus (ctax)	(£139,616)	(£139,616)	(£55,621)
Council Tax Requirement	£5,532,344	£5,532,344	£5,754,911
Council Tax Base	27,058	27,058	27,330
Council Tax Band D	£204.46	£204.46	£210.57
Council Tax Band C	£181.74	£181.74	£187.17

4.10.2 General Fund balances are projected to be £3.56Million by 2022/23 a reduction of £2.86Million from balances as at 1 April 2017.

General Fund Balances £'000	2018/19	2019/20	2020/21	2021/22	2022/23
Opening balance 1 April	(£5,465)	(£4,096)	(£4,048)	(£3,559)	(£3,497)
Use of/ (Contribution to) Balances	£1,369	£48	£489	£62	(£65)
Closing balance 31 March	(£4,096)	(£4,048)	(£3,559)	(£3,497)	(£3,562)

4.10.3The projected balances for 2019/20 are higher than the minimum level of risk assessed balances but are £336Thousand lower than the November Financial Security report update, by 2022/23 . This is partly due to the increased ICT costs as set out in paragraph 4.3.1 of the report and other pressures identified.

4.10.4The Council will need to increase future years General Fund reserves to ensure that there are sufficient future resources not only to enable for a sustainable financial position but to also help facilitate the town centre regeneration including the associated risk of funding the bus station if LEP funding is not released, (2017 resident' survey top priority).

4.10.5There is also financial risk associated with more innovative Financial Security options versus stopping services and cutting spend. While these options are preferable to reducing/stopping services they may be a departure from 'normal' council operations and require careful implementation and monitoring.

4.10.6 To this end the CFO recommends;

- The ring fencing of £400,000 of business rate growth above the baseline assessment to fund regeneration costs in 2019/20, (para. 4.6.7)
- The retention of £364,830 (January report**,** £352,600) of business rate gains for 2019/20 in the General Fund, (para 4.6.7)
- The transfer of any further business rate gains in addition to that identified above to the business rate reserve for the reasons set out in paragraph 4.6.7
- The creation of the ICT reserve as set out in paragraph 4.3.6.

4.10.7 The Draft Council Tax resolution is attached to this report in Appendix H.

4.11 Risk Assessment of General Fund balances

4.11.1 The General Fund balances have been risk assessed for 2019/20 and the minimum level of balances required is £2,671,410, (January report £2,681,537).

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:

- Increased ICT costs for revenue or capital related over and above that identified in section 4.3.
- Increased capital borrowing costs as a result of the GD3 LEP monies not being released and the bus station requiring funding by SBC due to its key role as a regeneration enabler.
- Reduction in housing overpayment net income as a result of the transition to Universal Credit by claimants.

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 2019/20, this remains unchanged from the current year.

4.13 Allocated Reserves

4.13.1The allocated reserves as at 31 March 2020 are estimated to be £1.561Million, the allocated reserves are summarised in the following table.

Movements to/from Allocated Reserves £'000					
Allocated Reserve	Balance as at 1 April 2018	Anticipated transfer to/from reserves	Forecast balance as at 31 March 2019	Anticipated transfer to/from reserves	Forecast balance as at 31 March 2020
New Homes Bonus	(£ 690)	£ 573	(£ 117)	£ 56	(£ 61)
Future Town Future Council	(£ 263)	£ 209	(£ 54)	£ 54	£ 0

Movements to/from Allocated Reserves £'000					
Allocated Reserve	**Balance as at 1 April 2018**	**Anticipated transfer to/from reserves**	**Forecast balance as at 31 March 2019**	**Anticipated transfer to/from reserves**	**Forecast balance as at 31 March 2020**
Business Rates Reserve	(£ 172)	£ 0	(£ 172)	(£ 275)	(£ 447)
Regeneration Assets	(£ 847)	£ 25	(£ 821)	(£ 3)	(£ 824)
Insurance Reserve	(£ 124)	£ 89	(£ 34)	£ 15	(£ 19)
Regeneration Fund (SG1)	(£ 603)	£ 603	£ 0	(£ 31)	(£ 31)
Town Centre	(£ 28)	£ 28	£ 0	£ 0	£ 0
ICT Reserve	£ 0	(£ 100)	(£ 100)	(£ 78)	(£ 178)
LAMs reserve	(£ 61)	£ 0	(£ 61)	£ 61	£ 0
Planning Delivery Grant	(£ 61)	£ 20	(£ 41)	£ 41	£ 0
Total	**(£ 2,849)**	**£ 1,447**	**(£ 1,401)**	**(£ 160)**	**(£ 1,561)**

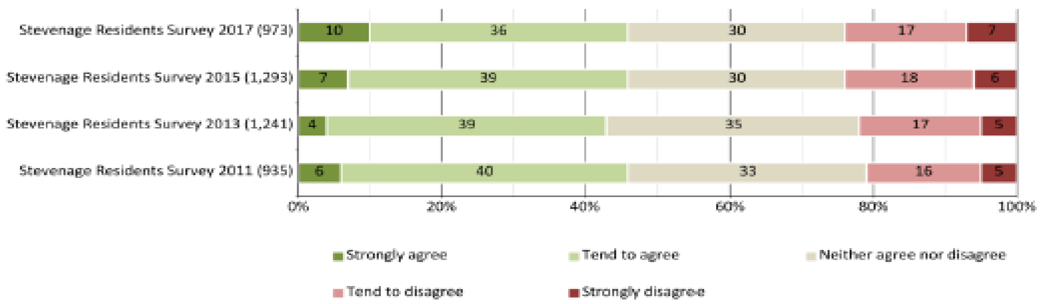
4.14 Consultation

4.14.1 The Council completed the bi-annual resident's survey in 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.

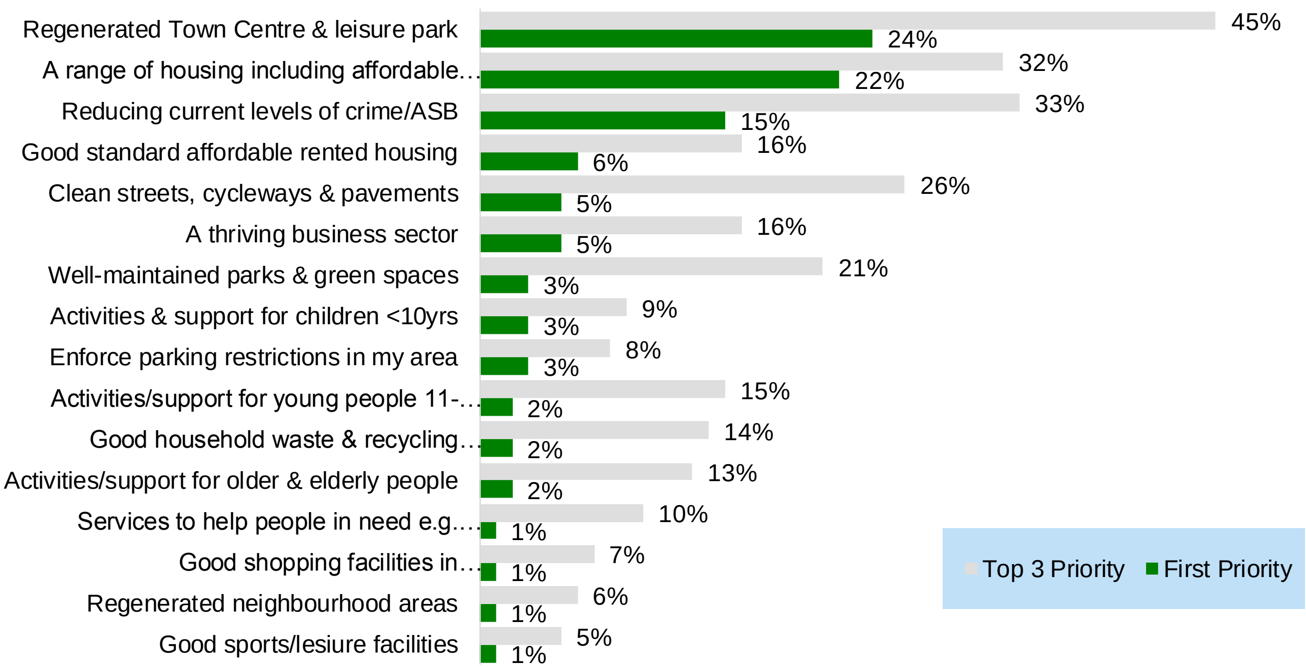
Option	Overall Rank
Reduce time and money spent on paperwork by interacting with more residents and customers online	1
Spend less by reducing or cutting the services that you tell us are not a priority	2
Increase income from fees and chargeable services, to keep the council's element of Council Tax as 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 (2018/19-2019/20) 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 evitable, 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 2019/20 if approved at February Council.

4.14.5 During 2019/20 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 resident's priority was Town Centre Regeneration, followed by affordable housing as shown in the following chart.



4.15 Chief Finance Officer's Commentary

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

4.15.2 The Council has evolved its budget strategy to meet the ongoing challenging economic conditions whether because of funding cuts, welfare reforms or inflationary increases. The financial strategy to deal with this is the 'Financial Security' strand of 'Future Town Future Council'.

4.15.3 Officers regularly update the MTFS to ensure that a clear financial position for the Council can be demonstrated over the next five years. This medium term view of the budget gives a mechanism by which future 'budget gaps' can be identified allowing for a measured rather than reactive approach to reducing net expenditure. The Financial Security year round approach to identifying budget options means that work is on-going throughout the year to bridge the gap.

4.15.4 The Council has taken significant steps over recent years to balance its budget and one of the principle aims of the MTFS is 'achieve an on–going balanced budget by 2022/23 by ensuring inflationary pressures are matched by increases in fees and income or reductions in expenditure'. This is projected to meet the target by £65,000 return to balances in 2022/23. However there is a significant draw on balances through the MTFS period and a £2.1Million draw on balances between 2018/19 and 2021/22. This forecast is also reliant on identifying and delivering further savings of £1.2Million currently unidentified for the period 2020/21-2022/23.

4.15.5 The Council while trying to ensure financial stability, is also entering one of its most ambitious phases for some considerable time. The Council is looking to redevelop and regenerate the town centre and at the same time improve the housing market in Stevenage. Both these priorities come with the risk of potentially needing to invest more resources. To mitigate some of this risk some business rate gains are recommended to be ring fenced to meet any future regeneration needs are earmarked for the Council's top priorities.

4.15.6 The last few years have seen considerable risk passed from central to local government associated with the localisation of business rates (now 75% and not 100%), localisation of council tax support, and the welfare reform programme. Accordingly, the risk assessment of balances has been updated to reflect these risks as our understanding of the impacts is becoming better understood.

4.15.7 Members approved growth in 2018/19 for Business Unit Reviews which while increasing the salary bill for the Council was recommended on the basis the right structure would unlock future savings and help meet the Council's Financial Security targets for 2019/20 onwards.

4.15.8 The updated General Fund balances summary in paragraph 4.10.2 shows that in future years there is still a draw on General Fund balances up to 2022/23. This is the impact of on-going increases in inflationary pressures compounded by projected government funding cuts.

4.15.9 A statement of the Robust of Estimates by the CFO is attached to this report at Appendix G.

4.16 **Leaders Financial Security Group**

4.16.1 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 2019/20 onwards saving target
2. Reviewed the GF MTFS assumptions
3. Reviewed the GF 2019/20 Financial Security package
4. Reviewed the GF 2019/20 Fees and charges

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

4.17 Overview and Scrutiny

4.17.1 The Committee met on the 29 January 2019 and the Assistant Director (Finance and Estates) presented the draft proposals for the 2019/20 council tax setting and General Fund budget.

4.17.2 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.

4.17.3 The Committee asked a number of questions about the additional cost of ICT in section 4.3 of the report concerning the investment in ICT and direction of travel, which were answered by the Strategic Director (TP) and Assistant Director Corporate Services & Transformation.

4.17.4 The Committee did not recommend any changes to the draft 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 D) are not achieved and crucially if future options are not found to meet the targets outlined in the report. 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 sections 4.10, 4.11 and 4.13.

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.

5.4.2 These duties are non-delegable and must be considered by Council when setting the Budget in February 2019.

5.4.3 To inform the decisions about the Budget 2019/20 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 2019. Where there is a potentially negative impact, officers will collect further information and identify actions to mitigate the impact as far as possible. These EqIAs are summarised and attached in **Appendix E** with further information on the process to date and planned activity. EqIAs for future years' savings will be presented alongside the draft Budget for the relevant year.

5.4.4 An overarching EqIA will also be developed once individual EqIAs are finalised for Council in February 2019. This will consider the collective impact of the Budget on people with protected characteristics.

5.4.5 As well as considering the impact on service delivery and equality, an EqIA concerning all strands of potential discrimination will be required by the Head of Paid Service on proposed redundancies and restructures per savings proposal and as a whole. It is proposed that this will be produced alongside the required restructure consultation documents as it is only at this stage that the actual impact on staff will start to be known. As the proposals will be delivered over a range of different timescales, the whole, i.e. combined EqIA, will be reviewed periodically with the Council's Strategic Management Board. All staff impacts are summarised at Appendix F.

BACKGROUND DOCUMENTS

BD1 General Fund Medium Term Financial Strategy (2018/19-2021/22)
BD2 Draft General Fund and Council Tax setting report –January Executive
BD3 Final HRA and Ren Setting Report –January Executive

APPENDICES

A General Fund Summary
B Risk Assessment of Balances 2019/20
C Fees and Charges 2019/20
D Financial Security Options 2019/20
E Equalities Impact Assessment General Fund and HRA
F Equalities Impact Assessment staffing
G Robustness of Estimates
H Draft Council Tax Resolution

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Stevenage BOROUGH COUNCIL

GENERAL FUND SUMMARY

	ACTUAL 2017/18 £	ORIGINAL 2018/19 £	WORKING 2018/19 £	ORIGINAL 2019/20 £
SUMMARY OF EXPENDITURE				
PORTFOLIO:				
COMMUNITY SERVICES	5,480,906	4,696,560	4,961,410	4,296,620
HOUSING SERVICES	3,856,237	2,109,980	2,070,640	2,365,980
ENVIRONMENTAL SERVICES	7,555,669	7,186,170	7,860,670	6,836,520
LOCAL COMMUNITY BUDGETS	100,577	100,800	100,800	100,800
RESOURCES	(6,985,181)	(5,230,000)	(5,405,000)	(4,728,470)
RESOURCES - SUPPORT	130,029	234,530	492,940	(30,830)
TRADING ACCOUNTS (DSO)	(8)	9,700	(17,960)	(38,100)
NET GENERAL FUND EXPENDITURE	**10,138,229**	**9,107,740**	**10,063,500**	**8,802,520**
GOVERNMENT SUPPORT - REVENUE SUPPORT GRANT	(689,969)	(351,230)	(351,230)	0
GOVERNMENT SUPPORT - RETAINED BUSINESS RATES	(2,039,967)	(2,539,149)	(2,641,378)	(2,562,580)
TRANSFER TO/FROM COLLECTION FUND (Council Tax)	(139,102)	(139,616)	(139,616)	(55,621)
TRANSFER TO/FROM COLLECTION FUND (NDR Tax)	(478,057)	(30,293)	(30,293)	(380,962)
NNDR Levy	0	303,713	0	0
NNDR POOLING GAINS	(529,687)	0	0	0
DISTRICT PRECEPT	(5,299,586)	(5,532,344)	(5,532,344)	(5,754,911)
USE OF GENERAL FUND BALANCES	961,861	818,821	1,368,639	48,446
GENERAL FUND BALANCE:				
BALANCE 1 APRIL	(6,426,983)	(4,883,389)	(5,465,122)	(4,096,483)
USE OF BALANCES IN YEAR	961,861	818,821	1,368,639	48,446
GENERAL FUND BALANCE 31 MARCH	(5,465,122)	(4,064,568)	(4,096,483)	(4,048,037)
ALLOCATED RESERVES:				
BALANCE 1 APRIL	(2,549,819)	(1,796,659)	(2,849,582)	(1,401,101)
USE OF BALANCES IN YEAR	(299,763)	11,683	1,448,481	(160,216)
ALLOCATED RESERVES BALANCE 31 MARCH	(2,849,582)	(1,784,976)	(1,401,101)	(1,561,317)
TOTAL REVENUE RESERVES	**(8,314,704)**	**(5,849,544)**	**(5,497,584)**	**(5,609,354)**

COUNCIL TAX BANDS FOR 2019/20 2.99% INCREASE:	2018/19	2019/20
BAND A	136.31	140.38
BAND B	159.02	163.78
BAND C	181.74	187.18
BAND D	204.46	210.57
BAND E	249.90	257.37
BAND F	295.33	304.16
BAND G	340.77	350.96
BAND H	408.92	421.15

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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.		
		Calculated Risk	
Specific Areas	**Estimated Income**	**Likelihood Percentage**	**Balances Required**
Parking Income* (on street/offstreet)	£4,676,870	2.5%	£116,922
Development Control Income	£339,330	10%	£33,933
Land Charges Income	£61,800	20%	£12,360
Recycling Income	£527,990	2.5%	£13,200
Garages	£3,268,000	0.50%	£16,340
Trade Refuse & Skips	£811,180	0.50%	£4,056
Indoor Market	£435,000	2.50%	£10,875
Commercial Property Income	£3,391,050	2.50%	£84,776
NEW Commercial Property Income Property Fund income target not achieved	£875,000	10.00%	£87,500
Total			**£379,962**

* 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.		
		Calculated Risk	
Specific Areas	**Estimated Exposure**	**Likelihood Percentage**	**Balances Required**
Housing Benefit maximum risk based on not meeting threshold for Local Authority errors.	£165,815	25%	£41,454
Loss of Business Rates yield	£2,562,580	maximum loss (7.5%) less loss of S31 grant	£118,991
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.	£732,020	10%	£73,202
Increase in bad debts as a result of welfare reform proposals (reduction cap and tax changes)	£608,310	5%	£30,416
Increase in the Apprenticeship levy if TV rate not met and pay costs increase.	£634,420	0.5%	£3,172
NEW: Increased cost of ICT staffing or software to deliver the ICT improvement plan	£2,930,940	5.0%	£146,547
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**
Building Control company costs increase	£99,410	25%	£24,853
NEW : Costs associated with the capital cost of funding the bus station to enable SG1 if LEP monies not released	£145,790	50%	£72,895
Costs associated with Town Centre Regeneration not budgeted for	£400,000	10%	£40,000
Housing Benefit overpayment net income reduces and results in a pressure on the General Fund	£1,565,950	5%	£78,298
Total			**£629,827**

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%	£634,420	5.00%	£31,721
Less staff time charged to capital than budgeted	£401,040	10.00%	£40,104
Increase in staffing the pension scheme due to auto enrolment (based on % of salary costs not pensioned)	£245,750	5.00%	£12,287
Contractual inflation 1% increase	£220,771	25.00%	£22,255
Utility and fuel inflation usage/costs increase	£817,620	5.00%	£40,881
Borrowing costs will be higher than estimated on new borrowing in Capital Strategy	£0	0.5% increase in basis points	£6,362
Business Unit Reviews (BUR)implementation costs/restructure costs increases the pay bill (% of pay bill for the General Fund)	£18,633,710	0.50%	£93,169
Total			**£246,779**

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	£578,762	2.00%	£11,575
Total			**£11,575**

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)	£46,611,402	1.50%	£699,171
Gross Expenditure (excludes specific expenditure listed above)	£46,939,749	1.50%	£704,096
Total			**£1,403,267**

Level of Balances Assumed in General Fund Based on risk	**£2,671,410**

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ANTICIPATED RPI INCREASE (as per MTFS): 3.3%

Stevenage BOROUGH COUNCIL

APPENDIX C

FEES AND CHARGES -RECOMMENDED FEE INCREASES FOR 2019/20 - 2021/22 APPENDIX F

Service	Fees and Charges for 2019/20	2018/19 Price £	2019/20 Price £	Increase £	% Increase	Total Budget 2018/19 £	Income changes previously reported £	Other Changes or pressures identified (not yet reported) £	Income (Reduction) / Increase	Total Budget 2019/20 £	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 enforcement regimes imposed at ASDA and Tesco are intermittent at best and we have seen little positive improvement of short term car park usage. Railway parking continues to be popular with improvements to the train station/platforms complete and should ensure this continues once the new timetables and service delays are resolved. Future regen and the impact on car park spaces will need to be balanced with the demand for railway parking. Our minimum increase is 10p (machine acceptance).	WGC, Bedford, and North Herts short stay charges vary between £1.50 and £2.00 for the first hour and two hour fees. St Albans charge £1.70 up to 1 hr & £3.00 up to 2 hrs, and WGC £1.50 up to 2 hrs. Town Centre Parking 'Long Stay' varies from £4.00 to £8.00 in Bedford depending on distance from the centre. The fees are £5.00 in WGC, £5.00 to £10.90 in St Albans and up to £10.00 in Milton Keynes. Currently in Stevenage, there is demand for long stay parking driven by new residences and some temporary demand from construction workers. Railway Parking is charged at £8.70 in Bedford, £5.40 to £10.90 in St Albans and £10.40 in Milton Keynes. Our offer is still mid-range for the larger stations. It must be stressed that the frequency of services out of London positions Stevenage as the first choice for those returning from London.	
New Town:	**7am-7pm (6am-7pm at St Georges only) :**													
	Mon-Saturday up to 30 Mins (St Georges & Westgate only)	**£0.50**	**£0.50**	£0.00	**0.00%**									
	Mon-Saturday up to 1 hour	**£1.70**	**£1.70**	£0.00	**0.00%**						Y			
Short Stay (The Forum, Marshgate, Westgate, St Georges)	Mon-Saturday up to 2 hours	**£2.30**	**£2.40**	£0.10	**4.35%**				£17,800		Y			
	Mon-Saturday up to 3 hours	**£3.00**	**£3.10**	£0.10	**3.33%**				£7,600		Y			
	Mon-Saturday up to 5 Hours	**£3.50**	**£3.60**	£0.10	**2.86%**				£1,600		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						**£1,443,000**			**£27,000**	**£1,470,000**				
Long stay	Mon-Fri before 8.30am	**£7.00**	**£7.30**	£0.30	**4.29%**						Y			
	Mon-Fri 8.30am to 7pm	**£4.50**	**£4.80**	£0.30	**6.67%**						Y			
Southgate and St Georges' Car Park charge the £4.50 tariff from 6am	Saturday 6am - 6pm	**£4.50**	**£4.80**	£0.30	**6.67%**									
	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						**£716,200**			**£29,800**	**£746,000**				
Railways	Mon-Fri 4am to 4am	**£7.50**	**£8.00**	£0.50	**6.67%**	£712,000			£40,000	**£752,000**	Y			
Railways	Saturday	**£6.50**	**£6.80**	£0.30	**4.62%**	£65,500			£2,000	**£67,500**	Y			
Railways	Sunday	**£6.00**	**£6.20**	£0.20	**3.33%**	£74,500			£2,000	**£76,500**	Y			
Total Railways						**£852,000**			**£44,000**	**£896,000**				
Season Tickets	New Town (price per month)	**£80.00**	**£85.00**	£5.00	**6.25%**						Y			
	Blue Badge Holders (Season Ticket, **price per Annum**)	**£35.00**	**£38.00**	£3.00	**8.57%**	£379,500			£8,500	**£388,000**				
	Rail (price per month)	**£135.00**	**£142.00**	£7.00	**5.19%**						Y			
Season Tickets SubTotal						**£379,500**			**£8,500**	**£388,000**				
New Town GRAND TOTAL						**£3,390,700**	**£0**	**£0**	**£109,300**	**£3,500,000**				
Old Town: **Primett Rd North**	Monday - Saturday 0600-1600 hours											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 sustainable and maintains a similar differential to the Railways. (this car park is used by commuters)		**01 January 2019**
	up to one hour	**£1.00**	**£1.00**	£0.00	**0.00%**						Y			
	up to two hours	**£1.50**	**£1.50**	£0.00	**0.00%**						Y			
	up to three hours	**£1.80**	**£1.80**	£0.00	**0.00%**						Y			
	More than three hours	**£5.00**	**£5.00**	£0.00	**0.00%**						Y			
Primett Rd South	Monday-Friday													
	0600-1600hrs	**£2.80**	**£2.80**	£0.00	**0.00%**						Y			
	1600-0600hrs	**£0.50**	**£0.50**	£0.00	**0.00%**						Y			
	Saturday 0600-1600:													
	up to one hour	**£1.00**	**£1.00**	£0.00	**0.00%**						Y			
	up to two hours	**£1.50**	**£1.50**	£0.00	**0.00%**						Y			
	up to three hours	**£1.80**	**£1.80**	£0.00	**0.00%**						Y			
	More than three hours	**£2.60**	**£2.60**	£0.00	**0.00%**						Y			
	Saturday 4pm-Monday 6am	**£0.50**	**£0.50**	£0.00	**0.00%**						Y			
Church Lane North	Mon-Sat 0600-1600hrs													
	up to one hour	**£1.00**	**£1.00**	£0.00	**0.00%**						Y			
	up to two hours	**£1.50**	**£1.50**	£0.00	**0.00%**						Y			
	up to three hours	**£1.80**	**£1.80**	£0.00	**0.00%**						Y			
	More than three hours	**£2.60**	**£2.60**	£0.00	**0.00%**						Y			
	Saturday 4pm-Monday 6am	**Free**	**Free**								Y			
Season Tickets	Old Town (price per month)	**£45.00**	**£45.00**	£0.00	**0.00%**						Y			
Old Town GRAND TOTAL						**£175,400**	**£0**	**£0**	**£0**	**£175,400**				
Car Parks:	**Business Tokens/ Commercial Income**	**various**	**various**			£184,000			£5,000	**£189,000**	Y	Income from "Business Validations" (Hotels, Mecca Bingo, SLL, Waitrose)		
Loss of income due to price increase					**7.75%**	-£8,000			-£10,000	**-£18,000**	Y	Assume 7.75% 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"						**£3,742,100**	**£0**	**£0**	**£104,300**	**£3,846,400**				

Stevenage BOROUGH COUNCIL

ANTICIPATED RPI INCREASE (as per MTFS): 3.3%

FEES AND CHARGES -RECOMMENDED FEE INCREASES FOR 2019/20 - 2021/22 APPENDIX F

Service	Fees and Charges for 2019/20	2018/19 Price £	2019/20 Price £	Increase £	% Increase	Total Budget 2018/19 £	Income changes previously reported £	Other Changes or pressures identified (not yet reported) £	Income (Reduction) / Increase	Total Budget 2019/20 £	Fee Principles Applied (Y/N)	Options considered/Rationale	Benchmarking Information	Date of Price Increase
On Street Parking											Y	Fees should be frozen for 2019/20, and only increased/reviewed every two years in order to keep the "costs of changing tariffs" down. The fees should be aligned to the fees charged in the car parks for all the tariffs up to three hours. Increasing the fees for longer stays (for on street) would help with turnover and encourage long-stays to use the car parks.		
Town Centre	up to 30 mins	**£0.60**	**£0.60**	£0.00	**0.00%**						Y			
	Up to 1 Hour	**£1.70**	**£1.70**	£0.00	**0.00%**						Y			
	Up to 2 Hours	**£2.50**	**£2.50**	£0.00	**0.00%**									
	Up to 3 Hours	**£3.20**	**£3.20**	£0.00	**0.00%**	£126,990	£38,010		£0	**£165,000**	Y			
	Up to 4 Hours	**£4.00**	**£4.00**	£0.00	**0.00%**						Y			**01/01/2019**
	Up to 5 Hours	**£5.00**	**£5.00**	£0.00	**0.00%**						Y			
	Over 5 hours	**£9.00**	**£9.00**	£0.00	**0.00%**						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	**no change**	**no change**		**0.00%**	£248,000			£0	**£248,000**	Y	Fees should remain frozen for the foreseeable future.		
On Street Parking Total						**£374,990**	**£38,010**	**£0**	**£0**	**£413,000**	Y			
Garages: **Prices shown are "NET" of VAT. Housing Tenants generally do not pay VAT but other customers do pay VAT, meaning the actual weekly increase for a Category A garage would be 60p. Around 2/3rd of all customers do pay VAT.**	Standard Garage (Category A)	**£10.80**	**£11.30**	£0.50	**4.63%**						Y	Price increases proposed take into account the Garage Business Plan built-in rent increases, plus the requested inflationary increase to match RPI **(approx. 3.3%)**. 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%** . Price increases have been suppressed for Cat B & C garages in order to differentiate these garages during the period of improvement works. The council currently rent out around 45-50 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 2019 (In line with Housing rent increases)**
	Standard Garage (Category B)	**£10.70**	**£11.10**	£0.40	**3.74%**	£3,214,550	£0	-£35,000	£103,450	£3,283,000	Y			
	Standard Garage (Category C)	**£10.50**	**£10.75**	£0.25	**2.38%**						Y			
	Road Facing Garages	**£11.60**	**£12.20**	£0.60	**5.17%**						Y			
Garages Total						**£3,214,550**	**£0**	**-£35,000**	**£103,450**	**£3,283,000**	Y			
Markets:	**Across the board increase to match RPI MTFS estimate of 3.3%**	**various**	**various**		**3.30%**	£421,260			£13,740	£435,000	Y	RPI based increase in rents across the board proposed. This would increase weekly rents by around £2.25-£3.75 on the vast majority of stalls within the market. Void rates at the market are carefully scrutinised, and efforts are ongoing to reduce void levels.		**01/01/2019**
Markets Total						**£421,260**	**£0**	**£0**	**£13,740**	**£435,000**	Y			
Bulky Waste:											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.	**01/01/2019**
	6 Items	**£66.00**	**£68.75**	£2.75	**4.37%**	£101,500		-£20,000	£3,000	£84,500	Y			
	Cancellation Fee	**£10.00**	**£11.00**	£1.00	**10.00%**						Y			
Bulky Waste Total						**£101,500**		**-£20,000**	**£3,000**	**£84,500**	Y			
Cemeteries:		**various**	**various**			£177,000			£23,000	£200,000	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%.	**01/01/2019**
Cemeteries Total						**£177,000**		**£0**	**£23,000**	**£200,000**	Y			
Parks and Open Spaces:	**3.3% increase on the budget agreed by manager**	**various**	**various**		**3.30%**	£118,400			£3,600	£122,000	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.		**01/01/2019**
Parks and Open Spaces Total						**£118,400**		**£0**	**£3,600**	**£122,000**	Y			
Allotments:	**Price per M²** (Previously prices were shown per Rod: For reference 1 rod = 25m²)	**£0.34**	**£0.35**	£0.01	**2.94%**						Y			
	100M² (Previously equiv to 4 Rod)	**£34.00**	**£35.00**	£1.00	**2.94%**	£23,120			£680	**£23,800**	Y	After several years of being frozen, it is now felt that RPI increases can be applied.	(see table below)	**01/01/2019**
	250M² (Previously equiv to 10 Rod)	**£85.00**	**£87.50**	£2.50	**2.94%**						Y			
Allotments Total						**£23,120**			**£680**	**£23,800**	Y			

	Cost per m²
Dacorum	24p
East Herts	20p
Hertsmere	22p
North Herts	50p
St Albans	19p
Stevenage	33p
Watford	18p
Welwyn Hatfield	44p

ANTICIPATED RPI INCREASE (as per MTFS): 3.3%

APPENDIX C

Stevenage BOROUGH COUNCIL

FEES AND CHARGES -RECOMMENDED FEE INCREASES FOR 2019/20 - 2021/22 APPENDIX F

Service	Fees and Charges for 2019/20	2018/19 Price £	2019/20 Price £	Increase £	% Increase	Total Budget 2018/19 £	Income changes previously reported £	Other Changes or pressures identified (not yet reported) £	Income (Reduction) / Increase	Total Budget 2019/20 £	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	01/01/2019
	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	£10.67	£0.00	0.00%	£5,000				£5,000	Y			
Fishing Total						£5,000	£0		£0	£5,000	Y			
Planning:	**Major development**					£43,500				£43,500	Y	All of these fees were increased significantly during last year's fees & charges process. It is felt prudent to freeze these fees for 2019/20 and apply RPI increases for the following two years (to be reviewed next year, dependant on how usage/income levels progress.	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.	01/01/2019
	100+ residential units, 6000+sqm of commercial /change of use or where the site is 3ha+ PER 100 units /6000sqm/3ha or part of.	£3,600.00	£3,600.00	£0.00	0.00%						Y			
	25-99 residential units, 2001-5999sqm of commercial /change of use or where the site is 1ha-3ha.	£3,600.00	£3,600.00	£0.00	0.00%						Y			
	Development requiring an EIA if not within the above categories	£3,500.00	£3,500.00	£0.00	0.00%						Y			
	Other Major Developments										Y			
	Provision of 10-24 dwellings or where the site is between 0.5ha and 1ha.	£2,100.00	£2,100.00	£0.00	0.00%						Y			
	Change of use or provision of 1001sqm - 2000sqm of commercial floor space or on a site with an area exceeding 1ha.	£2,100.00	£2,100.00	£0.00	0.00%						Y			
	Minor Development										Y			
	Single dwelling/replacement dwelling	£210.00	£210.00	£0.00	0.00%						Y			
	2-5 dwellings	£420.00	£420.00	£0.00	0.00%						Y			
	6-9 dwellings	£1,075.00	£1,075.00	£0.00	0.00%						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.	£210.00	£210.00	£0.00	0.00%						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	£700.00	£700.00	£0.00	0.00%						Y			
	Householder										Y			
	Domestic extensions, conservatories etc. and alterations to residential properties.	£62.50	£62.50	£0.00	0.00%						Y			
	Specialist Advice										Y			
	Works to listed buildings Developments affecting a conservation area	£150.00	£150.00	£0.00	0.00%						Y			
	Advertisements										Y			
	Per Site	£62.50	£62.50	£0.00	0.00%						Y			
Planning Total						£43,500				£43,500	Y			

Page 55

ANTICIPATED RPI INCREASE (as per MTFS): 3.3%

Stevenage BOROUGH COUNCIL

APPENDIX C

FEES AND CHARGES -RECOMMENDED FEE INCREASES FOR 2019/20 - 2021/22 APPENDIX F

Service	Fees and Charges for 2019/20	2018/19 Price £	2019/20 Price £	Increase £	% Increase	Total Budget 2018/19 £	Income changes previously reported £	Other Changes or pressures identified (not yet reported) £	Income (Reduction) / Increase	Total Budget 2019/20 £	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)	£19.60	£20.55	£0.95	5.09%	£647,490			£21,510	£669,000	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.	01/01/2019
Clinical Waste:	Increase in fees to cover additional increase in disposal costs example of pricing shown Clinical box)	£11.05	£11.55	£0.50	4.76%	£57,780			£1,720	£59,500	Y	Higher increase to offset any increase in disposal and gate fees.	Latest as at 2016/17 - Benchmarked against SRCL.	01/01/2019
Skips:	Increase in fees to cover additional increase in disposal costs (example of pricing shown 6yard skip)	£262.00	£274.00	£12.00	4.81%	£154,970			£4,030	£159,000	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. **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).**	Latest as at 2016/17 - Benchmarked against other providers such as Stevenage Skip Hire £235.	01/01/2019
Transfer Station:	Increase in fees to cover additional increase in disposal costs example of pricing shown, medium panel van)	£181.50	£188.50	£7.00	4.04%	£73,560			£2,440	£76,000	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.	01/01/2019
Increase disposal cost of waste for Trade, Clinical, Skips and Transfer Station:					-4.50%	-£360,650			-£14,350	-£375,000	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.		01/01/2019
Hackney Carriages:					3.00%	£23,500			£500	£24,000	Y	Fees are cost recovery. However, costs have been increasing over the last couple of years and fees have remained stable, therefore likely fees will start to gradually increase (in line with rising costs) starting from 2019/20.	Not applicable, cost recovery only.	01/01/2019
Environmental Health & Licensing:	**Housing Act 2004**				0.00%	£11,750				£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.	01/01/2019
	Licence for Houses in Multiple Occupation (HMO)	£708.00	£708.00	£0.00	0.00%									
	Service of Housing Act Notices	£382.00	£382.00	£0.00	0.00%									
Environmental Health & Licensing:	**Food Premises**	various	various	£0.00	2.50%	£10,790			£210	£11,000	Y	Cost recovery only		01/01/2019
	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	0.00%	£12,890			£110	£13,000	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.	01/01/2019
Local Land Charges	Residential Property (Con 29)	£60.00	£61.80	£1.80	3.00%									01/01/2019
VAT Is PAYABLE on these fees (fees shown is GROSS of VAT) Integra Code = RC110	Residential Property (LLC1)	£16.00	£16.50	£0.50	3.13%									
	Commercial Property and Areas of Land (Con 29)	£78.00	£80.40	£2.40	3.08%									
	Commercial Property and Areas of Land (LLC1)	£21.00	£21.60	£0.60	2.86%									
No VAT is payable for this service	Additional Enquiry	£10.00	£10.30	£0.30	3.00%	£60,000			£1,800	£61,800				
Housing General Fund:	**Careline Alarm- private (Shortfall funded from General Fund)**	various	various	various	Approx. 3.30%	£115,950			£5,050	£121,000	Y	This budget relates to private careline tenants and any increase in income means the General Fund subsidy is reduced.		
		Sub Totals					£38,010	-£55,000	£274,790			*Where there are multiple fees in a service area, an example has been given to demonstrate the price increases*		

NET INCREASE from Fees & Charges	***£219,790***
Target (as per MTFS)	**£296,594**
Variance	**-£76,804**

	Fund	Implementation costs	Staff	2019/20	2021/22	2022/23
	General Fund RECOMMENDED	58,920		798,552	1,094,925	1,500,361
	HRA RECOMMENDED	52,080		260,050	312,055	392,573
STEVENAGE BOROUGH COUNCIL	Total Options	111,000	11	1,058,602	1,406,980	1,892,934

APPENDIX D

Ref No	Ranking	Name of Service	Description of Savings Proposal	Implementation costs (any redundancy/ capital)	If staff affected indicate no. of staff	Financial Security Option in 2019/20	Financial Security Option in 2020/21	Financial Security Option in 2021/22	Ongoing (Y/N) or No of further years available	Impact of Saving Proposal on Public/ Customers/ Staff/ Members/Partnerships etc. (include any impact on key corporate programmes/performance indicator measures) .	Barriers/Interdependencies	Requires Capital Investment (Y/N)	Requires ICT Investment (Y/N)	Potential Timing (put the date you estimate it will be implemented, consider any consultation required)	Budget 2018/19	Actual 2017/18
CATEGORY A - IMMEDIATE EFFICIENCY OPTIONS																
SA2	1.60	Insurance	Cease payment of excesses on strimmer claims (between 30-42 claims per year)		0	6,000	6,000	6,000	Y	The Council currently pays out on damage arising from strimmers causing wind screens and windows. Operatives have to survey the area for stones and 'stone pick prior to strimming'. A recent court case (Bristol council) led to judgement that if suitable care is taken regarding stone picking then the liability does not rest with the council.	may get complaints from members of the public. Risk of complainants could take Council to court, however the position has already been defended in the Thomas versus Bristol case (May 2017).	N	N	1 April 2019	£6,000	£6,000
SA3	2.00	Training	Maximising government apprentice levy to give a compensatory reduction in professional training budgets by 15%.		0	26,703	26,703	26,703	Y	There is a risk that the funding is not interchangeable and the levy funding is not applicable for the departmental related training budgets. Professional training budgets for 2018/19 are £117K (GF) and £61K (HRA) and the levy paid in 2017/18 was £76K. In addition there are £74K of corporate training budgets	Requires corporate allocation of apprentice levy and work force planning	N	N	1 April 2019	£75,000	£0
SA5	2.00	Stevenage Direct Services	Historic/Surplus Equipment Sales	14,000	0	64,000	0	0	N	There a number of surplus assets that have been identified for sale. The cost of implementation is to take the plant and equipment to auction	Dependant on market prices	N	N	December 2018	£0	£0
SA11	1.60	Constitutional Services	Reduce non staff budgets that are available to support Scrutiny function from 2.5k to 1k		0	1,500	1,500	1,500	Y	Budget has underspent in previous years.	None identified - not fully spent for a number of years.	N	N	1 April 2019	£2,500	£422
SA12	1.60	Corporate Policy	Undertake the Town wide Residents Survey every three years rather than every two years.		0	17,810	-7,190	17,180	Y	Would require budget to be increased every third year to £25k. Principle could also equally be applied to the HRA Star Survey.	Needs to be considered as part of the future consultation and engagement strategy.	N	N	1 April 2019	£17,810	£20,065
SA14	1.60	Council wide	Withdraw Retirement Gifts to employees (£34.10 for each year of completed service at SBC)		retiring staff						There is no budget included in the original budget but annually about £11K is spent per year, this effectively is funded from balances and is based on £34.10 for every year of service at SBC.				£0	£11,000
SA16	1.80	Planning & Regulation	Changes to Planning Policy Team (net reduction of a 1/3 of Senior Planner) no redundancy implications	0	1	5,000	5,000	5,000	Y	None		N	N	1/4/2019	£235,720	£199,590
SA18	2.00	Stevenage Direct Services	Removal of depot supervisors use of vans for home to depot travel		0	2,750	2,750	2,750	Y	Some supervisors take home a vehicle but attend the depot before starting work, the staff have been notified and the saving is based on fuel savings and could be more in practice removing depot to home mileage.		N	N		£398,310	£307,163
TOTAL				**14,000**	**1**	**123,763**	**34,763**	**59,133**							**£735,340**	**£544,240**
															#REF!	#REF!
CATEGORY B - PROCUREMENT OPTIONS																
SB1	2.00	External Audit procurement	Reduction in contract for 2018/19 Audit		0	14,721	14,721	14,721	Y	The reduction in the EY fee is dependent on no additional fees being charged. The Council went to arbitration for the 2016/17 fee and had to pay £9.5K of the £18.5K requested by the Council's external auditors.	Increased fees charged by EY for perceived additional costs incurred on the audit	N	N	1 April 2019	£64,000	£64,000
SB3	2.00	ICT Shared Service	Reduction in MFD (Multi functional Devices) costs / print - estimated 20% decrease in contract cost - current MFD costs for SBC are £46,000 (2017) - delivery for 2019/20		0	2,000	9,000	9,000	Y	Improved service / management information enabling business units to control their own MDF print costs and output	Aligning with HCC MFD supplier contract - Compliance Manager at EHDC in negotiations.	n	n	within 2018/19 and staff briefing needed / training on use	£45,620	£53,000
TOTAL				**0**	**0**	**16,721**	**23,721**	**23,721**							**£109,620**	**£117,000**
CATEGORY C - NEW INCOME GENERATION/COMMERCIALISATION OPTIONS																
SC3	2.00	Procurement	Shared Service with East Herts- subject to approval by EHDC		3	15,121	15,121	15,121	Y	This is dependent on the type of service EHDC want and is still subject to negotiation.		N	N	1 April 2019	£0	£0
SC6	2.00	Stevenage Direct Services	Sanctum Almonds Lane (see www.welhat.gov.uk for reference pricing)	0	0	2,000	4,000	6,000	Y	Expands the offer for residents. Year one saving is based on three individual sanctums or two family sanctums)		N	N	1 April 2019	£0	£0
SC10	1.80	Stevenage Direct Services	Rationalise & Expand Trade Waste Service includes the appointment of a post to bring in additional customers		0	(6,000)	29,000	64,000	Y	Improve profitability of business- indicative saving improve net surplus by 10%. The saving is net of a establishment post to attract business of £40K per annum.	Assuming day lift capacity and selling this at £19 per lift (1100ltr) excluding churn additional £105k over 3 years net). Implementation cost is for **Sales resource for selling service to realise income. Assumes £40k cost (will be ongoing on establishment). Potential risk that business is not available in Stevenage and may require wider sales footprint i.e. out of Borough.**			01 April 2019	(£22,940)	(£118,431)

APPENDIX D

Ref No	Ranking	Name of Service	Description of Savings Proposal	Implementation costs (any redundancy/ capital)	If staff affected indicate no. of staff	Financial Security Option in 2019/20	Financial Security Option in 2020/21	Financial Security Option in 2021/22	Ongoing (Y/N) or No of further years available	Impact of Saving Proposal on Public/ Customers/ Staff/ Members/Partnerships etc. (include any impact on key corporate programmes/performance indicator measures) .	Barriers/Interdependencies	Requires Capital Investment (Y/N)	Requires ICT Investment (Y/N)	Potential Timing (put the date you estimate it will be implemented, consider any consultation required)	Budget 2018/19	Actual 2017/18
STEVENAGE BOROUGH COUNCIL			Total Options	111,000	11	1,058,602	1,406,980	1,892,934								
SC11	1.60	SDS	Skips/RORO - niche for specific waste types		0	5,000	5,000	5,000	Y	Brokering of skip custom through a partner arrangement with a local business. Will need to consider investing in a sales person resource to pick up business but could be combined with trade waste officer role.		Y	Y - module on waste management system	01 April 2019	£57,110	£65,730
SC23	2.00	Housing & Investment	Charge for retrospective permissions granted		0	5,000	5,000	5,000	Y	£100 per case x 50 cases approx. Policy required to reduce costs to rectify and homes left in a safe condition. **LSFG recommended higher charge of £100 to £500 for more serious changes**	figures based on assumed numbers of cases			01 April 2019		
SC25	1.90	Human Resources	Introduce a holiday purchase scheme - 1 additional day per year.		all staff	15,000	30,000	30,000	Y	Figures are based on 7.5% of staff taking up the option per year. Could be extended up to 2 or 3 days a year which could further increase this figure. Ideally would be introduced prior to amending the Council's Flexi Scheme. Part of wider employee benefits package	TU consultation and Executive required. Fairly easy to implement - process will be required. Uncertainty is the level of take up. Staff consultation would be required to assess interest in such a scheme.	N	N	Could be introduced in year during 2018/19	£0	£0
SC30	2.00	SLL Leisure Contract	Innovation Group is identifying additional £50,000 deliverable savings for 2018/19 on 12/06/18		0	50,000	100,000	150,000	Y	SBC officers will work with SLL to achieve deliverable savings	SLC Scoping Study for FVP	Y	N	December 2018	£864,000	£1,039,038
SC31	1.80	Planning & Regulation	New Commercial Car Park contracts	0	0	90,000	0	0	N	Income agreements with private firms		Y	N	09/2018	(£184,000)	(£215,250)
SC32	1.80	Planning & Regulation	For Note-New contracts	0	0	50,000	50,000	50,000	Y	Estimation of returns realisable on new Council procurements. For Note- will be dependent on the tender prices received in 2019/20.		Y	N	01/04/2019	(£520,670)	(£536,350)
TOTAL				**0**	**3**	**226,121**	**238,121**	**325,121**							**£193,500**	**£234,737**

APPENDIX D

STEVENAGE BOROUGH COUNCIL			Total Options	111,000	11	1,058,602	1,406,980	1,892,934								
Ref No	**Ranking**	**Name of Service**	**Description of Savings Proposal**	**Implementation costs (any redundancy/ capital)**	**If staff affected indicate no. of staff**	**Financial Security Option in 2019/20**	**Financial Security Option in 2020/21**	**Financial Security Option in 2021/22**	**Ongoing (Y/N) or No of further years available**	**Impact of Saving Proposal on Public/ Customers/ Staff/ Members/Partnerships etc. (include any impact on key corporate programmes/performance indicator measures) .**	**Barriers/Interdependencies**	**Requires Capital Investment (Y/N)**	**Requires ICT Investment (Y/N)**	**Potential Timing (put the date you estimate it will be implemented, consider any consultation required)**	**Budget 2018/19**	**Actual 2017/18**
CATEGORY D - SERVICE REDESIGN/PROCESS CHANGES INCLUDING WORKFORCE PLANNING																
SD1	2.00	Accountancy	Reduce Legal paralegals by 1.5FTE* indicative saving	0	0	58,620	58,620	58,620	Y	There were two posts transferred back to SBC plus non applicable HCC overheads. It is anticipated that 0.5FTE may be required if functions can be successfully transferred to other departments.		maybe a need for new system	maybe a need for new system	1 April 2019	£524,700	part year 2017/18
SD2	2.00	Payroll	Introduce for staff pension (like "AVC wise") scheme.	0	0	12,420	12,420	12,420	Y	The salary sacrifice scheme linked to pensions means no reduction in pension, but savings for the staff/employer on NI. Example based on If 50 Grade 7's made a £150 AVC contribution, keeping their tax and NI saving. Saving on Employer NI with no assumption about investing the tax saving in the AVC. (Portsmouth have introduced)- **Employer of choice option**	Dependent on staff taking up the option, based on 50 with no tax, Ni savings reinvested. Would require a scheme set up and an AVC provider. May require some up front costs	N	N	1 April 2019	£2,058,820	£1,732,382
SD9	1.70	ICT Shared Service	Print Room review - options appraisal underway to consider viability of the in house shared print service. (Redundancy based on worse case scenario, based on two redundancies out of three posts).	59,000	3	8,750	35,000	35,000	Y	There are Shared service cost savings, (this is across SBC and EHDC). Options could include 1. Reduce cost of existing service (1FTE saving but new equipment required-option being costed). 2.Service delivered through partner 3. Self Serve- bigger machines where needed with some external print as now. Or a combination of the above.	Shared Service Partner - East Herts ICT partner wish to maximise savings opportunities. Timescale based on partnership alignment. This will be dependent on staff consultation and outcome.	n	n	Member consultation - already aware of options appraisal in hand. Statutory staff consultation required for print staff	£94,510	£133,892
SD11	1.80	All	Reduction in paper and print / use of MFD s - move to paperless. Based on a managed reduction in click charges - new MFD contract means this is better enabled with print unit management information. Renegotiate paper contract	0	0	7,500	12,500	12,500	y	Change in culture and requires business unit oversight and management and review of paper contract	Information and records management strategy, digital document management solutions etc.				£45,620	£53,000
SD15	2.00	SDS	Use of Transfer station to do bulk haulage instead of tipping at Watford		0	91,653	91,653	91,653	Y	this initiative will see domestic refuse being transported from the transfer station, rather than being taken to the tip at Watford. While the Council receives a transport subsidy from HCC this is reducing and this proposal should actually see a net reduction in cost to the Council.		Y	N	April 2019	£206,150	£125,600
SD52 (was SA16)	2.00	Housing Policy and Performance	Creation of new Corporate Policy and Business Support Team and housing ICT systems team	38,000	2	100,000	100,000	143,000	Y	There are three managerial posts to be deleted (policy x 2 & performance x1). Proposed restructure of one new post management post. (One post has been vacant during the past 12 months and processes to be streamlined).	TU and Staff consultation would be required. This will be dependent on staff consultation and outcome	N	N	Dec 2018	150,540 (working budget. OB = 0)	?? (HRA code in 17/18??)
SD14	1.80	SDS	Cessation of Welfare Hut use		2	6,250	25,000	25,000	Y	Head count reduction - **assumes reduction of overtime for two FTE drivers.**	Business Unit Review & Purchase of Crew Cab Vehicles x6. A provision of £150,000 has been made for new crew cab vehicles that will be required*.	Y*	N	January 2020		
SD16	2.00	SDS	Maintenance & Fuel Revenue Saving for three welfare hut hook trucks		0	8,245	32,980	32,980	Y	None savings identified are on maintenance, fuel, licence etc.	As above	Y	N	January 2020		
SD21	2.00	Housing and Investment	Additional Management savings as a result of Senior Management Review (SMR) and Business Unit Reviews (BUR)	0	0	61,000	61,000	61,000	Y	The 4th Tier BUR for housing management has negated the need a management post (Grade 12) as the revised structure has consolidated housing functions				immediate		

APPENDIX D

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STEVENAGE BOROUGH COUNCIL			Total Options	111,000	11	1,058,602	1,406,980	1,892,934								
TOTAL				97,000	7	354,438	429,173	472,173							£2,929,800	£2,044,874
CATEGORY E - FEES & CHARGES																
SE1	2.00	Estates Service	Use agents to complete rent and lease renewals to a third party to ensure rent renewals enacted	0	0	24,319	27,612	30,996	Y	Recruitment difficulties for a commercial surveyor has lead to a backlog of rent reviews. A tender has awarded to allow for more Estates Management and pro-active look at the Estate holdings and supporting the Locality Review implementation. The estimated rent increase is based on the rent reviews due and a 1% increase per year when the rent review becomes due (so a 4% rent increase every 4 years).	rent reviews may go up and down- costs may be more than the post holder costs but could be netted off increased rental income	N	N	1 April 2019- (backlog to be started in 2018)	(£1,821,290)	(£1,815,631)
SE2	1.90	SDS	Replacement Waste Container Charges - assume £40 wheelie bin, £6box replacement - assumes 2% churn on wheelie bins from 32,000 low rise households.			20,000	20,000	20,000	Y	Negative feedback as non-chargeable currently. Potential for increased fly tipping or bin thefts. In 2017/18 the council spent £46,000 on replacement bins and £30,000 on replacement boxes and glass caddies which equates to 1.4% increase on the council tax. 2016-17 was £81,856. SBC replaced 5,001 recycling boxes and 1,091 refuse wheelie bins in 2015/16.	Will be dependent on customer take up	N	N	April 2019	£30,000	£30,000
SC18	1.90	Supported housing	Increase contribution to support costs to £2 per year rolling as part of phased support costs agreed in 2016/17		0	62,400	124,800	187,200	Y	The service cost was £17.70p in 2016/17. A charge of £2 pw was introduced in that year for those who were previously receiving the service for free (funded previously from supported housing grant), it is proposed that charges will increase by £2 pw per year until the cost of the service is fully recovered. Figures based on 624 users.	Will be dependent on customer take up				£211,900	£143,000
SE8	2.00	Play Centres	Marketing and active promotion of Play Centres for community lets		0	2,000	3,000	3,000	Y	Increase in footfall and community usage	Asset Strategy/ Community Centres Review/ Online bookings system	Y	Y	April 2019	(£4,180)	(£2,215)
SE11	2.00	Garages	Charge an admin fee for managing the VCO garages		0	9,050	9,050	9,050	Y	the Council has let garages on a rent free basis to "Voluntary and Community Sector groups and Organisations" (VCOs) working within Stevenage. As at January 2018, there are 87 garages let to VCOs. The Council is still responsible for maintaining garages that are occupied rent free and there are other costs including administration and inspection. It is recommended that a £2 charge per week plus VAT is levied to cover the cost of administration and inspection.	Will be dependent on customer take up	N	N	April 2019	£0	£0
SE10	1.80		Fees and charges General Fund		0	219,790	496,740	762,540	Y	See Appendix C				January 2019	£16,123,160	£15,015,938
TOTAL				0	0	337,559	681,202	1,012,786			0	0			£14,539,590	£13,371,092
				111,000	11	1,058,602	1,406,980	1,892,934								

Page 60

FINANCIAL SECURITY: 2019/20 APPENDIX E

Overall Equality Impact Assessment of proposals

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 2019/20

Prior to their consideration at Executive in November 2018, 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 or Full EqIAs. These have been summarised over the following pages and will inform the recommendations made at Executive on 23 January and 13 February 2019. Action to further analyse or mitigate the impact on equality groups is identified where appropriate.

The following activity has been taken / will take place:

- November 2018 – February 2019: EqIAs finalised considering further evidence as necessary
- January and February 2019: Consideration of all completed EqIAs at Council meetings

Summary Of Equality Impact Assessments

Saving Ref	Saving proposed	Summary of impact	Action	Contact Officer
SA2	Cease payment of excesses on strimmer claims	**Unequal impact:** **Socio Economic** Lower income households may have only basic car or home insurance that does not provide coverage and/or may find it more difficult to pay the excess.	No further action or EqIA is required	Clare Fletcher
SC23	Charge for retrospective permissions granted	**Unequal impact** **Disability** Disabled tenants who need adaptations would apply via Stevenage Borough Council as an OT assessment would need to be carried out before any works are completed. The works are paid from the aids and adaptation budget. **Socio Economic** Tenants on lower incomes may find it more difficult to make the payment. Arrangements could be made to negotiate payment plans on a case by case basis according to circumstances through the concessions policy.	Full EQIA completed Publicise the introduction of the charges as widely as possible in February 2019 before implementation in April 2019. Provide adequate training and support for the Customer Service Centre (CSC) and Housing & Investment Team. Ensure that staff identify low income and vulnerable residents and follow the concessions policy.	Jaine Cresser

Saving Ref	Saving proposed	Summary of impact	Action	Contact Officer
			Consult on the new terms and conditions of the tenancy agreement, which include recharges of retrospective permissions. Review after 6 months to assess the impact and see if it has adversely affected particular equality group(s). Review of the charges to be undertaken as part of annual fees and charges setting mechanism.	
SE2	Replacement waste container charges	**Negative impact:** **Socio Economic** Replacement container charges may discourage residents to participate with refuse and recycling services if they are charged for a replacement container.	The Council will seek to apply a concessionary rate for those receiving income derived benefit. Replacement containers will be provided free of charge where irreparable damage or loss of a container is the fault of the Council.	Craig Miller

Saving Ref	Saving proposed	Summary of impact	Action	Contact Officer
			The charge will be reviewed alongside corporate fees and charges setting process 2019/20.	
HRA	Rent and service charge setting for 2019/20	**Positive impact:** **Socio Economic** The rent decrease will be applied across all tenancies prescribed by the Welfare Reform and Work Act 2016 regardless of circumstances. Those who receive services for which a service charge is made will be charged the actual cost of these services. Some of these service charges will be eligible for Universal Credit (UC) Housing Cost element and Housing Benefit (HB). **Unequal impact:** **Socio Economic** The rent reduction applies to all tenants subject to Clause 21 of the Welfare Reform and Work Act 2016. However, properties exempt from this clause will have the rent increased by CPI + 1%. (Currently this is circa 87 Low Start Shared Ownership (LSSO) properties and one shared ownership property – it may also include emergency and temporary accommodation). 52% (as at the end of 2017/18) of tenants are reliant on HB to cover the rent and HB eligible service charges. Only some service charges	Full EQIA completed (HRA & SC18 combined). Communicate rent and charges through notification letters, FAQ sheets and the website, giving the opportunity for residents to discuss their concerns with staff and get support in applying for any relevant benefits. Review whether any elements of the independent living service should be eligible for housing benefit.	Jaine Cresser

Saving Ref	Saving proposed	Summary of impact	Action	Contact Officer
		are eligible for UC Housing Cost element and HB. For example heating charges are exempt and tenants and leaseholders are expected to pay this. Water charges are also exempt from the decrease and UC Housing Cost element and HB.		
SC18	Increase contribution to support costs to £2 per week per year as part of phased support costs agreed in 2016/17	**Positive impact:** **Socio Economic** Results from the STAR survey in 2018 have shown that residents identified the emergency alarm service and the supported housing officer as the 2nd and 3rd most important priority associated with living in their property. The application of the support charge will help to ensure that the Council can continue to deliver this service. **Negative impact:** **Age** Residents of independent living and flexicare schemes who will have to pay the increased charge are predominantly older people. Conversely however, the costs are currently subsidised by the wider tenant population, who have a younger age profile and do not benefit from the service. **Disability** The residents that are charged a support charge are predominantly older and disabled people as this accommodation is for people over 55 years old or for people with a disability. **Socio Economic** The support charge is not eligible for housing benefit and could have		Jaine Cresser

Saving Ref	Saving proposed	Summary of impact	Action	Contact Officer
		a negative impact for those on lower incomes in terms of affordability. This group of residents may also be affected by increases in Hertfordshire County Council (HCC) affecting the overall amount that older and disabled people can afford to pay: • HCC now charge for some of their community based adult social care services that they used to provide for free. This has impacted on many people over 60 in the independent living/flexicare schemes as they are in receipt of some care due to their age/medical conditions. The low care band in flexicare doubled and this has had an impact on residents being able to afford care • HCC funding for Flexicare housing related support is due to end on 31st March 2019, which would mean more cost to Stevenage Borough Council, which we may need to pass on to residents. However, the introduction of the charge is considered to be fairer than under current arrangements, whereby support charge costs are subsidised by the wider tenant population who do not benefit from the service. Furthermore, the charge has been introduced on an incremental basis, to mitigate the impact, rather than applying the full amount of £18.30 per week in one 'hit'. For those tenants who are not eligible for HB or who are on partial HB, the rent reduction will to some extent offset the impact of the charge.		

Saving Ref	Saving proposed	Summary of impact	Action	Contact Officer
SE11 Page 68	Charge an administration fee for managing the VCO garages	**Possible negative impact** **Age, Race, Disability, Religion or belief and Socio Economic characteristics** Financial implication associated with £104 annual charge per garage. Cost is considered to be proportionate and reasonable within the context of overall operating costs of VCO's. **Possible positive impact** **Age, Race, Disability, Religion or belief and Socio Economic characteristics** Will stimulate review of the organisations actual need for a garage and may provide an opportunity to rationalise liabilities associated with use of a third party resource/asset.	Review of charge application and EQIA to ensure continued applicability.	Craig Miller
SC11	Broker the Council's commercial skip business through a third party provider	**Socio-economic** The Council will continue to ensure that the charges applied for the provision of skips remain proportionate and are reasonable in terms of market conditions at the time of being set.	Charges will be reviewed as part of the annual fees and charges setting mechanism as normal.	Craig Miller
SC 6	Provide Sanctum vaults for ashes interments at the Almonds Lane & Weston Road Cemeteries	**Positive Impact** **Disability** Sanctums can be located along path edges and access routes within Cemeteries. These memorial types can as a result be a more accessible memorial solution for mourners who are less mobile. **Socio Economic** Sanctums may provide a more affordable burial option for low	No further action or EqIA is required.	Craig Miller

Saving Ref	Saving proposed	Summary of impact	Action	Contact Officer
		income households when compared to costs associated with standard grave burials. **Unequal Impact** **Religion or Belief** Sanctums would not be a viable option for faith denominations that only utilise grave burials for their deceased.		
Council Tax	**Increase Stevenage Borough Council element of council tax by 2.99% in 2019/20**	**Negative But Low Impact** **Socio-economic** For a Band C property, SBC's element of the council tax will rise from £181.74 to £187.17 per year (£5.43), based on a 2.99% increase. The proposal to increase SBC's element of council tax applies to all properties, but those households on lower incomes may find it more difficult to make payments. However, the local Council Tax Support (CTS) Scheme mitigates this by limiting the amount that working age benefit claimants have to pay. CTS claimants are charged the first 8.5% towards their bill, which for a Band C. property will rise by a relatively small amount from £15.45 to £15.90 per year (i.e. 45p). The amount of CTS they will receive is then calculated on the remaining 91.5%. In addition, certain vulnerable groups are protected through existing national systems/schemes i.e.:	N/A: A full EqIA was completed on the Council Tax Support Scheme when it was first designed in 2013, supplemented by brief EqIAs in 2016. These remain valid as there have been no changes to the scheme since it was implemented in 2013..	

Saving Ref	Saving proposed	Summary of impact	Action	Contact Officer
		• Those claimants who are of retirement age are exempt from the 8.5% liability because the scheme that applies to them is prescribed by central government. These claimants will not be affected by the increase. • The current level of Council Tax Benefit is calculated with reference to 'applicable amounts'. The applicable amount is a notional income amount which is assumed to meet the needs of the claimant and their family. The applicable amount is made up of three parts (a personal allowance, personal allowances for children in the family and premiums). Premiums are mainly added for children and people with disabilities. The CTS scheme takes this into account and does not include additional protections.		

Brief Equality Impact Assessment
For a minor operational change / review / simple analysis

What is being assessed?	**Insurance Claims - Damage Caused To Property owned by Members of the Public by Grasscutting Operatives Using Strimmers**	What are the key aims of it?	To enforce the legal protocol/process of dealing with these claims thus saving taxpayers' money.		
Who may be affected by it?	Customers: External				
Date of full EqIA on service area (planned or completed)	N/A				
Form completed by:	Debbie Gibson	Start date	01/10/18	End date	TBA
		Review date		30/04/19	

What data / information are you using to inform your assessment?	Internal Public Liability (PL) Claims Experience	Have any information gaps been identified along the way? If so, please specify	No

Explain the **potential positive, negative or unequal impact** on the following characteristics and **how likely** this is:			
Age	n/a	Race	n/a
Disability	n/a	Religion or belief	n/a
Gender reassignment	n/a	Sex	n/a
Marriage or civil partnership	n/a	Sexual orientation	n/a
Pregnancy & maternity	n/a	Socio-economic[1]	**Unequal impact:** Lower income households may have

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

			only basic car or home insurance that does not provide coverage and/or may find it more difficult to pay the excess
Other	N/A		

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

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

Action	Responsible officer	How will this be delivered and monitored?	Deadline
None - but note that where we have been negligent in not complying with health and safety legislation and risk then liability may be conceded.	Debbie Gibson	Delivered by Insurance Team following due process and monitored by the Insurance Manager (depending on volume of claims and follow on regarding any post claim complaints)	N/A

Approved by Assistant Director (Finance and Estates)
Date: 1st November 2018

Full Equality Impact Assessment

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

<table>
<tr><th colspan="3">What is being assessed?</th><th colspan="3">Introduction of Retrospective Permissions Charge – 1 year pilot</th></tr>
<tr><td>Lead Assessor</td><td colspan="3">Karen Long</td><td rowspan="3">Assessment team</td><td rowspan="3">Elizabeth Ddamulira</td></tr>
<tr><td>Start date</td><td>31 Dec 18</td><td>End date</td><td>04 Jan 2019</td></tr>
<tr><td colspan="2">When will the EqIA be reviewed?</td><td colspan="2">4 Jan 2019</td></tr>
</table>

Who may be affected by it?	Residents who carry out property alteration before applying for permission.
What are the key aims of it?	We reviewed retrospective permissions requested over the last three years and found that this number has increased and this has impacted on current resources. It is proposed that we introduce a charge to all residents that carry out property alteration without permission first, which is a breach of the tenancy terms and conditions. The proposed charge will vary between £100-£500 depending on the extent of the alterations carried out and whether the alterations meet the required regulations and standards. To encourage tenants to request permission before any alterations are made to the property so that we can offer an expert opinion on whether they are viable or compromise the integrity of the building. To generate income to cover the cost of processing and administrative cost incurred by Council.

What **positive measures** are in place (if any) to help **fulfil our legislative duties** to:					
Remove discrimination & harassment		Promote equal opportunities	This also aligns to the Council's aim to be financially sufficient and recover costs of services where possible.	Encourage good relations	

What sources of data / information are you using to inform your assessment?	There has not been any direct public consultation with regard to this particular decision; however, it was taken as a proposal to Housing Management Advisory Board (HMAB) on 25th October 2018 and it was supported. HMAB includes resident members. It will also be included as part of the consultation on the revised tenancy agreement in January/early February 2019. It is understood that residents will not welcome the proposal and this is to be expected.

In assessing the potential impact on people, are there any overall comments that you would like to make?	The proposed charges will apply to all equality groups of Council tenants, although we will be looking at the concessions policy to ensure that this does not impact negatively on vulnerable and low income households as soon as is practicably possible. There are currently no proposals to consider any other exemptions. It is difficult to estimate who could be potentially impacted by this charge. We therefore intend to take all possibilities into consideration when assessing the equality impacts of this charge. We will review the pilot after 6 months to assess the impact and see if it has adversely affected particular equality group(s). We can utilise information primarily from our demographic profile to ensure that any service users that are vulnerable or on low incomes are not adversely impacted by this pilot.

Evidence and impact assessment

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

Age					
Positive impact		Negative impact		Unequal impact	The introduction of a charge will be equally applicable to all users and no potential impact has been identified specific to this equality group. In addition, the proposal does not exclude an individual or group with a protected characteristic from contacting/speaking/emailing/writing with officers regarding their issue. .
Please evidence the data and information you used to support this assessment					
What opportunities are there to promote equality and inclusion?		What do you still need to find out? Include in actions (last page)			

Disability e.g. physical impairment, mental ill health, learning difficulties, long-standing illness					
Positive impact		Negative impact		Unequal impact	The introduction of a charge will be equally applicable to all users and no potential impact has been

					identified specific to this equality group. In addition, the proposal does not exclude an individual or group with a protected characteristic from contacting/speaking/emailing/writing with officers regarding their issue. For those tenants who need adaptations they would apply via Stevenage Borough Council as an OT assessment would need to be carried out before any works are completed. The works are paid from the aids and adaptation budget.
Please evidence the data and information you used to support this assessment					
What opportunities are there to promote equality and inclusion?		What do you still need to find out? Include in actions (last page)			

Gender reassignment N/A					
Positive impact		Negative impact		Unequal impact	The introduction of a charge will be equally applicable to all users and no potential impact has been identified specific to this equality group. In addition, the proposal does not

					exclude an individual or group with a protected characteristic from contacting/speaking/emailing/writing with officers regarding their issue.
Please evidence the data and information you used to support this assessment					
What opportunities are there to promote equality and inclusion?		What do you still need to find out? Include in actions (last page)			

Page 77

Marriage or civil partnership N/A					
Positive impact		Negative impact		Unequal impact	The introduction of a charge will be equally applicable to all users and no potential impact has been identified specific to this equality group. In addition, the proposal does not exclude an individual or group with a protected characteristic from contacting/speaking/emailing/writing with officers regarding their issue.
Please evidence the data and information you used to support this assessment					
What opportunities are there to promote equality and inclusion?		What do you still need to find out? Include in actions (last page)			

Pregnancy & maternity – N/A					
Positive impact		Negative impact		Unequal impact	The introduction of a charge will be equally applicable to all users and no potential impact has been identified specific to this equality group. In addition, the proposal does not exclude an individual or group with a protected characteristic from contacting/speaking/emailing/writing with officers regarding their issue.
Please evidence the data and information you used to support this assessment					
What opportunities are there to promote equality and inclusion?		What do you still need to find out? Include in actions (last page)			

Race – N/A					
Positive impact		Negative impact		Unequal impact	The introduction of a charge will be equally applicable to all users and no potential impact has been identified specific to this equality group. In addition, the proposal does not exclude an individual or group with a protected characteristic from

					contacting/speaking/emailing/writing with officers regarding their issue.
Please evidence the data and information you used to support this assessment					
What opportunities are there to promote equality and inclusion?		What do you still need to find out? Include in actions (last page)			

Page 79

Religion or belief – N/A					
Positive impact		Negative impact		Unequal impact	The introduction of a charge will be equally applicable to all users and no potential impact has been identified specific to this equality group. In addition, the proposal does not exclude an individual or group with a protected characteristic from contacting/speaking/emailing/writing with officers regarding their issue.
Please evidence the data and information you used to support this assessment					
What opportunities are there to promote equality and inclusion?		What do you still need to find out? Include in actions (last page)			

Sex – N/A					
Positive impact		Negative impact		Unequal impact	The introduction of a charge will be equally applicable to all users and no potential impact has been identified specific to this equality group. In addition, the proposal does not exclude an individual or group with a protected characteristic from contacting/speaking/emailing/writing with officers regarding their issue.

Please evidence the data and information you used to support this assessment	

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

Sexual orientation – N/A **e.g. straight, lesbian / gay, bisexual**					
Positive impact		Negative impact		Unequal impact	The introduction of a charge will be equally applicable to all users and no potential impact has been identified specific to this equality group. In addition, the proposal does not exclude an individual or group with a protected characteristic from contacting/speaking/emailing/writing

					with officers regarding their issue.
Please evidence the data and information you used to support this assessment					
What opportunities are there to promote equality and inclusion?		What do you still need to find out? Include in actions (last page)			

Socio-economic[2] **e.g. low income, unemployed, homelessness, caring responsibilities, access to internet, public transport users, social value in procurement**					
Positive impact		Negative impact		Unequal impact	The introduction of a charge will be equally applicable to all users. In addition, the proposal does not exclude an individual or group with a protected characteristic from contacting/speaking/emailing/writing with officers regarding their issue. However, tenants on lower incomes may find it more difficult to make the payment. Arrangements could be made to negotiate payment plans on a case by case basis according to circumstances through the concessions policy.

[2]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.

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

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

Page 82

What are the findings of any consultation with:

Staff?	None	Residents?	
Voluntary & community sector?		Partners?	
Other stakeholders?			

Overall conclusion & future activity

Explain the **overall findings** of the assessment and **reasons for outcome (please choose one)**:		
1. No inequality, inclusion issues or opportunities to further improve have been identified		
Negative / unequal impact, barriers to inclusion or improvement opportunities identified	2a. Adjustments made	Consideration with be made in line with the concession policy. Following the 6 month review outcome consider the annual review of the charge.
	2b. Continue as planned	Sustainable service provision is reliant upon us being able to collect income where it is possible to do so.
	2c. Stop and remove	

Detail the **actions that are needed** as a result of this assessment and how they will help to **remove discrimination & harassment**, **promote equal opportunities** and / or **encourage good relations**:				
Action	Will this help to remove, promote and / or encourage?	Responsible officer	Deadline	How will this be embedded as business as usual?
Publicise the introduction of the charges as widely as possible in February 2019 before implementation in April 2019.	This will help communication and understanding of this charge. It will also encourage proactive permission requests coming through.	Elizabeth Ddamulira	28 Feb 19	
Provide adequate training and support for Customer Service Centres (CSC) and Housing & Investment Team	This will help communication and understanding of this charge.	Elizabeth Ddamulira	28 Feb 19	
Ensure that staff identify low income and vulnerable residents and follow the concessions policy	This will address some of the social economic challenges faced by residents.	Elizabeth Ddamulira	Ongoing	
To consult on the new terms	This will help communication	Keith Wilson	Mid Feb	

and conditions of the tenancy agreement which includes recharges of retrospective permissions	and understanding of this charge. It will also encourage proactive permission requests coming through.		19	
Review after 6 months to assess the impact and see if it has adversely affected particular equality group(s)	To ensure that a particular equality group(s) are not adversely impacting on.	Elizabeth Ddamulira	Oct 19	
Review to be undertaken as part of annual fees and charges setting mechanism as normal	This is to ensure that charges are value for money and transparent.	Elizabeth Ddamulira	July 19	

Approved by Assistant Director / Strategic Director: Jaine Cresser, Assistant Director (Housing and Investment)
Date: 8th January 2019

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

Brief Equality Impact Assessment
For a minor operational change / review / simple analysis

<table>
<tr><td rowspan="3">What is being assessed?</td><td>Proposal to apply a £40 per wheelie bin and £6 per recycling box for replacement waste containers.</td><td rowspan="3">What are the key aims of it?</td><td colspan="3" rowspan="3">The Council is proposing a charging policy for waste containers provide as replacements for those lost or damaged by residents. A charge of £40 for a replacement wheelie bin and £6 for a replacement box is proposed.

The Council spent £80,000 on replacement containers in 2017/18.

This proposal along with a pilot to implement a more cost effective solution for recycling boxes aims to reduce expenditure on replacement containers.

The Council will provide a replacement container free of charge where damage or loss is caused by the collection resource.

A concession will be applied for those who receive income derived benefits.</td></tr>
<tr><td>Who may be affected by it?</td></tr>
</table>

What is being assessed?	**Proposal to apply a £40 per wheelie bin and £6 per recycling box for replacement waste containers.**	What are the key aims of it?	The Council is proposing a charging policy for waste containers provide as replacements for those lost or damaged by residents. A charge of £40 for a replacement wheelie bin and £6 for a replacement box is proposed. The Council spent £80,000 on replacement containers in 2017/18. This proposal along with a pilot to implement a more cost effective solution for recycling boxes aims to reduce expenditure on replacement containers. The Council will provide a replacement container free of charge where damage or loss is caused by the collection resource. A concession will be applied for those who receive income derived benefits.			
Who may be affected by it?	All low rise households within Stevenage.					
Date of full EqIA on service area (planned or completed)	A full EqIA will be carried out as part of the second phase of the Business Unit Review of Stevenage Direct Services. This will inform the operating model and ensure services understand who the Council's customers are and their current and future needs.					
Form completed by:	Lloyd Walker	Start date	31/10/18	End date	01/11/18	
		Review date		01/11/2020		

What data / information are you using to inform your assessment?	Replacement waste container data and benchmarking data for container charges applied by other local authorities.	Have any information gaps been identified along the way? If so, please specify	None

Explain the **potential positive, negative or unequal impact** on the following characteristics and **how likely** this is:			
Age	n/a	Race	n/a
Disability	n/a	Religion or belief	n/a
Gender reassignment	n/a	Sex	n/a
Marriage or civil partnership	n/a	Sexual orientation	n/a
Pregnancy & maternity	n/a	Socio-economic[3]	**Negative impact:** Replacement container charges may discourage residents to participate with refuse and recycling services if they are charged for a replacement container. The Council will seek to apply a concessionary rate for those receiving income derived benefit. Replacement containers will be provided free of charge where irreparable damage or loss of a container is the fault of the Council.
Other	n/a		

Where there is a likely **positive impact**, please explain how it will help to **fulfil our legislative duties** to:					
Remove discrimination & harassment	No	Promote equal opportunities	No	Encourage good relations	No

[3]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.

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

Action	Responsible officer	How will this be delivered and monitored?	Deadline
Review of charge application post application	Lloyd Walker	Review alongside corporate fees and charges setting process.	February 2020

Approved by Assistant Director (Stevenage Direct Services)

Date: 2nd November 2018

Full Equality Impact Assessment

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

<table>
<tr><th colspan="2">What is being assessed?</th><th colspan="4">HRA Rent and Service Charge (HRA) and Support Charge (SC18)</th></tr>
<tr><td>Lead Assessor</td><td colspan="3">Karen Long</td><td rowspan="3">Assessment team</td><td rowspan="3">Kelly Potts
Elizabeth Ddamulira
Ann Tomlin</td></tr>
<tr><td>Start date</td><td>1 Dec 18</td><td>End date</td><td>31/12/18</td></tr>
<tr><td colspan="2">When will the EqIA be reviewed?</td><td colspan="2">4 Jan 2019</td></tr>
</table>

Who may be affected by it?	**SC18:** Residents living in independent living/flexicare housing that are in receipt of housing benefit, fairer charging, universal credit (UC) or 2003 protected (i.e. those in the service prior to the government supporting people grant funding starting in 2003). As at 1 January 2019 this affects 604 people. The remaining residents in independent living/flexicare already pay the full charge. **HRA:** All tenants paying rent and all tenants and leaseholders paying service charges
What are the key aims of it?	**SC18:** To contribute to the recovery of costs for providing the support/emergency response service to people living in independent living/flexicare schemes that historically have not had to pay anything towards the cost as we received housing related support funding from Hertfordshire County Council (HCC). The support/alarm service is not eligible for housing benefit, but in order to be able to continue this service to residents we needed to introduce the initial weekly contribution of £2.00 in 2018/19 and propose to increase this to £4.00 in 2019/20. The total cost of the support/alarm service will be £18.30 per week so Stevenage Borough Council will still be subsidising the £14.30 per week. This option has the support of the housing portfolio holder. **HRA:** To reduce social rents by 1% until 2020/21 (for the properties as described in the Welfare Reform and Work Act 2016) To increase the rents for all excluded properties by CPI + 1% To set the rent for all new homes or where adaptations or extensions have resulted in the property being increased in size (for example, and additional bedroom), in accordance with the formula rent as detailed in the rent and service charge policy.

	Subject to the Welfare reform and Work Act 2016, the rent payable by new tenants of existing social rent housing will be charged at the higher of the formula rent (i.e. the ‘social rent rate’), or the actual rent (i.e. the ‘assumed rent rate’), with the appropriate rent reductions applied. To charge actual costs for service charges.

What **positive measures** are in place (if any) to help **fulfil our legislative duties** to:					
Remove discrimination & harassment	**SC18:** This will remove discrimination against other residents that pay the full cost for not being in receipt of housing benefit or fairer charging.	Promote equal opportunities	**SC18 & HRA**: This also aligns to the Council’s aim to be financially sufficient and recover costs of services where possible.	Encourage good relations	

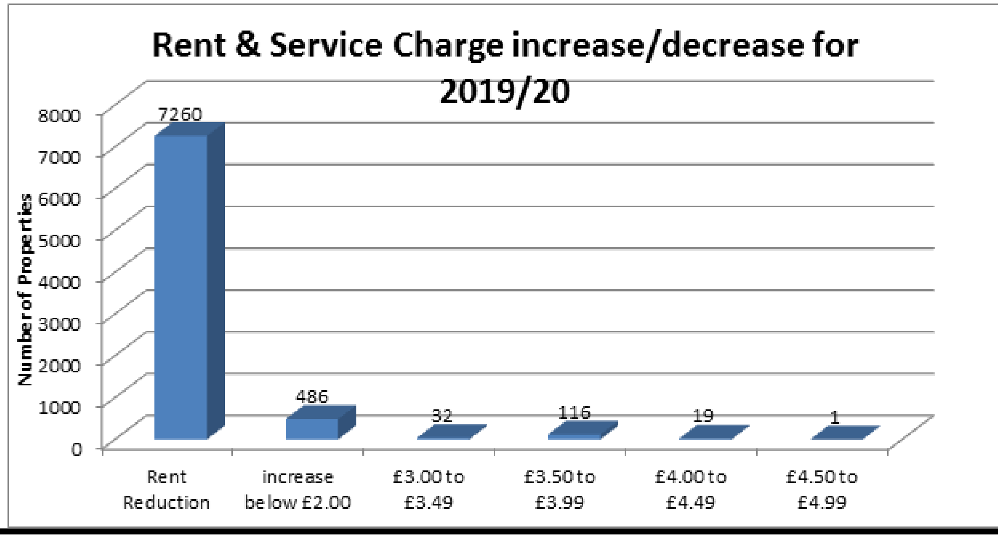
What sources of data / information are you using to inform your assessment?	• Data of those on full/partial housing, fairer charging, universal credit or those that are protected due to supporting people implementation in 2003. • Age profile of independent/flexicare housing tenants • Northgate - Rent account information Welfare reform and work Act (http://services.parliament.uk/Acts/2015-16/welfarereformandwork/documents.html) • Rents for social housing from 2020-21 - GOV.UK • http://www.parliament.uk/documents/impact-assessments/IA15-006F.pdf • Rent and service charge policy agreed by Exec 19 January 2016. • Rent and service charge increase/decrease for all properties (see chart below) • Rent, service charge and support charge increase/decrease per property in independent/flexicare living schemes (see tables below)

Independent/Flexicare living schemes – combined rent, service charge & support charge:

Actual 2019/20 Increases	
Total Change Year on Year Groupings Table A (Including £2 Support Charge Increase)	
Row Labels – weekly amount	**Count of Property Ref**
£2.00 to £2.49	79
£2.50 to £2.99	127
£3.00 to £3.49	9
increase below £2.00	542
Over £5.50	51
Rent Reduction	37
Grand Total	**845**

If CPI +1% had been applied this year (see table below)

Total Change Year on Year Groupings Table A (if CPI +1% had been applicable)	
Row Labels	**Count of Property Ref**
£2.00 to £2.49	5
£2.50 to £2.99	196
£3.00 to £3.49	293
£3.50 to £3.99	124
£4.00 to £4.49	125
£4.50 to £4.99	7
Rent Reduction	2
increase below £2.00	35
Over £5.50	51
£5.00 to £5.50	7
Grand Total	**845**

	All Properties (rent and service charge only): 

Page 91

In assessing the potential impact on people, are there any overall comments that you would like to make?	**SC18:** 542 properties in independent living/flexicare will have an increase of less than £2 per week (this includes rent, service charges and support charge) However, it should be noted that those residents who are on full Housing Benefit, will still have to pay the additional £2 per week support charge because their Housing Benefit will be adjusted to reflect any rent/service charge reduction. 51 properties are due an increase of over £5.50 per week – this is due to their block charges increasing from last year. 42 of those properties are in receipt of full housing benefit or partial housing benefit which will be adjusted to take account of some of this increase. **HRA:** 7260 properties will have an overall decrease in rent and service charges. 654 tenants will get a rent and service charge increase (including 87 LSSOs), of which 74% is below £2 per week. The requirement to decrease rents by 1% for 4 years, including next year, required the HRA business plan to be reviewed which resulted in reprioritising services delivered and investment in

	the housing stock. The 1% per annum decrease from 2016/17 to 2019/20 has led to a £12 million shortfall in the original Business Plan (Nov 14) in the first 4 years, escalating to £225 Million over the 30 year plan. Those who receive services for which there is a service charge payable may have an increase on their weekly charge. This relates to those that live in flats predominantly. We recognise that this may cause financial difficulty and we will provide assistance and support to help those who may have difficulty in making these payments. It is unknown how many tenants are likely to migrate to UC in 2019/20 in line with the Welfare Reform and Work Act 2016. Migration is phased until the scheduled completion date of March 2023.

Evidence and impact assessment

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

Age	
Negative impact **SC18:** The residents that are charged a support charge are predominantly older and disabled people as this accommodation is for people over 55 years old or for people with a disability. Conversely however, the costs are currently subsidised by the wider tenant population, who have a younger age profile and do not benefit from the service.	
Please evidence the data and	Age profile of independent/flexicare housing residents

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

Disability

e.g. physical impairment, mental ill health, learning difficulties, long-standing illness

Unequal impact

SC18: The residents that are charged a support charge are predominantly older and disabled people as this accommodation is for people over 55 years old or for people with a disability.

Please evidence the data and information you used to support this assessment	Northgate report on disability profile for independent/flexicare residents and also whole population living in SBC properties.		
What opportunities are there to promote equality and inclusion?		What do you still need to find out? Include in actions (last page)	Northgate data on tenants relating to tenants with disability was collected a number of years ago and is not up to date. This information was also disclosed at the tenant's discretion so some tenants may not have provided it. We have introduced a support services module on Northgate whereby we are able to collate more data on disability and this will inform future EQIAs.

Page 93

Gender reassignment N/A

Positive impact		Negative impact		Unequal impact	
Please evidence the data and					

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

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

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

Race – N/A					
Positive impact		Negative impact		Unequal impact	
Please evidence the data and information you used to support this assessment					

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

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

Page 95

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

Sexual orientation – N/A **e.g. straight, lesbian / gay, bisexual**					
Positive impact		Negative impact		Unequal impact	
Please evidence the data and information you used to support this assessment					
What opportunities are		What do you still need			

there to promote equality and inclusion?		to find out? Include in actions (last page)	

Socio-economic[4]

e.g. low income, unemployed, homelessness, caring responsibilities, access to internet, public transport users, social value in procurement

Positive Impact:

SC18:
Results from the STAR survey in 2018 have shown that residents identified the emergency alarm service and the supported housing officer as the 2nd and 3rd most important priority associated with living in their property. The application of the support charge will help to ensure that the Council can continue to deliver this service.

In January 2018 we held drop in sessions at each scheme for residents to come and discuss the charge and for us to explain what it is for. We had a lot of positive comments with the majority understanding the need to pay towards the service. Some residents recognised that housing associations had withdrawn the emergency service and scheme manager and didn't want this to happen to them. One person wanted to pay more.

HRA:
The rent decrease will be applied across all tenancies prescribed by the Welfare and Work Act 2016 regardless of circumstances. Those in receipt of Housing Benefit will have their award recalculated.

Those who receive services for which a service charge is made will be charged the actual cost of these services. Some of these service charges will be eligible for UC Housing Cost element and HB.

Negative Impact:

SC18:
The support charge is not eligible for housing benefit and could have a negative impact for those on lower incomes in terms of

[4] 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.

affordability. However, of 103 residents where we had to chase payment following last year's introduction of the £2 weekly contribution only one resident said they couldn't afford it and was referred to the debt and advice support worker.

This group of residents may also be affected by increases in Hertfordshire County Council (HCC) affecting the overall amount that older and disabled people can afford to pay:

- HCC now charge for some of their community based adult social care services that they used to provide for free. This has impacted on many people over 60 in the independent living/flexicare schemes as they are in receipt of some care due to their age/medical conditions. The low care band in flexicare doubled and this has had an impact on residents being able to afford care and HCC have received a number of complaints.
- HCC funding for Flexicare housing related support is due to end on 31st March 2019 which would mean more cost to Stevenage Borough Council, which we may need to pass on to residents.

However, the introduction of the charge is considered to be fairer than under current arrangements, whereby support charge costs are subsidised by the wider tenant population who do not benefit from the service.

Furthermore, the charge has been introduced on an incremental basis, to mitigate the impact, rather than applying the full amount of £18.30 per week in one 'hit'.

For those tenants who are not eligible for Housing Benefit (HB) or who are on partial HB, the rent reduction will to some extent offset the impact of the charge.

During 2019/20, officers will also review whether any elements of the independent living service should in fact be eligible for housing benefit.

Unequal Impact:

HRA:
The rent reduction applies to all tenants subject to Clause 21 of the Welfare Reform and Work Act 2016.

Properties exempt from this clause will have the rent increased by CPI + 1%.
(Currently this is circa 87 LSSO properties and one shared ownership property – it may also include emergency and temporary accommodation).

52% (as at the end of 2017/18) of tenants are reliant on HB to cover the rent and HB eligible service charges..

Service charges will be recovered in full and only some service charges are eligible for Universal Credit (UC) Housing Cost element and HB. For example heating charges are exempt and tenants and leaseholders are expected to pay this.

Water charges are also exempt from the decrease and UC Housing Cost element and HB. The rate is set by the Water Authority. SBC collects the water charges on behalf of the Water Authority.

Communication

The rent notification letter (which is a statutory requirement) sent out at the end of February will offer an explanation of why the rent has decreased and also explain that in most instances there has been an increase in service charges. This notification will also give the opportunity for residents to end their tenancy if they feel they no longer want to pay the charges.

To ensure this is clear, those properties where there is only rent and water charges to pay, may overall see a slight decrease in the weekly amount due i.e. the decrease in the rent element will offset the increase of the water charge.

Where a property has a number of service charges the service charges will be explained, with an overall summary of how the weekly charge has increased overall.

Where support charges are also included (mainly but not exclusively for independent and flexi care schemes) separate notifications will be sent out to these residents to ensure there is clarity of how each element of the weekly charge is made up.

To ensure that this is explained as clearly as possible there will be a FAQ sheet and details on the website.

HMAB will agree and /or make recommendations for the content of the letters on the 17 January 2019, with the portfolio holder signing off the final letters.

Please evidence the data and information you used to support this assessment	• Comments from drop in sessions held in January 2018. • A copy of charges for community based care from HCC • Spreadsheet detailing those who hadn't paid £2 weekly contribution and their comments. • Rent and service charge tables

	• HB figures: 394 of the 604 affected (as at 1 January 2019) are in receipt of full HB, 203 on partial HB and 1 on UC. Of the 51 where their rent, service charge and support charge increases to over £5.50 per week, 42 are either on full or partial HB and their benefits will be adjusted for the new rent and service charges.		
What opportunities are there to promote equality and inclusion?	**SC18:** We have clearly explained what the support charge covers and the reasons for charging. A notification letter will be sent in January 2019 to explain the increase to contribution of £4 per week. **HRA:** The rent notification letters will offer customers the opportunity to discuss their concerns with staff and get support in applying for any relevant benefits.	What do you still need to find out? Include in actions (last page)	

Other – N/A **please feel free to consider the potential impact on people in any other contexts**					
Positive impact		Negative impact		Unequal impact	Yes
Please evidence the data and information you used to support this assessment	**HRA:** Those in properties exempt from the 1% decrease will have their rent increased by CPI +1%. Service charges will also reflect actual charges and the overall impact will be an increase in rent and service charges. Where these tenants are in receipt of UC Housing Cost element and HB, the award will be recalculated and the correct amount of benefit awarded.				
What opportunities are there to promote equality and inclusion?	Rent notification letters, FAQ's and the website	What do you still need to find out? Include in actions (last page)			

What are the findings of any consultation with:

Staff?	None	Residents?	**SC18:** Results from the STAR survey in 2018 have shown that residents identified the emergency alarm service and the support housing officer as the 2nd and 3rd most important priority associated with living in their property. In January 2018 we held drop in sessions at each scheme for residents to come and discuss the charge and for us to explain what it is for. We had a lot of positive comments with the majority understanding the need to pay towards the service. Some residents recognised that housing associations had withdrawn the emergency service and scheme manager and didn't want it to happen to them. One person wanted to pay more. **HRA:** Letters and FAQ due for HMAB consultation 17 Jan 2019.
Voluntary & community sector?		Partners?	
Other stakeholders?			

Page 100

Overall conclusion & future activity

Explain the **overall findings** of the assessment and **reasons for outcome (please choose one)**:		
1. No inequality, inclusion issues or opportunities to further improve have been identified		
Negative / unequal impact, barriers to inclusion or improvement opportunities identified	2a. Adjustments made	
	2b. Continue as planned	**SC18:** The future viability of the support and alarm service in independent/flexicare living is reliant upon us being able to recover the cost of service provision where it is possible to do so. Results from the STAR survey support the value of the service from residents by them rating the emergency alarm and supported housing officer as their 2nd and 3rd priority (behind the repairs to their property). **HRA:** The HRA business plan relies on an income to be viable.
	2c. Stop and remove	

Detail the **actions that are needed** as a result of this assessment and how they will help to **remove discrimination & harassment**, **promote equal opportunities** and / or **encourage good relations**:				
Action	Will this help to remove, promote and / or encourage?	Responsible officer	Deadline	How will this be embedded as business as usual?
Review whether any elements of the independent living service should be eligible for housing benefit	This is to ensure fair charging of service.	Karen Long	Jan 2020	

Approved by Assistant Director / Strategic Director: Jaine Cresser Assistant Director (Housing and Investment)
Date: 8th January 2019

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

Brief Equality Impact Assessment
For a minor operational change / review / simple analysis

<table>
<tr><td>What is being assessed?</td><td>Proposal to apply a £2 per week charge for the administration of supplying a garage ‘rent free’ to Voluntary and Community Sector Organisations.</td><td rowspan="3" colspan="1">What are the key aims of it?</td><td rowspan="3" colspan="3">The Council has reviewed its policy regarding the provision of non-charged garages to Voluntary & Community Sector Organisations (VCOs) as part of the annual fees and charges setting process.

The Council recognises that the current economic climate presents challenges for the operational viability of VCOs. However, the management and administration of providing non-charged garages to VCOs accounts for a significant amount of time, liaising with the organisations to get up to date details, organising repairs and undertaking inspections, which has a cost to the service.

This approach is broadly in line with the principles detailed in the “New Arrangements for letting garages to Voluntary and Community Sector Groups and Organisations” report approved by Executive on the 10 July 2012, but proposes that an administration charge is applied as opposed to charging a subsidised rent.

This charge will be applied consistently to all Voluntary and Community Organisations that have a garage.</td></tr>
<tr><td>Who may be affected by it?</td><td>72 Voluntary and Community Sector Groups and Organisations that currently benefit from a ‘rent free’ garage(s). A total of 87 garages are provided under this arrangement.</td></tr>
<tr><td>Date of full EqIA on service area (planned or completed)</td><td>A full EqIA was carried out in the following report on the 10/07/12: New Arrangements for Letting Garages to Voluntary and Community Sector Groups and Organisations</td></tr>
<tr><td rowspan="2">Form completed by:</td><td rowspan="2">Carlo Perricone</td><td>Start date</td><td>26/10/18</td><td>End date</td><td>31/10/18</td></tr>
<tr><td colspan="2">Review date</td><td colspan="2">01/11/2019</td></tr>
</table>

What data / information are you using to inform your assessment?	There are 87 Voluntary and Community Sector Groups and Organisations' information held on a spreadsheet and we are using this information to carry out the Brief EqIA.	Have any information gaps been identified along the way? If so, please specify	None

Explain the **potential positive, negative or unequal impact** on the following characteristics and **how likely** this is:			
Age	37 VCO garages are provided to organisations that work with younger persons. **Possible negative impact** – Financial implication associated with £104 annual charge per garage. Cost is considered to be proportionate and reasonable within the context of overall operating costs of VCO's. **Possible positive impact** – Will stimulate review of the organisations' actual need for a garage and may provide an opportunity to rationalise liabilities associated with use of a third party resource/asset.	Race	One VCO garage is provided to an organisation whose work involves race related matters. **Possible negative impact** – Financial implication associated with £104 annual charge per garage. Cost is considered to be proportionate and reasonable within the context of overall operating costs of VCO's. **Possible positive impact** – Will stimulate review of the organisations' actual need for a garage and may provide an opportunity to rationalise liabilities associated with use of a third party resource/asset.
Disability	Four VCO garages are provided to organisations	Religion or belief	Eight VCO garages are provided to organisations

	whose work involves or supports persons with disability. **Potential impacts** as for "Race" cell above.		whose work involves or supports religious or belief matters. **Potential impacts** as for "Race" cell above.
Gender reassignment	No VCO garages are provided in this category.	Sex	No VCO garages are provided in this category.
Marriage or civil partnership	No VCO garages are provided in this category.	Sexual orientation	No VCO garages are provided in this category.
Pregnancy & maternity	No VCO garages are provided in this category.	Socio-economic[5]	Seven VCO garages are provided to organisations whose work involve or supports socio-economic matters. **Potential impacts** as for "Race" cell above.
Other	30 VCO garages are provided to organisations that provide services to all. **Potential impacts** as for "Race" cell above.		

Where there is a likely **positive impact**, please explain how it will help to **fulfil our legislative duties** to:					
Remove discrimination & harassment	No	Promote equal opportunities	No	Encourage good relations	No

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

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

[5]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.

Review of charge application and EQIA to ensure continued applicability.	Carlo Perricone	Review alongside corporate fees and charges setting process.	February 2019

Approved by Assistant Director (Stevenage Direct Services)

Date: 2nd November 2018

Brief Equality Impact Assessment
For a minor operational change / review / simple analysis

<table>
<tr><td>What is being assessed?</td><td>Proposal to broker the Council's commercial skip business through a third party provider.</td><td rowspan="3">What are the key aims of it?</td><td colspan="3" rowspan="3">To ensure that the Council's skip business is financially viable and provides a sustainable income into the future.

The skip provision industry is hugely competitive and the Council has seen demand reduce over a number of years and profitability reduce. The service is currently projecting a loss due to reduced demand and overhead costs.

This proposal seeks to facilitate continued service provision under the Stevenage Borough Council brand. The operational element of the service will however be delivered on the Council's behalf by a third party under a brokering arrangement.

Skip charges will be offered at competitive market rates.</td></tr>
<tr><td>Who may be affected by it?</td><td>Residents & Commercial Customers</td></tr>
<tr><td>Date of full EqIA on service area (planned or completed)</td><td>A full EqIA will be carried out as part of the second phase of the Business Unit Review of Stevenage Direct Services that considers the Council's commercial offering.</td></tr>
<tr><td rowspan="2">Form completed by:</td><td rowspan="2">Lloyd Walker</td><td>Start date</td><td>31/10/18</td><td>End date</td><td>01/11/18</td></tr>
<tr><td colspan="2">Review date</td><td colspan="2">01/11/2020</td></tr>
</table>

<table>
<tr><td>What data / information are you using to inform your assessment?</td><td>SBC skip accounts and business profiles.</td><td>Have any information gaps been identified along the way? If so, please specify</td><td>None</td></tr>
</table>

Explain the **potential positive, negative or unequal impact** on the following characteristics and **how likely** this is:			
Age	n/a	Race	n/a
Disability	n/a	Religion or belief	n/a
Gender reassignment	n/a	Sex	n/a
Marriage or civil partnership	n/a	Sexual orientation	n/a
Pregnancy & maternity	n/a	Socio-economic[6]	The Council will continue to ensure that the charges applied for the provision of skips remain proportionate and are reasonable in terms of market conditions at the time of being set. Charges will be reviewed as part of the annual fees and charges setting mechanism as normal.
Other	n/a		

Where there is a likely **positive impact**, please explain how it will help to **fulfil our legislative duties** to:					
Remove discrimination & harassment	No	Promote equal opportunities	No	Encourage good relations	No

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

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

[6]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

<table>
<tr><td>What is being assessed?</td><td>Proposal to provide Sanctum vaults for ashes interments at the Almonds Lane & Weston Road Cemeteries.</td><td rowspan="3">What are the key aims of it?</td><td colspan="4" rowspan="3">The Council is seeking to enhance services offered for ashes interment burial at Almonds Lane & Weston Road Cemeteries.

Sanctums can provide a more affordable and accessible memorial solution for our residents and customers.

Sanctum vaults could be located along pathways at the cemetery site offering capacity that could help provide for future burial demands as the population of the town increases.</td></tr>
<tr><td>Who may be affected by it?</td><td>All residents, but may provide a more affordable burial solution for low income households.</td></tr>
<tr><td>Date of full EqIA on service area (planned or completed)</td><td>A full EqIA will be carried out for the Cemetery Service as part of the 2019/20 fees and charges setting process.</td></tr>
<tr><td rowspan="2">Form completed by:</td><td rowspan="2">Claire Skeels</td><td>Start date</td><td>31/10/18</td><td>End date</td><td>01/11/19</td></tr>
<tr><td colspan="2">Review date</td><td colspan="2">01/11/2019</td></tr>
</table>

<table>
<tr><td>What data / information are you using to inform your assessment?</td><td>Existing fees and charges for Cemetery services and benchmarking of other Local Authorities offering Sanctums as a burial option.</td><td>Have any information gaps been identified along the way? If so, please specify</td><td>None</td></tr>
</table>

Explain the **potential positive, negative or unequal impact** on the following characteristics and **how likely** this is:			
Age	n/a	Race	n/a
Disability	**Positive Impact** Sanctums can be located along path edges and access routes within Cemeteries. These memorial types can as a result be a more accessible memorial solution for mourners who are less mobile.	Religion or belief	Sanctums would not be a viable option for faith denominations that only utilise grave burials for their deceased.
Gender reassignment	n/a	Sex	n/a
Marriage or civil partnership	n/a	Sexual orientation	n/a
Pregnancy & maternity	n/a	Socio-economic[7]	**Positive Impact** Sanctums may provide a more affordable burial option for low income households when compared to costs associated with standard grave burials.
Other	n/a		

Where there is a likely **positive impact**, please explain how it will help to **fulfil our legislative duties** to:					
Remove discrimination & harassment	No	Promote equal opportunities	No	Encourage good relations	Yes – enhances service offer and potentially accessibility to services for those in low access households and those with disabilities or

[7]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.

					mobility issues.

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

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

Approved by Assistant Director Stevenage Direct Services

Date: 2nd November 2018

Brief Equality Impact Assessment

For a minor operational change / review / simple analysis

<table>
<tr><td>What is being assessed?</td><td>The proposal to increase the Stevenage Borough Council element of Council tax by 2.99% in 2019/20</td><td rowspan="3">What are the key aims of it?</td><td rowspan="3" colspan="3">To consider council tax levels as part of the General Fund budget setting process. To increase council tax to contribute to meeting Financial Security targets, recognising the importance of local taxation in sustaining future services. To retain the existing council tax support scheme uprated for benefit changes for 2019/20.</td></tr>
<tr><td>Who may be affected by it?</td><td>All Stevenage residents who pay council tax</td></tr>
<tr><td>Date of full EqIA on service area (planned or completed)</td><td>A full EqIA was completed on the Council Tax Support Scheme when it was first designed in 2013, supplemented by brief EQIAs on subsequent changes in 2016. These remain valid as there have been no further changes to the scheme.</td></tr>
<tr><td rowspan="2">Form completed by:</td><td rowspan="2">Clare Fletcher/Katrina Shirley</td><td>Start date</td><td>January 2019</td><td>End date</td><td>February 2019</td></tr>
<tr><td colspan="2">Review date</td><td colspan="2"></td></tr>
</table>

What data / information are you using to inform your assessment?	**Council tax calculations:** Example: For a band C property, based on an increase of 2.99%, the SBC share of the council tax would be £187.17 per annum (£3.60 per week) in 2019/20. This equates to an increase of £5.43 per week compared to 2019/20.	Have any information gaps been identified along the way? If so, please specify	

	Stevenage Borough Council's Council Tax Support (CTS) Scheme and associated EqIAs (2013 & 2016): The Council has a statutory duty to adopt a CTS Scheme in accordance with the Local Government Finance Act 2012. The aim of the scheme is to specify reductions in the Council Tax bills for people whom the council considers to be in financial need. At its meeting on 5 September 2018, the Executive approved the recommendation to keep the existing scheme in place for 2019/20.		

Explain the **potential positive, negative or unequal impact** on the following characteristics and **how likely** this is:			
Age	For those households which are **not** eligible for council tax support, the increase will apply irrespective of age. Council tax support is available for those on benefit. The local council tax support scheme applies to working age claimants only. Those on full benefit of working age will only pay 8.5% of their council tax. For a band C property, this equates to £15.90 per year, an	Race	N/A

	increase of 45 pence compared to 2018/19. Those claimants who are of retirement age are exempt from the 8.5% liability because the scheme that applies to them is prescribed by central government. These claimants will not be affected by the increase.		
Disability	The current level of Council Tax Benefit is calculated with reference to ‘applicable amounts’. The applicable amounts’. The applicable amount is a notional income amount which is assumed to meet the needs of the claimant and their family. The applicable amount is made up of three parts (a personal allowance, personal allowances for children in the family and premiums). Premiums are mainly added for children and people with disabilities. Therefore the system already provides protection for some vulnerable groups, such as those with disabilities, and the Council tax support scheme assumes this and does not include additional protections.	Religion or belief	N/A

Page 113

Gender reassignment	N/A	Sex	N/A
Marriage or civil partnership	N/A	Sexual orientation	N/A
Pregnancy & maternity	N/A	Socio-economic[8]	For a Band C property, SBC's element of the council tax will rise from £181.74 to £187.17 per year (£5.43). The local council tax support (CTS) scheme recognises that those on lower incomes may find it more difficult to make council tax payments and limits the amount that working age benefit claimants have to pay. CTS claimants are required to pay the first 8.5% towards their bill, which for a Band C. property will rise by a relatively small amount from £15.45 to £15.90 per year (i.e. 45p). The amount of CTS they will receive is then calculated on the remaining 91.5%. The current level of Council Tax Benefit is calculated with reference to 'applicable amounts'. The applicable

[8]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.

			amount is a notional income amount which is assumed to meet the needs of the claimant and their family. The applicable amount is made up of three parts (a personal allowance, personal allowances for children in the family and premiums). Premiums are mainly added for children and people with disabilities. Therefore the system already provides protection for some vulnerable groups and the Council tax support scheme assumes this and does not include additional protections.

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

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

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

Approved by Assistant Director/ Strategic Director: Clare Fletcher
Date: 24.1.19

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

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Full Equality Impact Assessment APPENIDX F STAFF EQIA

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

<table>
<tr><td colspan="3">What is being assessed?</td><td colspan="3">Impact of FINANCIAL SECURITY OPTIONS (2019/20) on the workforce profile</td></tr>
<tr><td>Lead Assessor</td><td colspan="2">HR Manager Employee Resourcing</td><td rowspan="3">Assessment team</td><td rowspan="3">Kirsten Frew
Clare Davies
Sue Vanneck</td></tr>
<tr><td>Start date</td><td>November 2018</td><td>End date</td><td>March 2020</td></tr>
<tr><td colspan="2">When will the EqIA be reviewed?</td><td colspan="2">Ongoing as Business Unit reviews progress through implementation.</td></tr>
</table>

Who may be affected by it?	Early indications from the proposals for the Budget 2019/20 are that there are likely to be posts deleted, and potentially resultant redundancies, arising from the restructuring of services through Business Unit reviews and the financial security process, 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?	The purpose of this EqIA is to identify any impact on the workforce profile of the proposed 2019/20 financial security options, specifically in relation to the implementation of Business Unit reviews and implementation of the preferred financial security options. 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. 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. During 2018/19 the initial stages of the business unit reviews focused on 4th tier management, however, as these reviews are now largely complete, all staff will potentially be affected as review proposals for lower levels are fully implemented throughout 2019/20. Each Business Unit review will include

All figures quoted are rounded to two decimal places

	consideration of equality issues as relevant to the group(s) of staff affected. The Council values diversity in its workforce. We recognise that the composition, skills, understanding and commitment of our workforce adds to our ability to deliver responsive, personalised services to our equally diverse community. There are policies in place to support staff through periods of reorganisation, including the recently revised Organisational Change Policy. 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. The Council is committed to supporting all staff affected by change, in the first instance through their line managers and HR&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.

What **positive measures** are in place (if any) to help **fulfil our legislative duties** to:					
Remove discrimination & harassment	The Organisational Change Policy ensure fair an non-discriminatory selection methods are applied to redundancy situations and that suitable alternative employment is offer where ever possible through Redeployment.	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?	Workforce profile data (correct as at November 2018), broken down by protected characteristics including: age, gender, religion, and full time/part time working, ethnicity, disability, sexual orientation and pay grade. Where possible and appropriate, comparisons of the workforce profile are made with the make-up of the local community (Census 2011). Profile data for staff potentially at risk of redundancy, (note this information will be identified inj more detail at business unit level as the proposals progress).

All figures quoted are rounded to two decimal places

	NB: Where there are less than 10 individuals per protected characteristic, the numbers will be starred out, to protect individual’s personal information.

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.

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	(see table below)				

	Council Staff	Affected Group
Under 25	5.35%	0.00%
25-29	8.35%	0.00%
30-34	11.81%	5.26%
35-39	9.92%	21.05%
40-44	8.19%	0.00%
45-49	12.60%	15.79%
50-54	17.48%	31.58%
55-59	14.17%	10.53%
60-64	10.24%	15.79%
65 and Over	1.89%	0.00%
Total	100.00%	100.00%

All figures quoted are rounded to two decimal places

	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 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.) Comparisons for 16-25s can be misleading as many residents in this age range seek education and training as well as employment. During 2018 the Council has worked closely with youth Connexions Hertfordshire to offer work experience placements to local school aged children, to foster good relations with the community and promote the Council as an employer to individuals within this age bracket in the local area. 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). In terms of staff potentially affected by the proposals, it is not yet possible to determine whether the proposals will have any significantly impact, however, initial indications indicate that there are no staff affected by the proposals in these groups. The removal of Retirement gifts may be seen as having a positive impact from an age perspective as previously these payments were only made to those 55 plus with more than 5 years' service at Stevenage BC, therefore removing these payments could be seen as making our benefits package more equitable for staff of all ages.

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	Negative impact		Unequal impact	

All figures quoted are rounded to two decimal places

	disabled staff with both selection processes and appointment into available suitable alternative employment opportunities.				

Please evidence the data and information you used to support this assessment

	Council Staff	Affected Group
No	90.71%	94.74%
Not stated	1.89%	0.00%
Prefer not to say	0.79%	0.00%
Yes	6.61%	*
Total	100.00%	100.00%

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.

In comparison with the local community, 7.5% of residents (aged 16-64) have declared themselves as having a disability.

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.

All figures quoted are rounded to two decimal places

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	To date, we do not hold enough information on this characteristic to assess either negative or positive impacts.				
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

	Council Staff	Affected Group
Civil Partnership	0.94%	0.00%
Divorced	3.15%	0.00%
Engaged	0.00%	0.00%
Living with Partner	5.04%	*
Married	49.29%	*
Not Stated	8.19%	*
Prefer not to say	1.26%	0.00%
Separated	1.73%	0.00%
Single	29.76%	*
Widowed	0.63%	0.00%
Total	100.00%	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.	Negative impact		Unequal impact	

All figures quoted are rounded to two decimal places

	Pregnancy related absence will not form any part of redundancy selection criteria				

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

	Council Staff	Affected Group
BME	9.61%	*
Not Stated	1.89%	*
Other Background	2.05%	*
Prefer not to say	0.79%	*
White - British	85.67%	*
total	100.00%	100.00%

Stevenage Borough Council has a combined representation of people from a BME or other background of 9.61%, 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.

All figures quoted are rounded to two decimal places

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

	Council Staff	Affected Group
Buddhist	0.16%	*
Christian	47.87%	*
Hindu	0.94%	*
Jewish	0.00%	*
Muslim	0.63%	*
No Religion	36.38%	*
Not Stated	5.04%	*
Other	1.73%	*
Prefer not to say	6.77%	*
Sikh	0.47%	*
Total	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

	Council Staff	Affected Group

All figures quoted are rounded to two decimal places

used to support this assessment			

Female	54.80%	*
Male	45.20%	*
Total	100.00%	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 used to support this assessment

	Council Staff	Affected Group
Bisexual	0.63%	0.00%
Gay man	0.94%	0.00%
Heterosexual	89.29%	100.00%
Lesbian	0.31%	0.00%
Not Stated	5.51%	0.00%
Prefer not to say	3.31%	0.00%
Total	100.00%	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.

All figures quoted are rounded to two decimal places

	No data was gathered in the Census 2011 about the local community's sexual orientation.		
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[1]

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 this assessment

	Council Staff	Affected Group
Grade 1	4.88%	*
Grade 2	10.55%	*
Grade 3	17.80%	*
Grade 4	13.23%	*
Grade 5	11.81%	*
Grade 6	16.06%	*
Grade 7	6.30%	*
Grade 8	4.25%	*
Grade 9	3.15%	*
Grade 10	4.09%	*
Grade 11	1.57%	*
Grade 12	2.52%	*
Grade 13	0.94%	*
Chief Officers	1.73%	*

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

All figures quoted are rounded to two decimal places

	Other Grades	1.10%	*
	Total	100.00%	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.

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?

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		

All figures quoted are rounded to two decimal places

Overall conclusion & future activity

<table>
<tr><td colspan="3">Explain the overall findings of the assessment and reasons for outcome (please choose one):</td></tr>
<tr><td colspan="2">1. No inequality, inclusion issues or opportunities to further improve have been identified</td><td></td></tr>
<tr><td rowspan="3">Negative / unequal impact, barriers to inclusion or improvement opportunities identified</td><td>2a. Adjustments made</td><td></td></tr>
<tr><td>2b. Continue as planned</td><td>We will continue to adhere to the Organisational Change Policy to ensure consistency, fairness and transparency and we will work with partners to ensure reasonable adjustments are in place for disabled employees.</td></tr>
<tr><td>2c. Stop and remove</td><td></td></tr>
</table>

Detail the **actions that are needed** as a result of this assessment and how they will help to **remove discrimination & harassment**, **promote equal opportunities** and / or **encourage good relations**:

Action	Will this help to remove, promote and / or encourage?	Responsible officer	Deadline	How will this be embedded as business as usual?
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

All figures quoted are rounded to two decimal places

Approved by Strategic Director:
Date:

All figures quoted are rounded to two decimal places

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APPENDIX G

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 2019/20 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 2019/20 and the current Budget Process has rigorously reviewed current budgets to secure another year of necessary Financial Security Savings. As part of the 2019/20 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 CFO has identified that further Financial Security savings options are required for the period 2020/21/2022/23 of £1.2Million to ensure a balanced budget. This target includes the impact of reducing New Homes Bonus and the Council's budget by 2021/22 will not assume any contribution from this resource.

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 2018/19 General Fund and HRA budgets will be presented to the March Executive, together with any on-going impacts.

2 ADEQUACY OF RESERVES

The council's annual budgetary process and the assessment of the adequacy of Reserves are undertaken in the context of robust medium term financial forecasting. Whilst the Council currently has reasonably significant levels of Reserves, the Council's Medium Term Financial Strategy acknowledges that the £3.35Million 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 2019/20 was £2,681,537. This has been reviewed and recalculated as £2,671,410.

Total available General Fund balances as at 1st April 2019 are estimated to be £4,096,478 (after 2018/19 contribution to balances from the General Fund of £1,368,639). Total General Fund balances as at 1st April 2020 are estimated to be £4,048,032 (after 2019/20 contribution from balances to the General Fund of £48,446). These levels of balances meet the minimum level of risk assessed balances that are needed to meet unforeseen expenditure arising in the year and expenses arising before income is received.

Total available HRA balances as at 1st April 2019 are estimated to be £20,053,744 (after contribution from balances in 2018/19 of £4,060,920). Total available HRA balances as at 1st April 2020 are estimated to be £10,977,424 (after contribution from balances in 2019/20 of £9,076,320).

It is estimated that the council will have General Fund £205,244 capital receipts and £1,657,250 regeneration ring fenced receipts and £422,203 capital reserve as at 1st April 2019 (this includes an assumption that under spends of £350,000 have been realised for 2018/19) and the Council has a need to borrow in 2019/20 of £14,516,450 , which includes £13,244,050. There has been challenge to capital bids by the Leaders Financial Security group and Senior Leadership Team (SLT) 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 £20,700 capital receipts and £555,064 capital reserve as at 1st April 2020, (this includes an assumption that under spends of £350,000 have been realised for 2018/19 and 2019/20 totalling £700,000).

It is estimated that the Council will have HRA £7,948,665 capital receipts, (£9,378,927 as at 1 April 2019) and £1,974,598 Major Repair Reserve balances as at 1st April 2020, (£12,028,306 as at 1 April 2019). The HRA capital programme is based on the latest stock condition information updated from the Business Plan approved at the September 2018 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 2019/20 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 £1,401,101 as at 1 April 2019 (£1,561,317 as at 1 April 2020) and continue to be required.

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APPENDIX H

STEVENAGE BOROUGH COUNCIL

Tuesday 13 February 2019

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 2018/98 amounting to £10,063,500 and the revenue estimates for 2019/20 amounting to £8,802,520;

   b. the contribution from balances totalling £1,368,639 in 2018/19;

   c. the contribution from balances totalling £48,446 in 2019/20.

2. That it be noted that at its meeting on 23 January 2019 the Executive calculated the amount of 27,329.9 Band D equivalent properties as its council tax base for the year 2019/20 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 2019/20 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.	£84,308,395	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.	£78,553,484	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.	£5,794,511	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.	£210.57	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	£ 140.38
B	£ 163.78

C	£ 187.17
D	£ 210.57
E	£ 257.36
F	£ 304.16
G	£ 350.95
H	£ 421.14

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 2019/20 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:

<u>Valuation Bands</u>

A	£
B	£
C	£
D	£
E	£
F	£
G	£
H	£

b. That it be noted that for the year 2019/20 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 2019/20 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 2019/209is 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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Part I – Release to Press

Stevenage BOROUGH COUNCIL

Agenda item: 5

Meeting	**EXECUTIVE/COUNCIL**
Portfolio Area	Resources
Date	**23 FEBRUARY 2019/27 FEBRUARY 2019**

FINAL CAPITAL STRATEGY 2018/19-2023/24

KEY DECISION

Authors	Clare Fletcher x 2933
Contributors	Anita Thomas x 2430 Senior Leadership Team
Lead Officers	Clare Fletcher x 2933
Contact Officer	Clare Fletcher x 2933

1. PURPOSE

1.1 To approve any revisions to the 2018/19 General Fund and Housing Revenue Account Capital Programme and approve the draft Capital Programme for 2019/20.

1.2 To provide Members with an update on the Council's Final Five Year Capital Strategy and the resources available to fund that Strategy.

1.3 To provide Members with an update on government changes to prudential borrowing requirements.

1.4 To provide Members with an update on the Council's investment strategy as required by the updated prudential code.

1.5 To set out the Council's approach to funding its key Future Council priorities.

1.6 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 draft 2019/20 onwards Capital Strategy.

2. RECOMMENDATIONS

EXECUTIVE:

That the following proposals be recommended to Council on 27 February 2019:

2.1 That the revised General Fund and HRA 2018/19 capital programme, as detailed in Appendix B and Appendix C to the report be approved.

2.2 That the draft 2019/20 General Fund Capital Programme as detailed in Appendix B to the report be approved.

2.3 That the draft 2019/20 HRA Capital Programme as detailed in Appendix C to the report be approved.

2.4 That the updated forecast of resources as summarised in Appendix B (General Fund) and Appendix C (HRA) to the report be approved.

2.5 That the Council's investment strategy for non-treasury assets (section 3.2) be approved.

2.6 That the approach to resourcing the General Fund capital programme as outlined in the report be approved.

2.7 That the actions required to ensure the General Fund programme is funded as outlined in paragraph 4.3.11-4.3.12 be noted.

2.8 That Members approve the 2018/19 increase in the year end underspends contribution from the General Fund to the Capital Reserve if they are realised, (paragraph 4.3.13).

2.9 That the approach to funding the cost of the bus station prior to the release of GD3 monies as outlined in section 4.4 be approved.

2.10 That the growth bids identified for inclusion in the Capital Strategy (Appendix A to the report) be approved.

2.11 That the return of Right to Buy one for one receipts as outlined in section 4.10 be noted.

2.12 That the 2019/20 de-minimus expenditure limit (section 4.11 of the report) be approved.

2.13 That the 2018/19 contingency allowance (section 4.8 of the report) be approved.

2.14 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 Introduction

3.1.1 The purpose of the Capital Strategy is to show how the Council determines it priorities for capital investment, how much it can afford to borrow and setting out any associated risks. As a result of changes to the Prudential Code this Strategy now shows how capital financing and treasury management activity contribute to the provision of services and implications for future financial sustainability.

3.1.2 The framework the government uses to control how much councils can afford to spend on capital investment is known as the Prudential Framework. The objectives of the Prudential Code, which sets out how this framework is to be applied, are to ensure that local authorities' capital investment plans are:

- affordable, prudent and sustainable;
- that treasury management decisions are taken in accordance with good professional practice; and
- that local strategic planning, asset management planning and proper option appraisal are supported.

3.1.3 The Government has issued guidance revising the disclosures required in the Capital Strategy, these include:

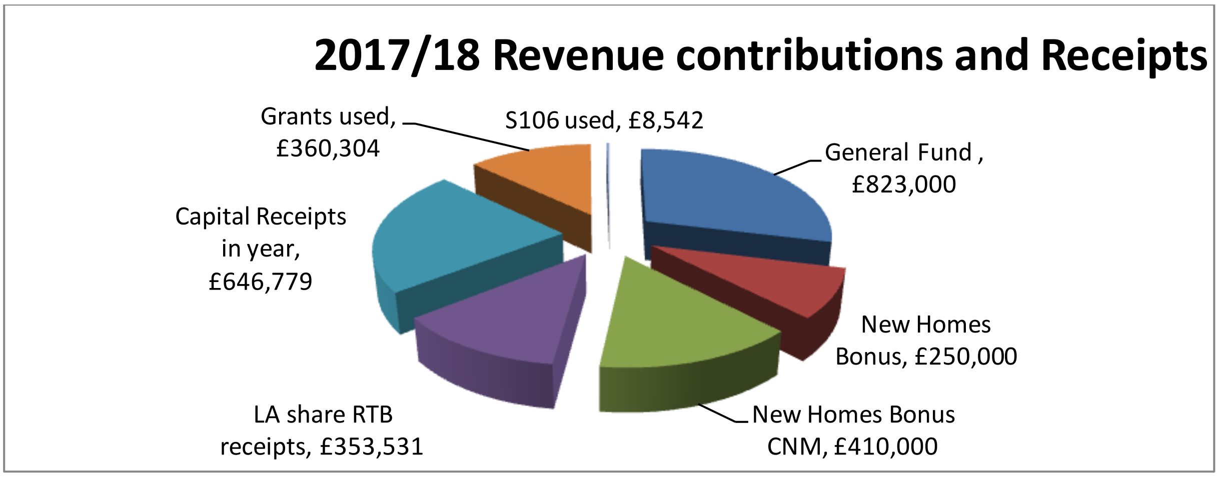
- an Investment Strategy
- disclosure of other investments (other than held for treasury management purposes) contribution to service delivery objectives and/or place making role
- indicators that allow Members and the public to assess a local authority's total risk exposure as a result of investment decision, including how these investments have been funded, rate of return and additional debt servicing costs taken on
- the approach to assessing risk of loss before entering and whilst holding an investment
- The steps taken to ensure that elected Members and Statutory officers have the appropriate skills and governance

3.1.4 This revision to the Prudential Code came into force from 1 April 2018 and requires the Capital Strategy to be approved by Full Council. This will be the first revision of the Strategy to be presented to the February Council. Some of these disclosures may be shown in the Treasury Management Strategy instead of the Capital Strategy.

3.2 **General Fund Investment Strategy**

3.2.1 **General Fund** – The capital programme has had to be rationalised over previous years, as capital resources have remained scarce with limited capital receipts and the General Fund and New Homes Bonus (NHB) funding a significant proportion of the programme. General use of borrowing to fund capital has not been considered as an alternative due to the pressure this puts on the General Fund revenue resources (Minimum Revenue Provision (MRP) and interest payments) as the fund has faced funding cut pressures from central government.

3.2.2 The level of General Fund revenue contributions to the Council's capital reserve in 2017/18 was £823K, in addition a contribution of £250K was made to the reserve from NHB for the Co-operative Neighbourhood Programme (CNM), with a further £410K contribution to CNM programme.



3.2.3 The level of NHB the Council has received over the last two years has significantly reduced and if reduced/removed this would put an increased funding strain on the capital programme. The CFO will be monitoring the level of receipts available and will make adjustments to the Strategy. In addition further reductions in central funding through any changes to the fair funding review could also impact on revenue resources available for capital.

3.2.4 The Council has currently identified limited disposal opportunities for future receipts, with the competing demand of one of the Council's top 'Future Town Future Council' priorities, Housing Development. Unless the Asset Management Strategies 'Locality Reviews' can identify additional sites, alternative funding resources will be needed or the capital programme reduced.

3.2.5 Capital bids are assessed 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

3.2.6 Prudential borrowing would only 'normally' be used to support category 2 schemes (Income generating asset schemes -Financial Security), with capital receipt, external grants and the 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.

3.2.7 The Council has recognised that a "fix on fail" with no improvement to assets is not a sustainable position and has introduced the Co-operative

Neighbourhood Management programme, (a ‘Future Town Future Council’ (FTFC) priority). This was implemented to improve the ‘whole place’ by improving the assets within a given ward area at the same time. The asset improvements include the playground improvement programme (February 2017 £1.49Million) and the garage improvement programme (July 2016, £9.24Million).

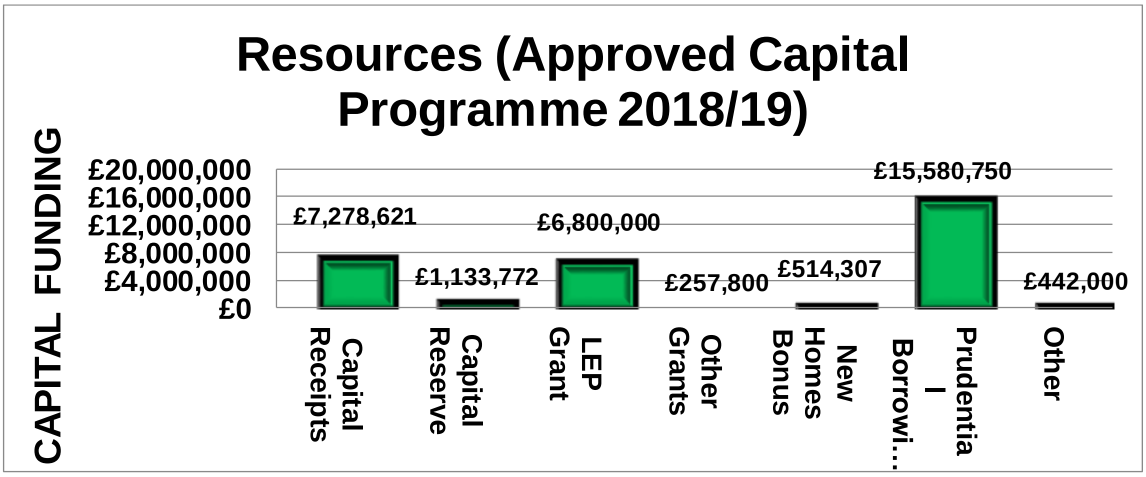
3.2.8 In determining the playground improvement programme, officers recommended to Members which facilities should be provided within Stevenage, based on mapping of need/location. Although some play sites were rationalised, a more imaginative approach has been taken to decommissioned sites which has/will allow significant improvements to a smaller number of play areas, while ensuring decommissioned sites are appropriately landscaped.

3.2.9 The timing of the ward works is summarised below.

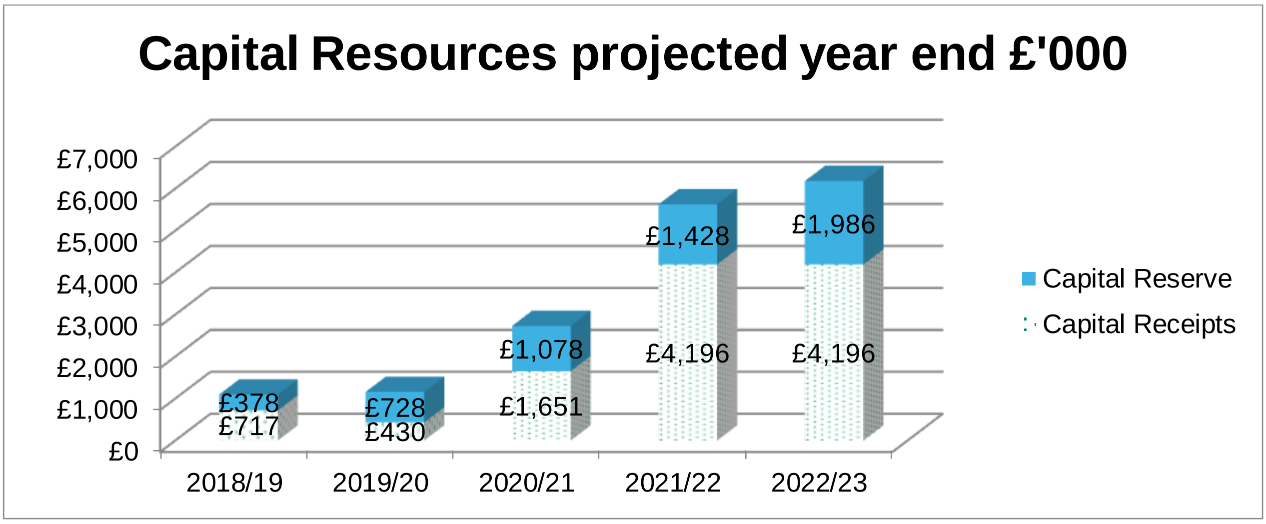
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Wards:	Pin Green	St Nicks	Bedwell	Old Town	Symonds Green	Woodfield
	Shephall	Martins Wood	Longmeadow	Roebuck	Manor	Bandley Hill
						Chells

3.2.10 The remaining schemes within the existing Capital Strategy (with the exception of regeneration schemes) are still based on high priority works to keep existing assets operational (without improvement) and the replacement of vehicles over an extended life cycle of seven years. The works to community assets are based on priority works to keep buildings operational until the Community Centre review and the Locality reviews (approved as part of the Asset Management Strategy) are completed. This approach has been taken so as not to invest scare resources in assets which may be redeveloped or consolidated as part of the outcome of the reviews. This means the current programme has not been developing this type of asset to future proof them, or provide new assets.

3.2.11 The capital programme (approved February 2018 and as amended by quarterly monitoring and supplementary reports) was fully funded and shown in the following chart, (prior to Draft Capital Strategy).



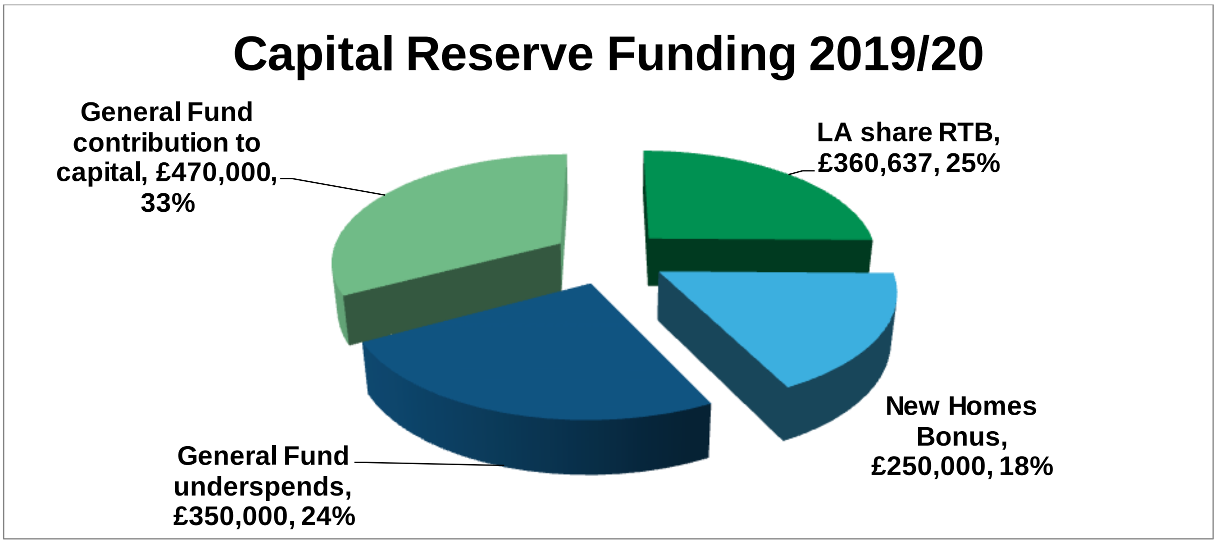
3.2.12 The level of resources available is also summarised in the chart below.



3.2.13 The level of capital resources projected at year end on the current capital programme before any growth bids are considered is circa £1Million for 2018/19-2019/20, however the capital programme spend for the period 2020/21-2022/23 is significantly less than in previous years and new growth bids contained within this report erode these balances.

3.2.14 The 1st quarter capital resource projections identify no new receipts after 2021/22 and rely on a contribution from New Homes Bonus of £250K per year in addition to the funding for the CNM programme.

3.2.15 The Capital Reserve, which is a main source of the capital programme funding, will receive a 2019/20 budgeted £470K contribution from the General Fund with potentially up to £350K underspends, (identified at year end), giving a General Fund maximum contribution of £820K . NHB contributes £250K and £360.6K from the Local Authority Share of Right to Buy receipts as shown in the following chart.



3.2.16 The current General Fund programme includes financial provision for SBC funding elements of the town centre regeneration (SG1). However this does not include the bus station which is currently situated in the centre of the SG1 redevelopment area. Its relocation is pivotal to enable the transformation of the town centre. There has been £8Million of GD3 funding earmarked for this but the monies have not been released as revised governance arrangements submitted to central government have not been approved. No formal response has been provided to Hertfordshire LEP and if funding is not released, SBC will need to allocate a budget of £6.5Million (£5million construction costs and £1.5Million for fees and contingency) which is not currently shown in the capital strategy, nor reflected in the use of resources available, with the exception of £416K of costs already funded in 2018/19.

3.2.17The 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.

3.2.18 To determine spending priorities in line with the Council's priorities, the Leader's Financial Security Group (LFSG) met in November and December to review all General Fund capital bids (2019/20 onwards) and made a number of recommendations and these are contained within this report and summarised in Appendix A.

3.3 Housing Revenue Account (HRA) Investment Strategy

3.3.1 The HRA capital programme was revised as part of the HRA Business Plan update to the November Executive. The 30 year HRA capital programme totalled £1,283Million, with £483Million being spent over the next 15 years using a projected £105Million of revenue resources. The BP plan was produced prior to the lifting of the debt cap and revenue receipts were utilised as opposed to borrowing, because the HRA had very little room to borrow with the government prescribed debt cap in place.

3.3.2 With the announcement in late 2018 to lift the debt cap, there is scope to convert revenue to borrowing and so increase the size of the capital programme, based on identified need and affordability. As part of the November BP update Members approved an action plan which will come back to Members during 2019/20.

3.4 Budget and Policy Framework

3.4.1 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-19	Executive	Draft 2019/20 General Fund and HRA Capital Strategy
	Overview and Scrutiny	Draft 2019/20 General Fund and HRA Capital Strategy

Date	Meeting	Report
Feb-19	Executive	Final 2019/20 General Fund and HRA Capital Strategy
	Overview and Scrutiny	Final 2019/20 General Fund and HRA Capital Strategy
	Council	Final 2019/20 General Fund and HRA Capital Strategy

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Capital Programme – 2019/20 General Fund

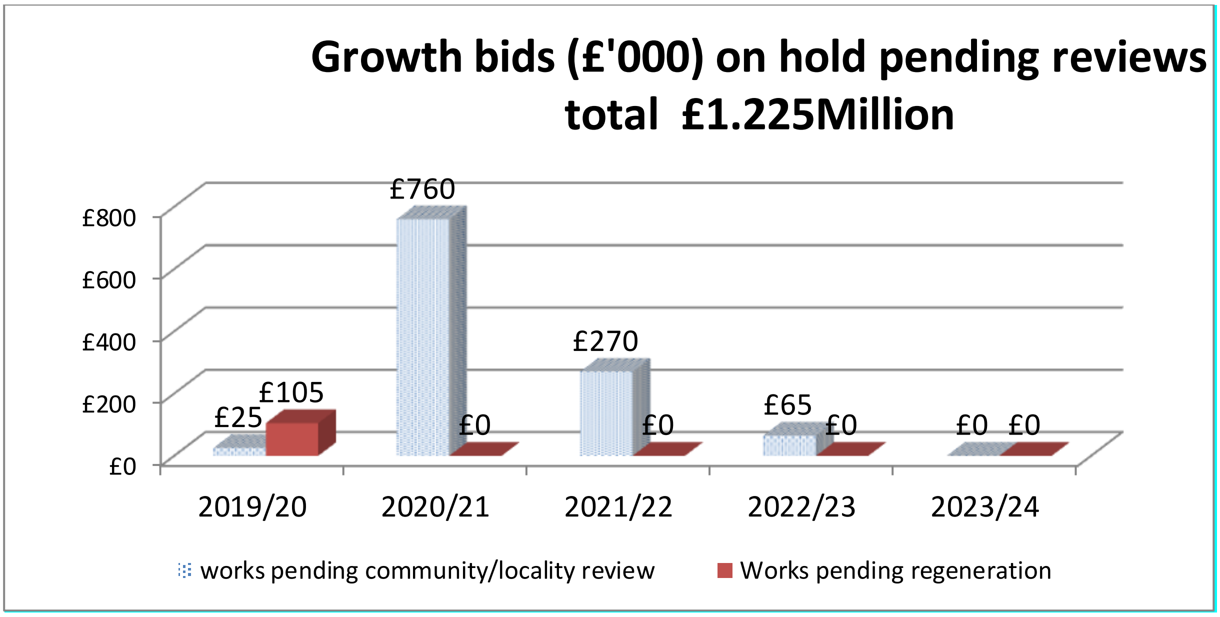
4.1.1 As in previous years the capital programme has been zero based so that Members can consider the on-going relevance of schemes in the programme and manage scarce resources. There were a few exceptions to this which were:

- 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).
- Regeneration schemes already approved as part of SG1, (funded from allocated reserves and LEP funding).
- Works which had commenced in 2018/19 and where part of the scheme spend is due in 2019/20.

4.1.2 Officers were required to submit capital bids with supporting rationale, these are summarised in Appendix A 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). These remain unchanged from the January report. No changes were made following consideration of the report by the Executive and Overview and Scrutiny at their respective January meetings.

4.1.3 The LFSG reviewed and assessed all the capital bids and scored all options between zero (not supported at all) up to three (strongly supported) based on the principles set out in paragraph 3.2.5-3.2.6. 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.

4.1.4 There were some options that were not supported or required further reviews of assets prior to their inclusion in the programme. Options on hold pending review are summarised below and included in Appendix A. These remain unchanged from the January report.



4.1.5 In addition there are a further capital bids totalling £447K which are not recommended for approval and these are summarised below and included in Appendix A.

	Growth bid in £'000				
	2019/20	**2020/21**	**2021/22**	**2022/23**	**2023/24**
Home improvement grants- budget not often required- LFSG recommend fund from deferred works reserve	£18	£10	£10	£10	£10
Green Space Furniture- LFSG recommend fund from locality budgets	£8	£8	£8	£0	£0
Stevenage Golf Centre- not supported in 2018/19	£260	£0	£0	£0	£0
Stevenage Golf Centre - Pond-not supported	£80	£0	£0	£0	£0
Parking restrictions- not supported	£0	£0	£0	£0	£25
Total	**£366**	**£18**	**£18**	**£10**	**£35**

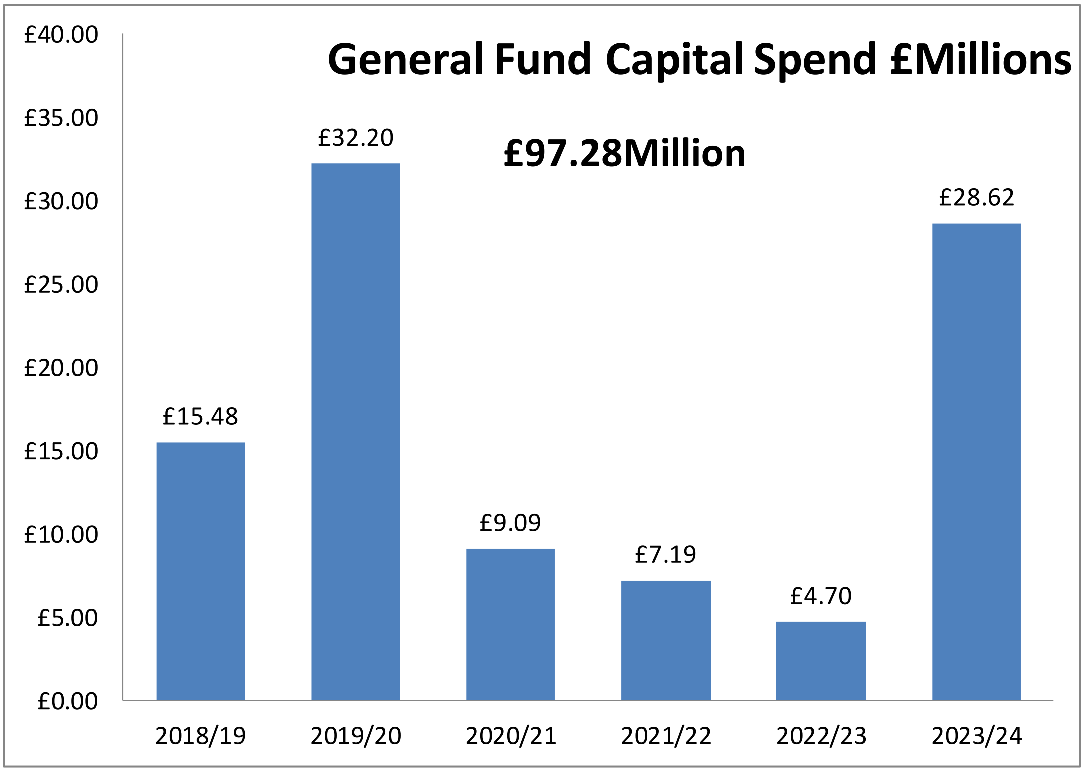
4.1.6 A total of £1.672Million growth bids were not recommended of which the majority (£1.225Million) related to the review of community assets and have been deferred pending the community review outcomes (as outlined in paragraph 4.1.4.). These remain unchanged from the January report.

4.1.7 A capital bid which was approved for cladding improvements to the multi storey car park on St Georges way (£1Million) by LSFG, however in recognition of the funding pressures on the Capital Strategy, the **S151 Officer and LFSG recommend that this scheme should not be progressed until suitable funding has been identified**. This scheme is currently not included in the 2019/20 onwards Capital strategy.

4.1.8 The 2018/19 capital programme included a sum of £108,450 for deferred works. This report updates the assessment for a deferred works budget as outlined in paragraph 4.3.14.

4.1.9 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 the Council's shared ICT partner, East Herts. It is expected that further bids will be brought forward to build ICT resilience and facilitate the Council's Future Town Future Council agenda and will be based on business cases.

4.1.10 The General Fund capital programme recommended for 2018/19-2022/23 totals £97.28Million and is detailed in Appendix B and summarised below.



4.1.11 The chart above shows that the programme has significant spend in the first two years of the programme. A summary of the larger spend areas is summarised in the table below.

`	Capital Programme £'000					
Major Areas of Spend	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
Bus Station	£416	£4,500	£1,600	£0	£0	£0
Public Sector Hub	£0	£1,100	£0	£1,179	£1,295	£26,768
Regeneration schemes (other)	£6,883	£4,300	£1,200	£2,400	£0	£0
Commercial Property Fund	£0	£13,244	£0	£0	£0	£0
Housing development	£0	£3,020	£1,704	£190	£0	£0
Garages programme	£1,054	£2,047	£1,957	£1,952	£1,952	£375
Vehicle & plant replacement	£1,873	£774	£210	£149	£175	£705
ICT investment	£848	£521	£300	£300	£300	£300
Other	£4,411	£2,711	£2,119	£1,016	£999	£475
Total	**£15,485**	**£32,217**	**£9,090**	**£7,186**	**£4,721**	**£28,623**

4.1.12 There is a likelihood that further bids will be identified for 2020/21 onwards as the programme looks understated in future years beyond 2020/21. Further to the approved capital programme and identified growth bids there are a number of other areas that have not been included/fully costed but can/will put additional pressure on capital resources as detailed below:

- Outcomes from asset management strategy and stock condition surveys (including works to community assets £1.2Million as identified in para 4.1.4)
- Works to St Georges Way multi-storey carpark (£1Million awaiting regeneration funding receipt para 4.1.7)
- Funding required to enable Town Centre regeneration (SG1) or GD3 funding for bus station relocation (£6.1Million required in 2019/20-2020/21 see section 4.4)
- Housing Development company activity for the private rented sector (to be presented to the Executive in a separate report)
- Future ICT growth bids.
- Future funding for leisure facilities as part of the Council's regeneration aims
- Further reduction of New Homes Bonus

4.2 Capital Programme – 2018/19 General Fund

4.2.1 The 2018/19 programme was reviewed and updated as part of the Draft Capital Strategy update to the January Executive. The only change to the 2018/19 budget approved at the January Executive is a revision to the deferred works reserve, the change is summarised in the following table.

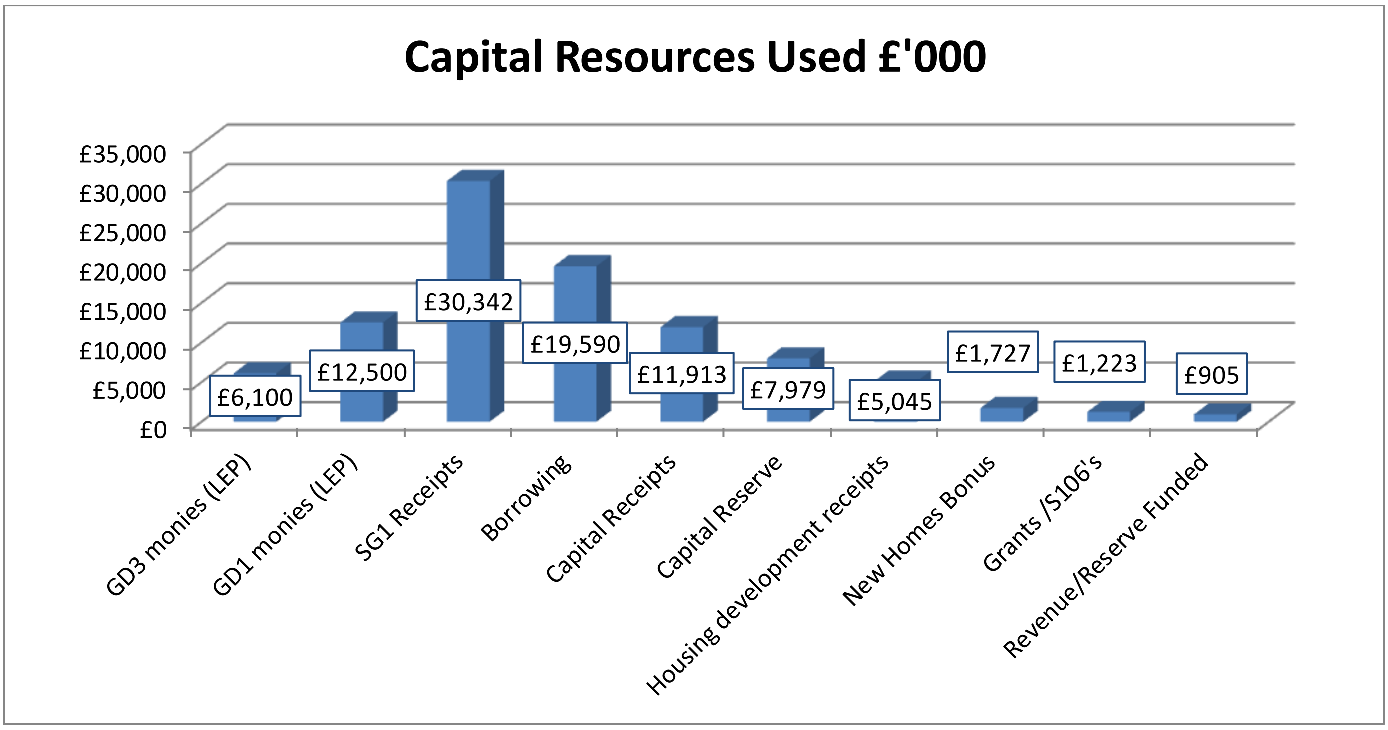
Summary of General Fund Capital Programme changes	2018/19 £	Reason
January Capital Strategy	15,573,330	
Proposed amendments:		
Deferred Works Reserve	(88,450)	The deferred works reserve has been recalculated for future years and a sum of £20K has been assumed in the programme for the remainder of the year.
Total changes	**(88,450)**	**Decrease in 2018/19 budget**
Total General Fund changes	**15,484,880**	

4.3 Capital Programme Investment Strategy Update- Resources (2018/19-2023/24)

4.3.1 The General Fund Capital Strategy has a number of funding resources with £18.6Million relates to LEP or regeneration projects (including £6.4Million of assumed GD3 monies for the bus station) and £30.3Million relating to estimated land value receipts to facilitate the public sector hub, part of the SG1 scheme.

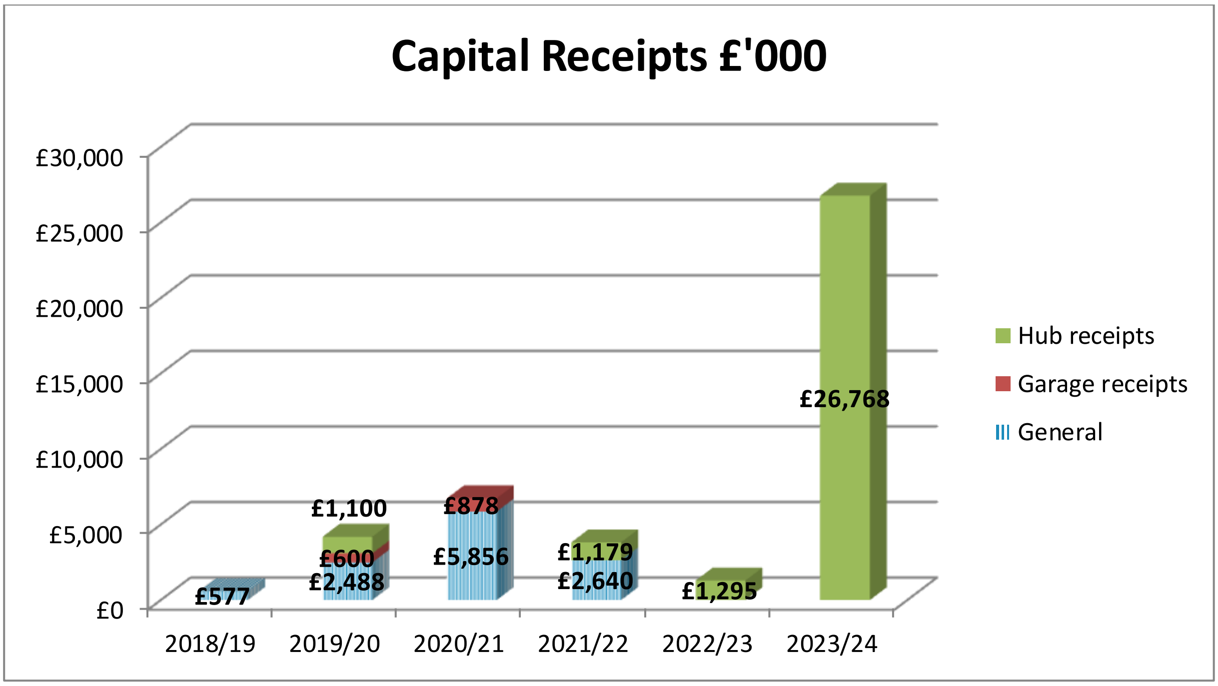
4.3.2 The programme also includes £19.6Million borrowing for the commercial property investment Strategy (£13.2Million) and for the garage programme (£6.4Million).

4.3.3 The rest of the programme is funded from two main funding sources: capital reserve (£7.9Million), (see also paragraph 3.2.15) and capital receipts (£12Million). These remain largely unchanged from the January Capital Strategy report.



4.3.4 There is potential future risk to the level of Capital Reserve available if NHB funding or rationale for allocation is changed in the future. The government has signalled further changes may be made to NHB which may jeopardise the £250K NHB contribution to the fund. The **Capital Reserve** is also reliant on General Fund underspends of £350K per year (not included in General Fund projected year end balances).

4.3.5 The use of **capital receipts** is also dependent on delivery of the sites to the market and the capital strategy currently assumes sale receipts as set out in the chart below (excluding regeneration ring fenced receipts).



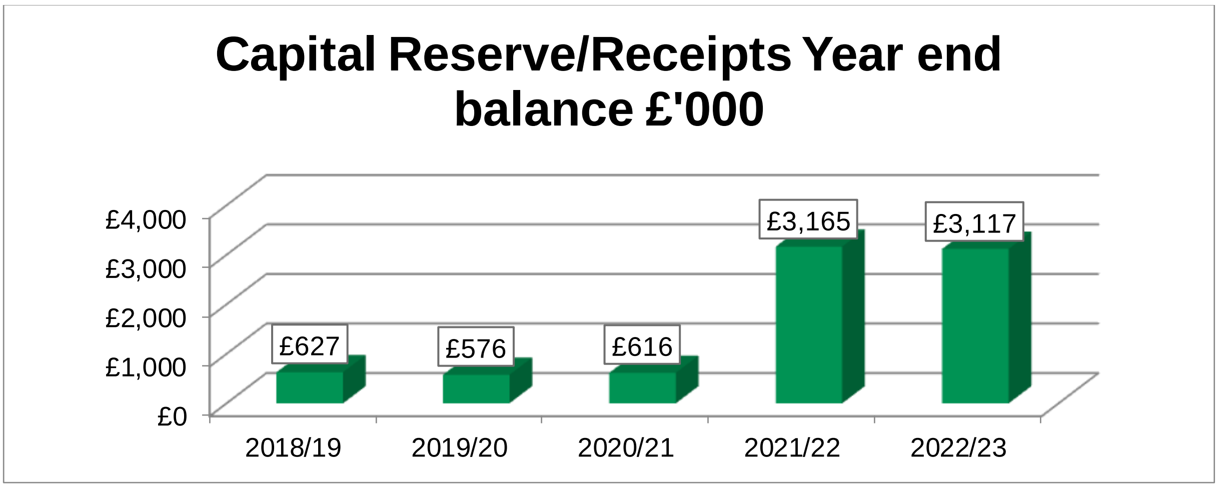
**hub receipts have been matched to spend until the land sales receipt profile is know and the DA signed*

4.3.6 The programme also now includes General Fund cost and receipts from Housing Developments, which assume short term borrowing until the sale receipts are realised. This approach has been tested with the Council's External Auditors and may need to be modified based on the final outcome of discussions between the CFO and the External Auditors.

4.3.7 Projected 2019/20 year end unallocated capital resources are estimated to be £576K (January Report £496K). This includes assumptions that:

- General sale receipts will be realised of £4Million, (in 2019/20).
- General Fund revenue underspends of £350,000 in both 2018/19 and 2019/20, which will be transferred to the capital reserve.

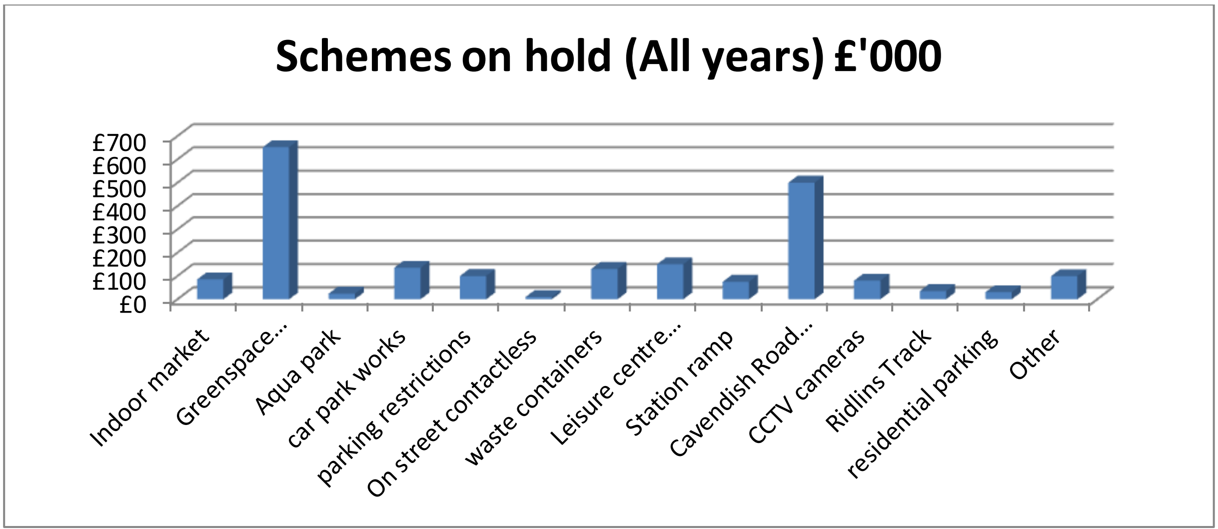
4.3.8 A summary of year end capital resources are shown in the chart below.



4.3.9 If underspends are not identified and all the projected assets sold in year, there would be a significant shortfall of resources at the end of 2019/20. This further underlies the impact on the Capital Strategy of any unplanned spend or need to self-fund schemes such as the bus station.

4.3.10 The amount of available resource increases from 2021/22 but this is dependent on one housing development sale and a significant land disposal in year, in addition Capital Strategy expenditure in later years looks understated.

4.3.11 To partly mitigate the Council against some of the risks outlined above, which if occurred would mean stopping capital spend or borrowing, the CFO recommends that part of the capital programme for 2019/20 is put on hold until sufficient receipts are realised or on track to be delivered. The schemes held have been identified in conjunction with the Strategic Leadership Team and are summarised below (and are identified in the Capital Strategy). This Capital Strategy now includes schemes on hold awaiting disposal receipts totalling £2Million (£368K in 2019/20)



4.3.12 The spend identified above does not include any garage programme spend, however in support of the garage refurbishment programme there is £600K and £878K of disposal receipts for 2019/20 and 2020/21 respectively**. It is recommended that should these receipts be projected not to be realised in year, garage works equivalent to that value are held pending realisation of the receipts**.

4.3.13 In addition to the measures outlined above, **the CFO recommends that additional General Fund year end underspends over and above the £350,000 already approved are transferred to the Capital Reserve for 2018/19 up to a value of £500,000**.

4.3.14 There is a further risk that the works not approved, (pending locality/community reviews/regeneration) become a priority, to keep buildings or services operational. To mitigate this, an assessment has been made of the amounts that should be included in the Strategy each year that could be drawn down on (via the deferred works reserve) in this event, this is summarised in the table below.

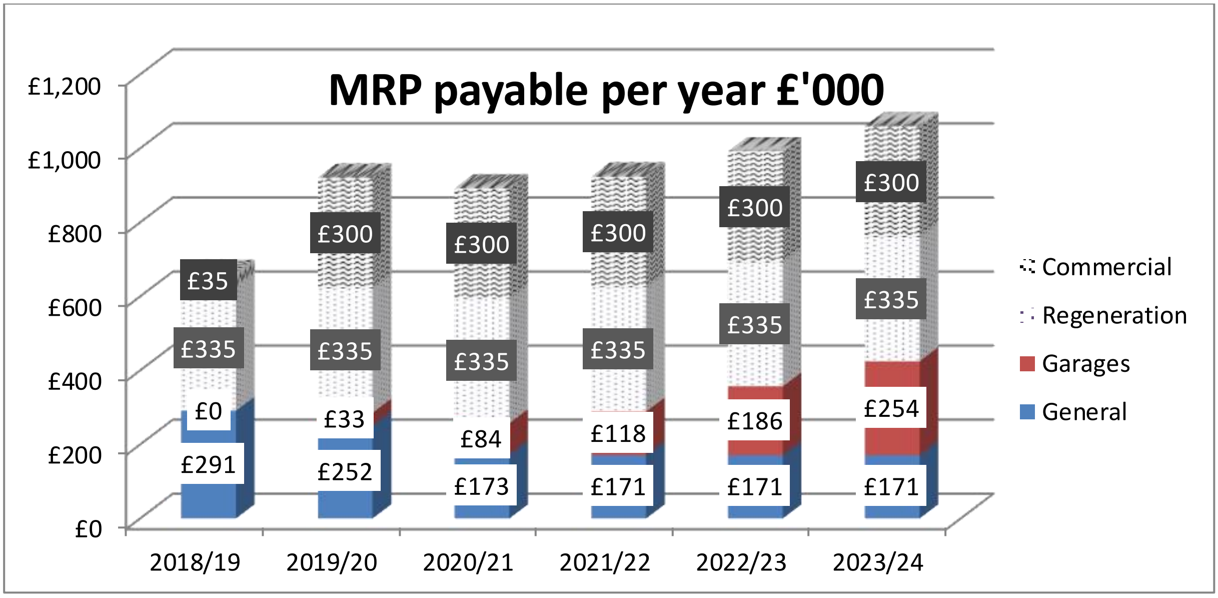
Works on Hold not in programme	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
On hold pending community/locality reviews/Regeneration	£130,000	£760,000	£270,000	£65,000	**£0**
Improvement grants	£18,000	£10,000	£10,000	£10,000	**£10,000**
Total	**£148,000**	**£770,000**	**£280,000**	**£75,000**	**£10,000**
Deferred Works @ 20%	**£29,600**	**£154,000**	**£56,000**	**£15,000**	**£2,000**

4.3.15 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.

4.3.16 There needs to be a focus on (and managed from an officer perspective via the Assets and Capital Group):

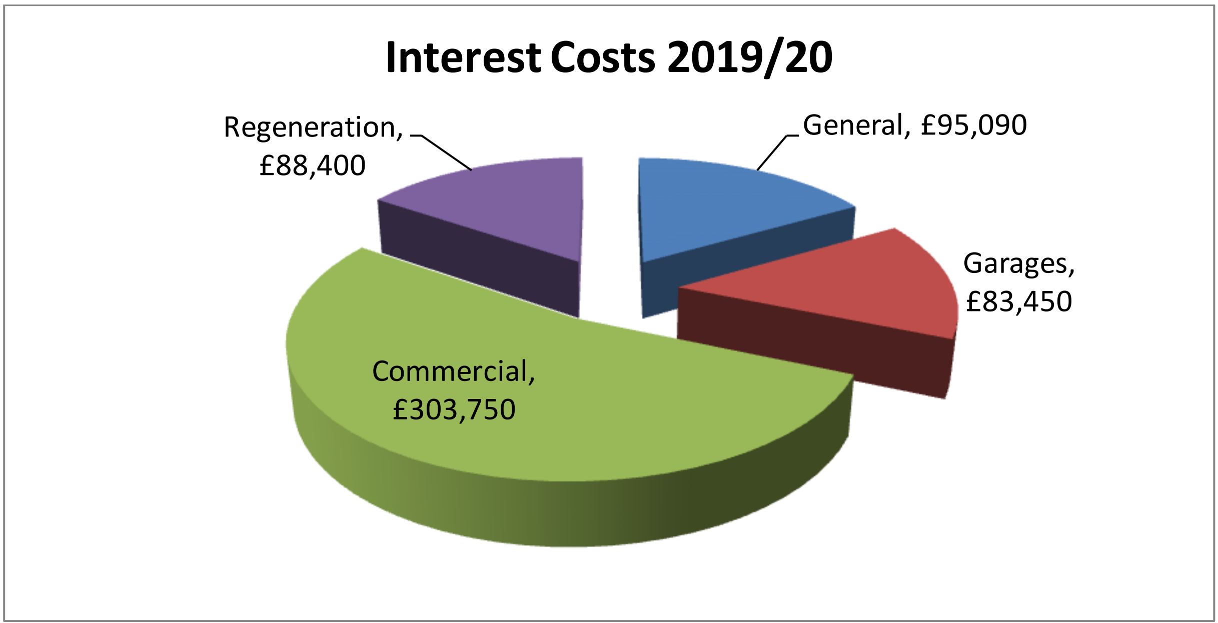
- Delivery of sites for sale- realised by evaluating how the maximum value can be delivered (Asset Management Strategy). Failure to deliver will lead to either further reductions in the programme or increase in borrowing costs and adverse impact on General Fund resources.- **top priority for the Estates team.**
- Delivery of financially sustainable assets by reviewing condition and considering whether continued investment represents value for money.
- Delivery of investment in commercial property primarily to deliver economic sustainability in Stevenage and meet the target income for the General Fund- **to be refocused.**
- Building up of reserves from windfall revenue balances to be ring fenced to support the SG1 regeneration and future regeneration schemes. – **Currently actioned via Business rate gains**
- Ensuring that wherever possible all S106 receipts are allocated to capital schemes.-**S106's actively being reviewed**
- **Review of Capital Programme for the Final Capital Strategy to ensure year end resources are sufficient to cope with unplanned spend.**

4.3.17 The alternative to the approach set out in paragraph 4.3.10 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 (MRP) paid in the General Fund is shown in the following table.



4.3.18 All of the commercial and regeneration property MRP (and interest) is funded from income generated from those assets. MRP is payable regardless of whether the borrowing is taken externally or whether internal investment balances are used. The CFO intends to review the lives of the assets funded from borrowing to determine whether the MRP payment in year is appropriate. The maximum life currently used is 25 years over which MRP is calculated, (cost of borrowing divided by the life of the asset). For some buildings it may be more appropriate to use a 40 or 50 year life and so spread the MRP over a longer period and reduce the in year cost to the General Fund. This will be reviewed in 2019/20 and reported back to Members as part of the Treasury Management updates.

4.3.19 The 2019/20 projected interest costs on borrowing is estimated to be £570,690. The ‘general’ interest budget (shown in the chart below) relates to capital expenditure for the period 2011/12-2013/14 but where external loans have not yet been taken.

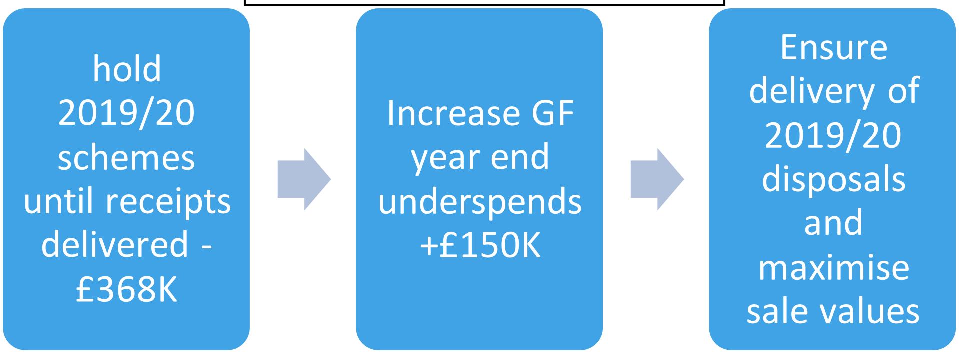


4.3.20 The total cost of borrowing in 2019/20 is £1.49Million or an estimated 2% of gross General Fund expenditure. As stated earlier the majority of this cost is met from within the income generated from assets. However if the assets were to be redeveloped without a corresponding receipt or retained allocated reserve balance, the borrowing costs would fall on the General Fund.

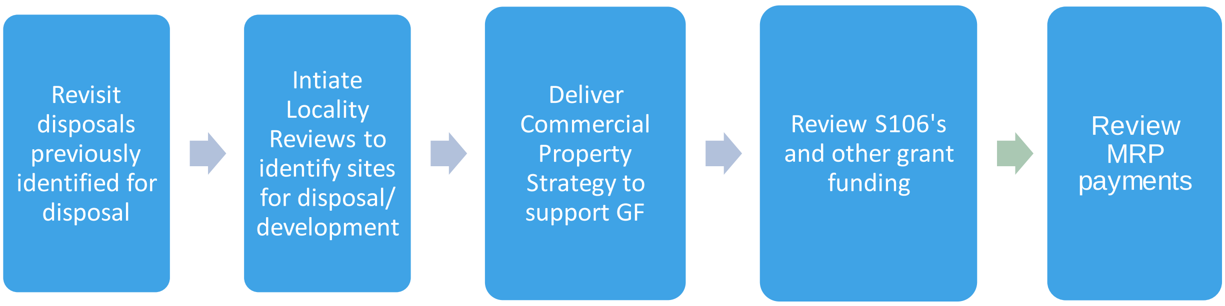
4.3.21 Although interest costs are relatively low (2.63% for a 25 year loan as at 3/12/2019), an annual use of borrowing would be an incremental increase in General Fund costs, which would need to be met from increasing the Financial Security Target for the General Fund. The Financial Security target for the next three years is £1.2Million 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.

4.3.22 In summary a number of actions have been taken/required to resolve the funding issues for the Capital Strategy which are shown below.

Immediate Actions



2019/20 Actions



4.4 Options to Fund the Town Centre Bus Station

4.4.1 The Regeneration report update to the December Executive outlined the issues regarding progression of the SG1 regeneration scheme and the need to progress the bus station works. In summary the government has not confirmed new governance arrangements to allow further growth funding (known as GD3 monies) to be released.

Extract from the December Regeneration Report:

Recommendation 2.4:

'Agree to proceed with the next stages of the bus interchange project with an estimated cost in the region of £6.1m, and request Officers to bring forward funding options in the draft Capital Strategy in January 2019 should Growth Deal 3 funding continue to be delayed'

4.4.2 Included in the proposed package of GD3 funding was grant allowance for a new bus station to support the wider regeneration of the town centre. Having funding secured for the design and construction of a new Bus Interchange is one of the Council's obligations to the Council's Development Partner as part of the SG1 agreement, and to enable the delivery of specific phases of delivery.

4.4.3 As described in this report, there are already funding pressures on the existing Capital Strategy (para 4.3.11-4.3.13). **This means that holding further parts of the Capital Strategy which are funded from receipts or the capital reserve is not a viable option as this could result in service failure and is not recommended as an approach**.

4.4.4 **Fund the works from borrowing-** The financial bandwidth within the General Fund to support additional borrowing is limited due to pressures already identified within the General Fund report to this committee. However the General Fund budget currently includes an amount of £95,090 for costs relating to historic borrowing prior to 2015/16 which has never been taken and a further £80,000 Regeneration growth bid approved as part of the 2018/19 General Fund budget report. This would allow for £175,090 of General Fund resources to support borrowing costs in the short term.

4.4.5 This approach is achievable in the short term if borrowing is assumed from internal balances rather than external borrowing, (estimated internal borrowing rate 1.15% 2019/20), until the funding is released and before any MRP would become payable (one year after completion estimated to be 2021/22).

4.4.6 **Identify Regeneration earmarked receipts** – The potential land value receipts within the SG1 deal support the Council's financial commitments relating to the public sector hub and have been earmarked for this purpose. Currently other regeneration receipts likely to be received in the time period equate to £1.6Million. These receipts may be required to fund upfront SG1 prior to land receipts from SG1 being realised (timing issue) or available to part fund the bus station. **However this would need to be substituted for LEP funding, when the grant funding is released as the £1.6Million receipt has been earmarked for future phases of Regeneration in Stevenage.**

4.4.7 If the LEP funding were not to be released the Council would need to consider part use of the first tranche of SG1 receipts earmarked to support the Council's hub, of which the first tranche may be realised in 2020/21.This may cause issues in terms of future funding the hub, however the bus station is seen as a key enabler for SG1. Officers will reviewing other disposal opportunities to help support the SG1 development and the Capital Strategy as a whole.

4.4.8 **Review the capital programme**- the Senior Leadership Team has reviewed the capital programme for schemes that could be held and an example of the quantum required was disclosed in the January Draft Strategy. However part of the 2019/20 programme is required to ensure that sufficient receipts are available at the end of 2019/20 (see also paragraph 4.3.9) and the remainder of the programme is considered critical to maintaining services**. Further hold on the programme is not recommended at this time.**

4.4.9 The approach recommended depends on the perceived risk of the funding being released/not released by the government. The interim solution is to either fund the works from £1.6Million of ring fenced receipts (see paragraph 4.4.6) and borrowing from internal balances for the remainder of the works (£4.6Million) assuming the funding is released by 2020/21.

4.4.10 The longer term solution would have to rely on using the earmarked hub receipts due circa 2020/21, this may cause funding issues for the hub which will need to be addressed once the outcome of the GD3 monies is known.

4.4.11 Members are recommended to approve the approach to the funding as outlined above. It should be noted that none of the options above are funded easily and require the grant funding to substitute the interim funding identified above so as not to cause significant financial hardship to the Council. This approach is being agreed with the Council's External Auditors.

4.5 Investment in Commercial Property

4.5.1 The changes to the Prudential Code outlined in 3.1.3-3.1.4 require the disclosure of other investments (other than held for treasury management purposes) contribution to service delivery objectives and/or place making role and any indicators used to measure this.

4.5.2 The Council approved 28 February 2017, a Commercial Property Investment Strategy which, while making a contribution to the General Fund of an estimated £200,000 per year (1.6% of total General Fund rental income), helps create renewed confidence and a positive message to other investors. The Strategy focuses on the acquisition of property investments within the Borough boundary as part of the first phase. This boundary includes the "functional economic market areas" which are linked to employment areas within the emerging Local Plan. This is 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 enable the Council to be more financially resilient by delivering on our Financial Security aims.

4.5.3 To date only one property has been purchased (other options are being pursued) and is projected to make a net return of £49,000 for the General Fund in 2019/20. The General Fund assumes a £200,000 net return per year for 2019/20 (2.2% of net budget for 2019/20).

4.5.4 At the January Executive the Leader of the Council asked for a renewed focus on the utilising the £15Million budget made available and this includes reviewing the criteria set out in the Strategy.

4.5.4 In considering further investment opportunities the site has to meet the council's investment criteria as set out in the Property Investment Strategy (Report Executive 21 February 2017). In addition, in setting the General Fund risk assessment of balances an allowance of 10% is made, (compared to 2.5% of other commercial rental income) to accommodate any loss of income from this new source.

4.5.5 In determining whether statutory officers and elected members involved in the investment decision making have appropriate capacity, skills and information to take informed decisions and the approach to assessing loss, the following steps are taken:

- A commercial property purchase has to be in accordance with the Strategy approved by Members
- Based on a set of due diligence carried out by a qualified surveyor with external expertise if required.
- The financial calculation is completed by a qualified accountant and includes a central, optimistic and pessimistic scenario, which is then reviewed by the 151 officer or her deputy and meets the threshold for financial return as set out in the Strategy.
- Member sign off in the process is based on the suite of documents as outlined above in order to conclude that the investment decision is sound.
- A detailed business case with financial forecast will also be required for complex transactions.

4.6 Other capital investments.

4.6.1 The Council has purchased a number of properties in the town centre to enable it to meet its regeneration aims. These properties were purchased using LEP funding and totalled £1.26Million in 2018/19 and a further £1.40Million in 2019/20. These properties have been purchased for regeneration purposes and therefore do not fall under the Property Investment Strategy. However in making these strategic acquisitions a full risk assessment is undertaken to ensure the cost of carrying these assets in the short to medium term can be met by the Council. The Regeneration Asset allocated reserve has been setup specifically to cover these costs.

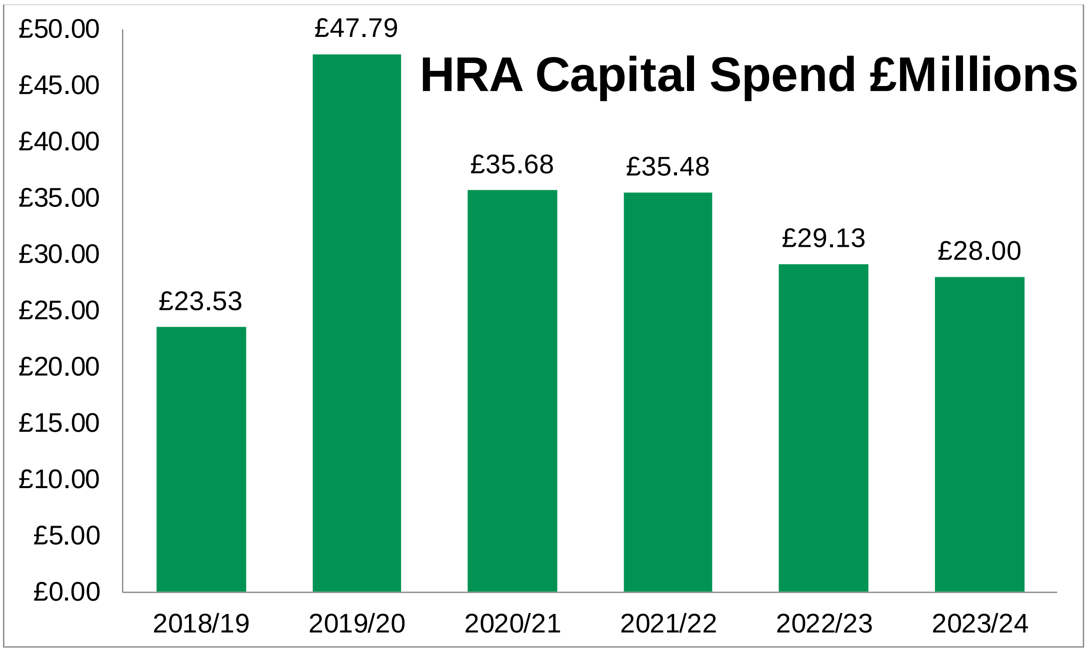
4.6.2 The Council has undertaken a long term lease for a mixed development scheme on Queensway in the town centre. This is a lease arrangement and falls outside the scope of capital investment. As part of the decision making process a risk assessment was undertaken and presented to Members. Key Officers were given training on their roles and responsibilities for the new governance arrangements for the Limited Liability Partnership.

4.6.3 External legal, financial and commercial advice was procured to ensure the validity and viability of the business case presented to Members.

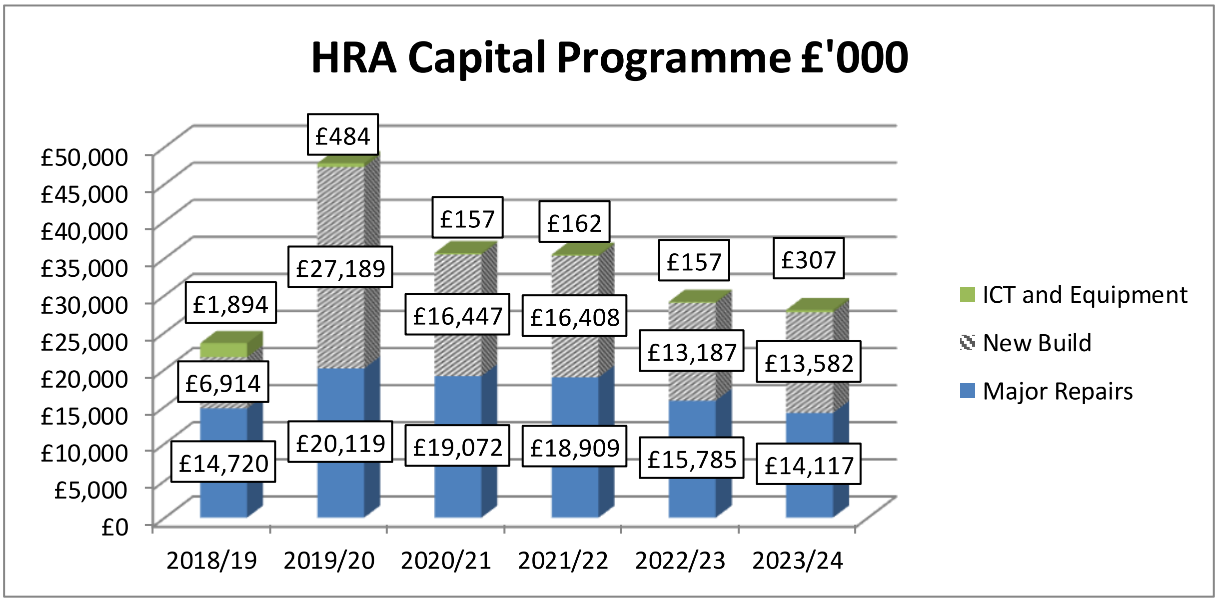
4.7 Capital Programme – Housing Revenue Account (2018/19-2023/24)

4.7.1 The HRA Business Plan update to the November 2018 Executive identified that in light of the lifting of the HRA borrowing cap by the Chancellor, the HRA would not be constrained by the £217.685Million borrowing cap set as part of the self-financing settlement. The HRA Business Plan needed to look at a revised approach to borrowing, versus using revenue contributions to capital. This will be based on the HRA need to borrow and affordability as identified in the action plan, (Appendix A to the November Executive report).

4.7.2 A summary of the capital programme included in the Appendix C of the Capital Strategy is summarised below and totals £199.61Million.



4.7.3 The increase in 2018/19 onwards reflects the investment with the major works contract and a significant increase in new build costs. The split between major works, new build and other is shown in the following chart



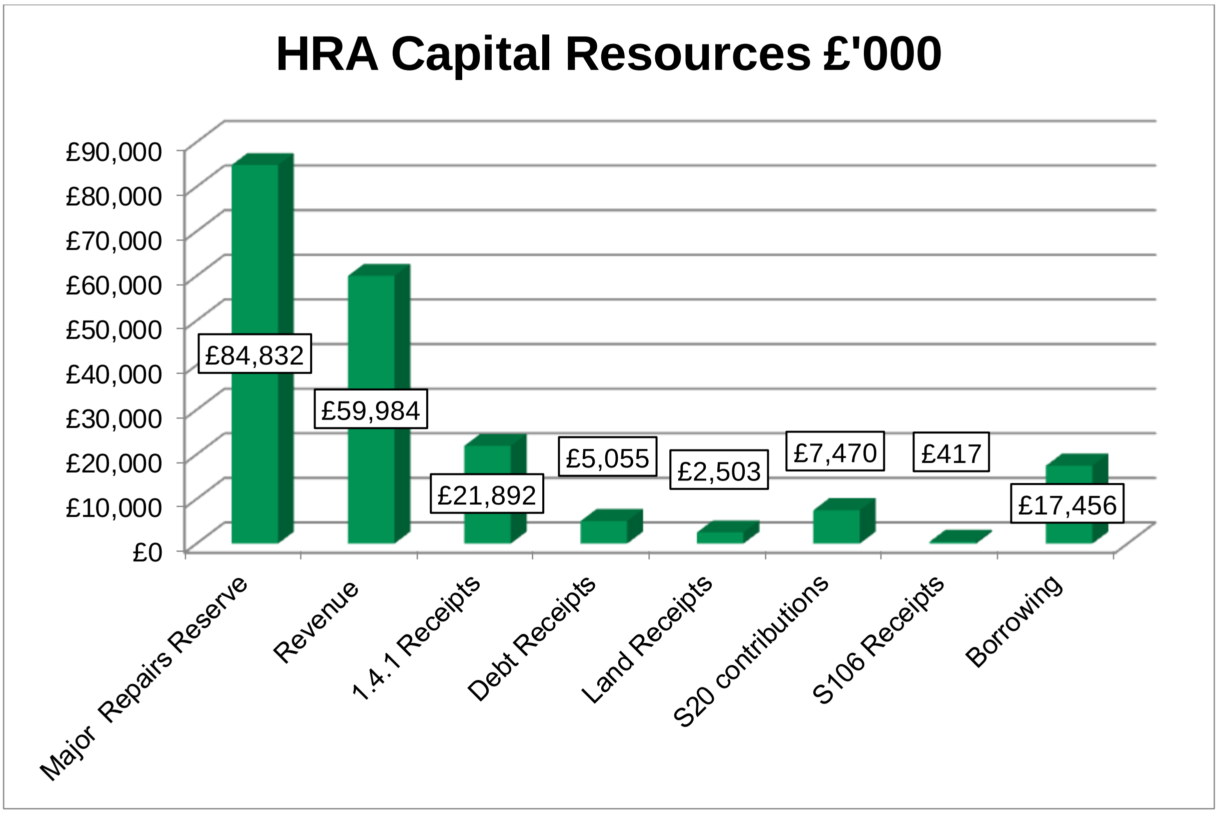
4.8 Capital Programme Investment Strategy Update – Housing Revenue Account 2018/19

4.8.1 The 2018/19 programme was reviewed as part of the January Executive report and changes relating to the re-phasing of the sprinkler works to the high rise blocks and temporary lift provision were reported. This reduced the 2018/19 programme by £2.6Million.

4.8.2 In July Members approved a budget for retrospective fitting of sprinklers to flat blocks. This contract specification has been written and will go out to mini competition shortly with contract mobilisation expected in 2019/20. Budgets have been profiled based on the expected work programme post contract award.

4.9 Capital Programme – HRA Resources (2018/19-2023/24)

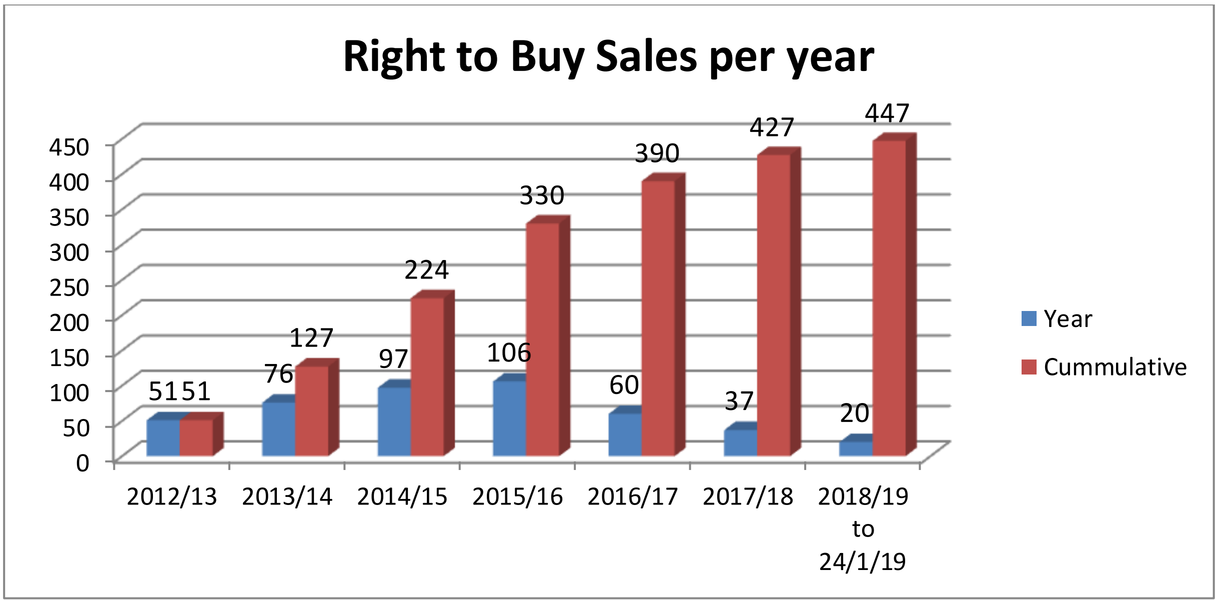
4.9.1 The HRA capital programme is funded from four funding sources, of which the majority is funded from the HRA (via depreciation charges or revenue contributions to capital), this accounts for 73% of total funding. Capital receipts from the sale of council houses totals £26.946Million or 13.5% of total funding; however as Members will be aware the 1.4.1 receipts have restricted use. These remain unchanged from the January report.



4.9.2 The dependency on HRA revenue budgets to fund the programme means that the HRA balances are projected to be at minimum levels by 2022 which precludes the ability to afford new borrowing. The HRA BP action plan will review revenue contributions to capital, looking at affordable opportunities available to fund the capital programme following removal of the debt cap. This review will be brought back to Members in 2019/20. The level of revenue contribution for 2018/19 and 2019/20 are £7,675,440 (unchanged from the working budget) and £13,946,930 respectively.

4.9.3 The funding of the capital programme may change as a result of the actions outlined in paragraph 4.9.2, the level of revenue contributions is estimated at £59.9Million for the period 2018/19-2023/24.

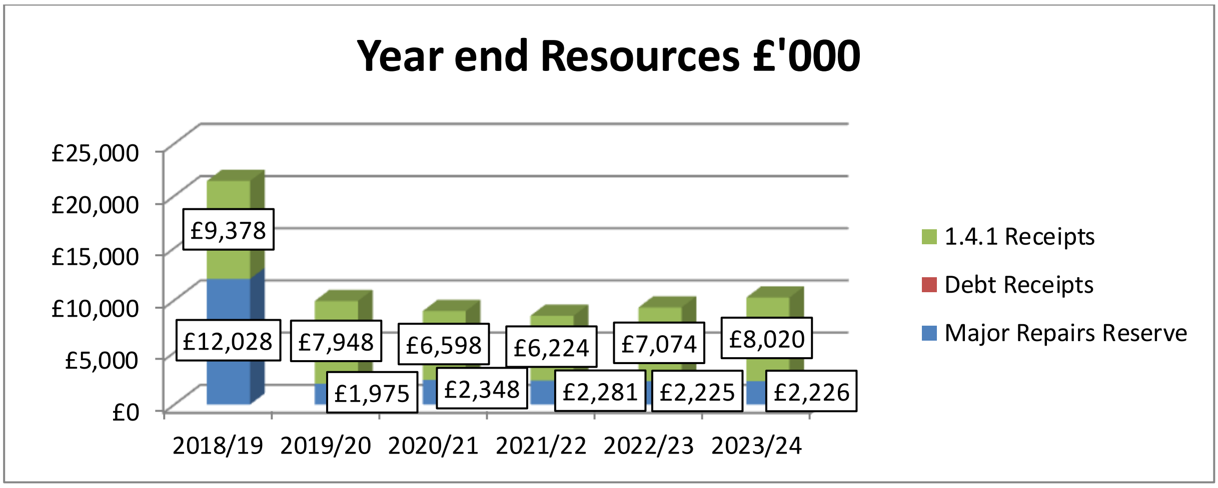
4.9.4 The HRA capital programme funding is based on 35 RTB sales per year (2019/20 onwards), RTB's have fluctuated since self-financing was introduced and in 2018/19 (up to 24/1/2019) there have been 20 RTB sales compared to the revised projection of 25 sales (for 2018/19).



4.9.5 HRA capital resources have been subject to a number of government policy changes impacting on the level of rents raised (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 £80,900 in 2018/19.

4.9.6 The 2018/19 and 2019/20 HRA budget assumes new loans totalling £3.8Million and £4.7Million respectively. The interest payable in 2018/19 and 2019/20 is estimated to be £6,866,152 and £6,960,900 respectively.

4.9.7 The majority of resources available at year end are restricted use 1-4-1 receipts as shown in the following table;



4.10 Return of One for One Receipts

4.10.1 Members have been previously advised that receipts may need to be returned in 2018/19 and this is now estimated to be £346,232 for April-December 2018. There are estimated interest payments of £55,383 to be paid which can be funded from the debt receipt portion of RTB receipts. The projection for the remainder of the year is that if all spend is incurred as profiled no further receipts need to be returned for 2018/19.

4.10.2 The government did indicate in their consultation on RTB receipts that they were considering allowing local authorities to hold receipts they currently retain for five years instead of three, to give them longer to spend the receipts that they already have. Although the consultation closed on the 9 October 2018 no outcome on the submissions received and any government decisions has been published.

4.11 De Minimis Level for Capital Expenditure 2019/20

4.11.1 Accounting best practice recommends that the Council approves a de minimis level for capital expenditure, or a value below which the expenditure would not be treated as capital. This would mean that the expenditure would not be recorded on the asset register nor be funded from capital resources.

4.11.2 The limit set for 2018/19 remains unchanged at £5,000 in the Draft Capital Strategy, this applies to a scheme value rather than an individual transaction.

4.12 Contingency Allowance for 2019/20

4.12.1 The contingency allowance for 2018/19 is £250,000 reflecting the resourcing pressures facing the capital programme. The contingency proposed for 2019/20 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.

4.13 Overview and Scrutiny Committee

4.13.1 The Committee met on the 29 January 2019 and the Assistant Director (Finance and Estates) presented the draft proposals for the 2019/20 Capital Strategy (General Fund and HRA).

4.13.2 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.

4.13.3 The Committee asked questions about what conditions had to be met to satisfy the release of the GD3 monies and therefore the bus station LEP funding. The Strategic Director (TP) advised that the LEP had written to the government proposing how to meet the required conditions, however the governance had not yet been agreed by government.

4.13.4 The committee also noted the impact on the Council's capital programme as set out in the draft report should the Council have to fund the asset.

4.13.5 The Committee did not recommend any changes to the draft budget.

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 significant risks around achieving the level of disposals or land sales budgeted for, failure to do so could lead to reducing the capital programme in year and schemes in 2019/20 have already been identified as being held subject to receipts being realised. 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 As part of the council's obligations to its regeneration partner, Mace, the bus station needs to be relocated as part of SG1. Funding for the bus relocation has been approved as part of the Growth Deal 3 package, however no response has been received to the new governance arrangements and as yet funds have not been released. If funding is not available to costs of £6.1Million will need to be funded by the Council.

5.3.3 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.

5.3.4 There are a number of deferrals in the capital programme and schemes not approved in Appendix A. A contingency amount via the deferred works reserve (20% of the works not approved awaiting reviews), is included in the General Fund programme to address any additional unavoidable capital spend, however there is a risk that this may not be sufficient.

5.3.5 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.

5.3.6 The Council's ambition around regeneration, housing delivery and Neighbourhood regeneration could increase pressure on scarce capital resources.

5.3.7 The level of RTB receipts if reduced does contribute to HRA balances in terms of rent and meets the Council's council homes waiting list need, 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

1st Quarter Capital Monitoring report (September 2018 Executive)

Final HRA Rent Setting and Budget Report (January 2019 Executive)

Housing Revenue Account Business Plan November Executive

Draft Capital Strategy January Executive

APPENDICES

A - General Fund Capital Bids for consideration -

B - General Fund Capital Strategy

C - HRA Capital Strategy

Ref No	Priority (1-5) (see list below)	Description of Growth Proposal	Est life of asset	Capital in 2019/20	Capital in 2020/21	Capital in 2021/22	Capital in 2022/23	Capital in 2023/24	Reason for Spend	Consequence of delaying spend/alternative course of action	Funding available	Average Score LSFG
RECOMMENDED FOR APPROVAL- GENERAL FUND												
C REG1	1,2	CCTV relocation / Swingate(KE467)		£1,400,000					This expenditure is part of the LEP monies that have been allocated to Stevenage for the SG1 regeneration scheme and have been approved by the LEP board and are required in order to bring the SG1 scheme forward as Swingate house site is in the early phases of the Regeneration scheme.	The building need to be vacated and the CCTV function would thus need to move from this site.	£1,400,000	**3.00**
C REG2	1,2	Land Assembly (Previously known as TC Regeneration KE454)		£100,000					This expenditure is part of the LEP monies that have been allocated to Stevenage for the SG1 regeneration scheme and have been approved by the LEP board and are required in order to bring the SG1 scheme forward. LEP Funded £5.6m of loan funding allocated by the Herts LEP for land acquisition and this is part to facilitate land acquisition required to enable SG1 in 2019/20.	This is fully funded from the LEP ad has been approved by the LEP Board	£100,000	**3.00**
C REG3	1,2	Townsquare improvements (Units 3-29)			£200,000	£300,000			This expenditure is part of the LEP monies that have been allocated to Stevenage for the SG1 regeneration scheme and have been approved by the LEP board and are required in order to bring the SG1 scheme forward. This remaining grant funding reallocated by Herts LEP towards Town Square project.	This is fully funded from the LEP and has been approved by the LEP Board	£1,800,000	**3.00**
C REG6	1,2	Public Sector Hub		£1,100,000	£0	£1,179,000	£1,295,000	£26,768,000	The Public Sector Hub is a vital part of the SG1 scheme and forms one of the conditions within the SG1 development agreement. The hub is funded from assumed land values received through the SG1 scheme. (There is a further £5.410Million spend expected in 2024/25). This is part of the scheme approved by Members as part of the approval of the SG1 Development Partner.	The new public sector hub is an essential part of the SG1 scheme and needs to be built in order to free up under utilised sites for redevelopment.	£30,342,000	**3.00**
C HD2	2 - HD	Housing Development Scheme	50	£3,020,448	£1,703,788	£190,457	£0	£0	This is the General Fund portion of a housing development scheme including reprovision of retail and community centres and private housing.	The scheme is subject to planning approval, however if the private housing were not sold the cost of redeveloping the retail units (General Fund) would be need to be funded from existing General Fund resources.	£3,204,760	**3.00**
C HD7	2 - HD	Private sale schemes - Wedgewoodway		£350,000					For acquisition of four properties at Wedgewood Way from Metropolitan Housing Association. These properties are expected to be sold in the open market by 31 March 2019	This generates a net receipt of £650K to the General Fund.	£1,200,000	**3.00**
C C&N6	1	St Georges Multi Storey Car Park - resurfacing works	50 Years	£0	£0	£0	£0	£220,000	The expenditure for years 2019/20-2022/23 has previously been approved and is required to maintain structural integrity resurfacing and refurbishment works at MSCP.	Concrete Cancer/Structural Failure		**3.00**
C C&N9	5	Cycleways Installations: **10%** Match Funding for Arts Council bid of £100,000 to animate and improve cycle routes leading to town centre.	10 years	£10,000					Town Centre Regen and Cultural Strategy	SBC only going to provide 10% match funding to Arts Council. This should link in with Cycle path bid submitted by Regeneration		**3.00**
C SDS7	1	Trade Waste Containers	7 Years	£20,000	£20,000	£20,000	£20,000	20,000	Container supply to allow the expansion of the council's trade waste business. This is in addition to the revenue budget that the service already has for replacement domestic waste containers.	Inability to expand trade waste services and yield greater income.		**2.83**

APPENDIX A

Ref No	Priority (1-5) (see list below)	Description of Growth Proposal	Est life of asset	Capital in 2019/20	Capital in 2020/21	Capital in 2021/22	Capital in 2022/23	Capital in 2023/24	Reason for Spend	Consequence of delaying spend/alternative course of action	Funding available	Average Score LSFG
C SDS8	1	Cavendish Road - Cardboard Baler	10 Years	£30,000	£0	£0	£0	£0	Card is currently loaded and hauled in loose loads. Baling the card will allow operational efficiency due to higher volumes on haulage vehicles and the potential to yield higher return from income per tonne.	Inability to realise operational efficiencies and maximise income potential.		**2.83**
C SDS9	1	Cavendish Road - 2 x Can balers	10 Years	£0	£20,000	£0	£0	£0	Replacement of existing can balers that will have reached the end of their serviceable life.	Inability to yield high income streams from the sale of aluminium and steel can bales.		**2.83**
C IT1	2	IT growth projects (incl. Office 365, Storage solutions, GDPR,Next Generation telephony and Database upgrades Win 2008/SQL 2008)	5	£221,100				£300,000	The expenditure for years 2019/20-2022/23 has previously been approved and required as part of the Partnership agreement to fund capital works.	Failure to meet regulatory requirements and increasing downtime of systems due to aging hardware causing downtime causing lack of productivity, or complete failure of systems		**2.80**
C C&N4	4	Pin Green Play Centre	10 years	£35,000	£0	£0	£0	£0	Maintain play offer at Pin Green Play Centre. Replace wooden platforms. This is a focal point of equipment at Pin Green Play centre, and provides the children with an opportunity for risky play. Two platforms on large outside equipment that are showing signs of rot. It has been highlighted by Timberplay last summer and came up in the most recent ROSPA report	Delaying the replacement would potentially mean the equipment would deteriorate and have to be taken out.		**2.80**
C C&N5	4	Bandley Hill play centre - replace fencing	10 years	£23,000	£0	£0	£0	£0	Safeguard children who use Bandley Hill Play Centre. Replace fencing at the front entrance of Bandley Hill playcentre. Bandley hill Playcentre is open access and caters for children aged 5 – 14 years	Due to safeguarding issues around adults accessing the site during opening times, a temporary fence line to ensure all adults come through the playcentre building and make themselves known before entering the playcentre grounds a temporary fence has been erected. A permanent fence is required in order to fully safeguard the children in SBC care.		**2.80**
C C&N7	4	New Entrances/resurfacing	50 Years	£15,000	£25,000	£25,000	£25,000	£25,000	Ongoing resurfacing It is anticipated that 4/5 car parks will require this in 2019/20 .The Tree and lighting protection bollards in both Marshgate and Forum require replacement, and we anticipate a slurry coat at Church Lane North and works in Waitrose. The budget has been reduced for 2019/20 to £15,000 based on the works identified.	Surface Damage		**2.80**
C C&N8	1	CCTV Cameras Replacement	1-5yrs					£20,000	The expenditure for years 2019/20-2022/23 has previously been approved and required. The money is to migrate IP addressable Cameras and is a rolling programme.	There is a risk of obsolescence		**2.80**
C H&I 39	1&4	Indoor Market - New LED General & Lighting.			£65,000.00				Energy Conservation Survey Findings in 2016/2017 identified cost saving in running cost at £1000 pa/Existing fittings becoming outdated/replacement will enhance lighting levels	Loss of Potential Income/ Illumination Levels will Reduce in the short term future due to system deterioration		**2.80**
C SDS10	1	Cavendish Road Depot Yard Drainage renovation.	20 Years	£100,000	£0	£0	£0	£0	Current drainage is failing and will lead to non-compliance with the requirements of the sites waste permit to operate.	Inability to use waste site if infrastructure does not comply with the requirements for the waste permit.		**2.67**
C FE1	1	Refurbishment works to Commercial Properties (shops) - MRC Programme	50	£387,120	£226,100		£61,020		The Major Repairs contract works have identified that some of the capital spend relates to properties above shops. The shops are General Fund assets and therefore should pay an appropriate amount of the cost of the common areas and roofing works.	The assets are split over two funds the HRA and the General Fund and each fund would need to resource their share, the alternative would be not to do the works to the HRA homes.		**2.60**

STEVENAGE BOROUGH COUNCIL
GF CAPITAL - PRIORITY BASED BUDGETING 2019/20 - 2023/24

APPENDIX A

Ref No	Priority (1-5) (see list below)	Description of Growth Proposal	Est life of asset	Capital in 2019/20	Capital in 2020/21	Capital in 2021/22	Capital in 2022/23	Capital in 2023/24	Reason for Spend	Consequence of delaying spend/alternative course of action	Funding available	Average Score LSFG
C H&I 38	1&4	Indoor Market - New Hot Air Curtains to 3 Shoppers Entrances.		£20,000					Radiant Heating Refurbished in 2017/2018 -3 Main Public Entrances to Market have no supplemental heating to limit Heat Loss	Operational Efficiency of Building will be further prejudiced -Premature failure of overworked refurbished radiant heating to area which is principle heating medium		**2.60**
C SDS6	3	3 x domestic recycling collection vehicles	7 years	£0	£0	£0	£0	£705,000	Replacement of existing vehicles that will have reached the end of their serviceable life- (£10,000 expected as " trade- in" value per vehicle)	Inability to fulfil statutory obligation to collect domestic recycling.		**2.50**
C PR3	4	Onstreet - Contactless Pay		£10,000					Machines upgraded to accept contactless pay, this will increase the functionality and options for payment from cash and Ringo to include contactless.			**2.50**
C H&I 42	3&4	Test and risk assessment remedial works		£15,000.00					Essential Health and safety works required resulting from compliance testing and risk assessment reports	Building will become non compliant leading to risk to health and safety of the occupants and users of the building		**2.50**
C H&I 3	1&4	Oval CC - Replace Windows		£15,000.00					Flat Roofing Renewed in 2017/2018 - Historic Windows are the sole external element remaining in a deteriorated condition -Replacement will complete recent external waterproofing of external parts of the Building. .	Operational Efficiency of Building will be further prejudiced/ Security & Building Integrity both compromised/Risk of water penetration and consequential damage. The works to community centres and pavilions in 2019/20 are only high priority works designed to ensure the buildings remain operation in advance of the locality reviews which were recommended as part of the Asset Management Strategy		**2.40**
C H&I 28	4	Ridlins Pavilion - M&E Refurbishment of AHU Plant & Controls.		£25,000.00			£0.00		Essential Major Works to Plant controlling Heating/Hot Water & Mechanical Intake & Extract Ventilation-15 Year identified Refurbishment to ensure Adequate Facilities & Heating are provided. Following M&E condition survey carried out in Sep 2018, urgent works have been identified for 2019/20.	Failure of Plant & Equipment will render building and facilities unusable. The works to community centres and pavilions in 2019/20 are only high priority works designed to ensure the buildings remain operation in advance of the locality reviews which were recommended as part of the Asset Management Strategy.		**2.40**
C H&I 34	1&4	Bandley Hill Play Centre - Replace Fenestration		£0.00	£30,000.00				Identified in 2012/13 stock condition survey as reaching end of safe & serviceable life-Further deterioration has occurred in 5 years which have since elapsed to the 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	Operational Efficiency of Building will be further prejudiced//Poor Thermal Insulation with resulting heat losses/sealed units failing/risk of water ingress.		**2.40**
C C&N3	4	Stevenage Leisure Centre	10 years	£0	£0	£0	£150,000	£0	Leisure management - end of contract capital provision. It is likely that SBC may have some liabilities for the end of contract term, primarily to improve the facilities to make them more attractive to the market. Planning for end of contract	SBC would have liabilities in relation to the conditions of the buildings, spend would be required to ensure that income opportunities are maximised for any potential bidding contractor. SBC is intending to build a new wet and dry leisure facility and a new or refurbished theatre however some spend will still be required for Fairlands Valley Park Sailing Centre and Stevenage Golf Centre		**2.20**

Ref No	Priority (1-5) (see list below)	Description of Growth Proposal	Est life of asset	Capital in 2019/20	Capital in 2020/21	Capital in 2021/22	Capital in 2022/23	Capital in 2023/24	Reason for Spend	Consequence of delaying spend/alternative course of action	Funding available	Average Score LSFG
C H&I 33	4	Bandley Hill Play Centre - Replace Hall Floor Covering		£25,000.00					Identified in 2012/13 SCS as reaching end of safe & serviceable life-Further deterioration has occurred in 5 years which have since elapsed, and this is a very well used facility.	Increased risk of trips, the area will become unusable which is the principle facility within the building. The works to community centres and pavilions in 2019/20 are only high priority works designed to ensure the buildings remain operation in advance of the locality reviews which were recommended as part of the Asset Management Strategy.		**2.20**
C H&I 29	1&4	Pin Green Play Centre - Recover Flat Roof		£35,000					Identified in 2012/2013 SCS as a major element with a limited future life expectancy -The roof was re-inspected by one of our qualified Building Surveyors last year, there is clear evidence of patch repairs undertaken in the recent past and further deterioration to the general covering and at details have occurred. The roof is not insulated and works must include incorporation of insulation to meet current Building Regulations standards. Identified in 2012/13 SCS as reaching end of watertight life-Further deterioration has occurred in 5 years which have since elapsed	Operational Efficiency of Building will be further prejudiced/Risk of building closure due to water penetration and damage to building structure & fabric		**2.17**
C SDS1	3	Green Space Access Infrastructure	10 yrs	£95,000	£148,000	£153,000	£128,000	£128,000	There is no formal programme for resurfacing of parks footpaths, car parks and access roads. officers currently rely on ad hoc works being undertaken when we become aware of H&S concerns. However, a recent technical inspection of our parks access infrastructure indicates that our parks access infrastructure is deteriorating, and we can no longer rely on ad hoc patching repairs, funded from revenue.	There has not been a regular programme of surfacing to the parks access infrastructure for many years. Existing surfaces are beginning to fail and will lead to an increase in the likelihood of accidents. The longer it is left the more expensive the job will become - spend to save.		**2.00**
C SDS3	2 - CNM	Play Areas Fixed Play	15 yrs	£20,000	£10,000	£10,000			To enable the delivery of minor improvements to existing equipped play areas to ensure they remain safe and accessible to the children and young people.- Use S106 receipts from various sites which can be used on play will fund the expenditure	Damaged equipment and/or surfacing cannot be replaced until funding is available for that play area within the CNM programme of major play area improvements	£40,000	**2.00**
C PR1	4	Hard Standings	40					£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.(There is an existing rolling budget for Hardstandings (2019/20- 2022/23) in the approved programme)	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		**2.00**
C H&I 6	4	Bedwell CC Boiler / Hot Water & Plant System Controls & Fittings Upgrade			£100,000				Ongoing Issues with Performance of Heating System in this well used Community Centre. The expenditure for years 2019/20-2022/23 has previously been approved.	Operational Efficiency of Building/Rooms may become unusable		**2.00**

Ref No	Priority (1-5) (see list below)	Description of Growth Proposal	Est life of asset	Capital in 2019/20	Capital in 2020/21	Capital in 2021/22	Capital in 2022/23	Capital in 2023/24	Reason for Spend	Consequence of delaying spend/alternative course of action	Funding available	Average Score LSFG
C H&I 7	1&4	Timebridge CC - Resurface Felt Flat Roofs (**60% of stated cost is SBC; 40% for HCC)**		£0	£60,000				Flat Roof Covering not covered by Warranted Guarantee -Indications of initial failure in the covering with patch repairs carried out in 2017/2018. Improvement of the thermal properties by the inclusion of insulation to comply with Building regulations.	Water Penetration risk and consequential damage to structure & fabric/Area could become unusable. The works to community centres and pavilions in 2019/20 are only high priority works designed to ensure the buildings remain operation in advance of the locality reviews which were recommended as part of the Asset Management Strategy.		**2.00**
C H&I 12	4	Symonds Green CC - Replacement Softwood Windows & Doors to Original Hall			£25,000				Original treated softwood in poor condition with limited future life expectancy	Accelerating costs for ongoing repairs/Water penetration and consequential damage to building/Security prejudiced. The works to community centres and pavilions in 2019/20 are only high priority works designed to ensure the buildings remain operation in advance of the locality reviews which were recommended as part of the Asset Management Strategy.		**2.00**
C H&I 14	1,2&4	St Nicholas CC - Replacement Doors & Windows*Subject to locality review				£30,000			Identified in the 2013 stock condition survey and reviewed recently by Building Surveyor the single glazed timber and metal Doors & Windows are in Poor Condition and beyond economic repair. Some of the windows are displaying beading disrepair, corrosion and paint failure.	Premature Deterioration to Woodwork/metal frames leading to risk of reduction in Security to Building and continued poor Thermal Insulation with resulting higher heat losses to the building and higher running costs.		**2.00**
C H&I 27	4	Ridlins Pavilion - Changing Room Showers Refurbishment.					£35,000		Identified Refit/Refurbishment of 15 Changing Room Showers	H&S Risk for unsanitary facilities/Closure of Showers & Changing Rooms		**2.00**
C H&I 35	4	St Nicholas Play Centre - 2 x Replacement External Double Leaf Door sets			£10,000				Remaining Balance of Phased Implemented Capital Works to External Elevation of Modular Building to Restore and Enhance Integrity & Security	Operational Efficiency of Building will be further prejudiced/ Security & Building Integrity both compromised		**2.00**
C H&I 40	4	Station ramp - replace flooring		£7,500	£75,000				Existing resin finish floor failed and is now hazardous. Phased works replace upper level 2019/20 all other areas, treads and nosings 2020/21	Risk of tripping and claims against the Council		**2.00**
C H&I 41	4	Cavendish Road Depot - Reroofing and guttering -		£15,000	£500,000				Metal gutters waterproofed during 2017/18.Detailed inspection / survey and temporary waterproofing works to be carried out in 2019/20. Major reroofing / waterproofing works estimated to be required in 2020/21 Metal profiled roof with initial failure at sheet laps and bolt fasteners and failure of internal gutter	Water Penetration risk and consequential damage to structure & fabric/Building could become unusable. Potential claims or damage of loss of Business from Travis Perkins and CCTV when relocated		**2.00**
C H&I 43		Energy Performance Survey and proposed building works (on commercial properties)						£10,000	Under the current approved programme, £15kpa is included for the same. However, the resulting testing and minor electrical works carried out are deminimus and therefore being charged to revenue as maintenance cost. In 2023/24 , due to legislation change there will be requirement to carry these out (including for Community Centres), it may be worth revisiting the same nearer the time to decide whether future capital works may be required.			**2.00**
		Total for rating 2 and above		**£7,100,668**	**£3,217,888**	**£1,907,457**	**£1,714,020**	**£28,246,000**			**£38,086,760**	
RECOMMENDED FOR APPROVAL- HOUSING REVENUE ACCOUNT				**£7,100,668**	**£3,217,888**	**£1,907,457**	**£1,714,020**	**£28,246,000**			**-£4,099,273**	
C H&I 1	4	Keystone module to support fire safety	20	£32,000					To support the effective management of fire safety within the housing stock. Will provide mobile working solution and workflow solution for addressing actions from fire risk assessments.	Delays in completing fire risk assessments and the associated actions.	£0	**2.80**

STEVENAGE BOROUGH COUNCIL
GF CAPITAL - PRIORITY BASED BUDGETING 2019/20 - 2023/24

APPENDIX A

Ref No	Priority (1-5) (see list below)	Description of Growth Proposal	Est life of asset	Capital in 2019/20	Capital in 2020/21	Capital in 2021/22	Capital in 2022/23	Capital in 2023/24	Reason for Spend	Consequence of delaying spend/alternative course of action	Funding available	Average Score LSFG
C H&I 2	4	Tablets for staff (144 Nos)	5	£5,330	£5,330	£5,330			Original Bid was for £24k per year, based on £500 per tablet. **Following LFSG queries a revised figure of £111 per tablet resulting in an annual budget required of £5,330**.		£0	2.00
C IT1	2	IT growth projects (incl. Office 365, Storage solutions, GDPR,Next Generation telephony and Database upgrades Win 2008/SQL 2008)	5	£108,900				£150,000	The expenditure for years 2019/20-2022/23 has previously been approved and required as part of the Partnership agreement to fund capital works. Regulatory compliance (GDPR and other regulations), replacement of out of date and failing hardware, updating email solution to latest product for productivity and resilience	Failure to meet regulatory requirements and increasing downtime of systems due to aging hardware causing downtime causing lack of productivity, or complete failure of systems	£0	2.80
		Total for rating 2 and above		**£146,230**	**£5,330**	**£5,330**	**£0**	**£150,000**			**£0**	
RECOMMENDED FOR APPROVAL WHN FUNDING AVAILIBLE GENERAL FUND												
C REG5	1,2	Multi Storey Car Park (MSCP) - St Georges	40	£1,000,000					St Georges multi storey car park will have an increasingly significant role to play in the town as other surface level car parks are redeveloped. The Park Place scheme will clad and help improve the appearance of one of the sides of this car park but the others will be left still to be addressed. This funding will tackle the issues such as the perception of safety and look of the outside of the car park to give a great look and feel appropriate for a regenerated town centre.		£0	2.08
											-£306,890	
NOT RECOMMENDED FOR APPROVAL SUBJECT TO LOCALITY/COMMUNITY CENTRE REVIEW/REGENERATION OR HOME IMPROVEMENT GRANTS												
C H&I 31	4	Pin Green Play Centre - Refurbish Washroom			£25,000				Identified in 2012/2013 SCS as an internal element being essential for use & occupation with a limited remaining lifespan predicted -The area was reinspected recently 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.	Operational Efficiency of Building will be further prejudiced-Health & Safety implications from unhygienic conditions		1.83
C H&I 4	4	Oval CC - Reception Lighting & Suspended Ceiling refurbishment			£0	£50,000			Ceiling Tiles Aged with areas water stained from historic water leakage resultant from flat roofs over [now recovered] /Lighting is traditional fluorescent and would benefit from LED Scheme	Operational Efficiency of Building		1.80
C H&I 5	1&4	Bedwell CC - Resurface Flat Roofs*Subject to Lease Responsibility& CC Buildings Review		£0	£150,000				Identified in 2012/13 SCS as reaching end of watertight life-Further deterioration has occurred in 5 years which have since elapsed. Increase the thermal properties by the inclusion of insulation to comply with Building Regulations	Operational Efficiency of Building will be further prejudiced/Risk of building closure due to water penetration and damage to building structure & fabric		1.80
C H&I 13	4	St Nicholas CC -Toilets & Reception Refurbishment*Subject to CC Buildings Review[Future Life of Building]		£0	£75,000				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. Designs for new refurbishment / extension providing an enhanced layout arrangement/upgrade to suit modern needs has been carried out. This offers basic Dated Facilities offering inadequate conditions	Operational Efficiency of Building will be further prejudiced -Health & Safety implications from unhygienic conditions and increased uneconomic ongoing repairs and replacement		1.80

STEVENAGE BOROUGH COUNCIL
GF CAPITAL - PRIORITY BASED BUDGETING 2019/20 - 2023/24

APPENDIX A

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C H&I 15	4	Springfield House CC -Toilets					£25,000		Toilet of Aged Appearance & Condition in Well used Centre	Operational Efficiency of Building		1.80
C H&I 16	4	Springfield House CC - replacement of Historic Column Radiators *Subject to CC Buildings Review[Future Life of Building]		£0	£35,000				Boiler & Plant Replaced. Original Column/Hospital type cast iron radiators were flushed .Radiators have very limited future life expectancy- Replacements would logically be the required second phase of heating enhancement works.	Risk of leaks leading to Water Damage/Inadequate Heating/Loss of Amenities [Rooms unable to be occupied]		1.80
C H&I 8	4	Timebridge CC - Replace Main Hall Floor *Subject to Lease Responsibility& CC Buildings Review; **ONLY 60% of stated cost is SBC; 40% for HCC to agree to pay; reduced cost shown in blue cell**			£15,000				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 requiring new surface.	Operational Efficiency of Building/Risk of Tripping rendering this area unusable		1.75
C H&I 30	4	Pin Green Play Centre - External works & Redecoration of Modular Building including Replacement Front Entrance Door		£25,000	£0				Restoration Work to a Deteriorated Modular Building in Full Use to extend future life expectancy. This has been linked to the reroofing works.	Operational Efficiency of Building will be further prejudiced/ Security & Building Integrity both compromised/Increased risk of consequential damage to structure and fabric of building		1.58
C H&I 17	4	Chells Manor CC -External Joinery & Cladding Renewals				£45,000			Original treated softwood in poor condition with limited future life expectancy	Accelerating costs for ongoing repairs/Water penetration and consequential damage to building		1.50
C H&I 36	4	Daneshill House - Recover Flat Roof over Mayors Office/Kadoma Room - Subject to Future Building Lifespan & Occupation		£40,000					Ongoing periodic Leakage occurs/ Existing Finish was highlighted in 2012/2013 SCS as reaching end of waterproof life. Alternative continue with patch repairs but no guarantee that this will be successful	Operational Efficiency of Building will be further prejudiced		1.50
C H&I 24	4	Peartree Park Pavilion - Replace Pitched Roof Covering			£50,000				Roof covering aged at nearing end of watertight life	Water Damage resulting in damage to structure and fabric / Areas will become unusable		1.33
C H&I 9	4	Shephall CC - Replacement External Screen Walling and Older Windows *Subject to CC Buildings Review[Future Life of Building]		£0	£65,000				Substantial Metal Single Glazed Screen Wall & Historic Windows[to parts of building] noted in SCS to have limited remaining life - No works carried out since	High Thermal Losses / Security & Building Integrity both compromised		1.25
C H&I 10	4	Shephall CC - Resurface All Flat Roofs			£95,000	£0			SCS in 2012/2023 recommended replacement covering - Since this time limited patch repairs only have been undertaken-Coverings are realistically at end of watertight life	Operational Efficiency of Building/Potential of Damage occurring to Building Fabric if no work undertaken		1.25
C H&I 18	4	Chells Manor CC -Boiler & Hot Water					£40,000		Aged boiler reaching end of economic/serviceable life	Building Areas may become unusable		1.25
C H&I 26	4	Chell Park Pavilion - Replace Boilers & Calorifiers[2] / Refurbish System Controls- *Dependant upon P&P Buildings Review				£150,000			Essential Major Works to Plant controlling Heating/Hot Water Refurbishment to ensure Adequate Facilities & Heating are provided	Operational Efficiency of Building		1.25
C H&I 11	4	Shephall CC - Replace Wood Block Main Hall Floor*Subject to CC Buildings Review[Future Life of Building]		£0	£25,000				Wood Block Flooring at End of Life Expectancy -No further repairs are practicable-The current floor thickness remaining to this interlocked floor system cannot be resanded further as the layered wood thickness is insufficient requiring new surface.	Operational Efficiency of Building		1.00
C H&I 19	4	St Nicholas Pavilion - Replace External Doors -				£25,000			Replacement Doors to Building Elevations-Past Repairs carried out to softwood painted doors now reaching end of serviceable life	Security & Integrity of Building Prejudiced		1.00

STEVENAGE BOROUGH COUNCIL
GF CAPITAL - PRIORITY BASED BUDGETING 2019/20 - 2023/24

APPENDIX A

Ref No	Priority (1-5) (see list below)	Description of Growth Proposal	Est life of asset	Capital in 2019/20	Capital in 2020/21	Capital in 2021/22	Capital in 2022/23	Capital in 2023/24	Reason for Spend	Consequence of delaying spend/alternative course of action	Funding available	Average Score LSFG
C H&I 20	4	St Nicholas Pavilion - Replace Low Level Felt Flat Roofing to Rear Building Area - PHASE 1 *Subject to P&P Buildings Review		£0	£85,000				Flat Roof Covering Poor Condition highlighted in SCS 2012/2013 -No Works Since-Patch Repairs carried out in 2018 following Vandalism	Operational Efficiency of Building will be further prejudiced/ Security & Building Integrity both compromised/Risk of water penetration and consequential damage to the fabric and structure of the building		1.00
C H&I 21	4	St Nicholas Pavilion - Replace High Level Pitched Felt Roofing to Main Hall - PHASE 2 *Subject to P&P Buildings Review			£50,000				Flat Roof Covering Poor Condition highlighted in SCS 2012/2013 -No Works Since-Patch Repairs carried out in 2018 following Vandalism	Operational Efficiency of Building will be further prejudiced/ Security & Building Integrity both compromised/Risk of water penetration and consequential damage		1.00
C H&I 22	4	St Nicholas Pavilion - Reconfigure Rear Core of Building for Alternative Use - *Subject to P&P Buildings Review		£0	£20,000				Changing Rooms are Now Defunct & Large Floor Area is Unused - Area could be 'Mothballed' until decision is made	Operational Efficiency of Building		1.00
C H&I 23	4	St Nicholas Pavilion - High level roof ply fascias and soffits replacement works, including window works. - to be carried out at same time as reroofing to this area		£0	£40,000				Panels and fascias in very poor condition and have failed.	Water ingress causing increased risk of structural damage and area becoming unusable		1.00
C H&I 25	4	Peartree Park Pavilion Refurbish Showers & Changing Rooms-*Subject to P&P Buildings Review		£0.00	£30,000				Identified in 2012/13 condition survey / recent inspections identified the generally dilapidated and progressively poor condition of the showers. Refurbishment is required to ensure that the building remains in a condition acceptable for ongoing occupation. Currently Showers facility offers inadequate hygienic washing conditions for an active Sports Pavilion.	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. Operational Efficiency of Building will be further prejudiced/Health & Safety implications from unhygienic conditions		1.00
C H&I 37	4	Town Centre toilets roofing works. Extent of works subject to confirmed life of the building		£65,000					£20K in the 2018/19 budget to carry our upgrade works to the parapet to resolve water ingress through the roof. These works to be considered depending on the anticipated life of the building The success on 2018/19 works can not be guaranteed. To ensure that the building remains fully watertight full reroofing is required	Risk of water ingress causing damage to the fabric and structure of the building. Historically water ingress through the roof has resulted in damage to the electrics. There is a risk that this could occur in future requiring the building to be closed for a period of time until electrics and roof is repaired		1.00
C PR4	4	Home improvement grants	n/a	£18,000	£10,000	£10,000	£10,000	£10,000	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. There's an existing rolling budget of £18,000 in the current approved programme ,however, due the infrequency of grants given **LFSG recommended that this capital spend should it be required is funded from the deferred works reserve**	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.		0.17
NOT RECOMMENDED FOR APPROVAL												
C SDS2	2 - CNM	Green Space Furniture	10yrs	£8,000	£8,000	£8,000			To enable the delivery of seats and picnic benches etc. to ensure that our open spaces remain clean, tidy, and accessible to the whole community. **LSFG- recommend this is funded from LCB budgets.**	Our green spaces are increasingly well used following capital improvements to play areas and other parks facilities. Spaces that previously had no demand for seating and picnic opportunities now do so, and we are receiving more requests for additional seating etc.		1.33

Ref No	Priority (1-5) (see list below)	Description of Growth Proposal	Est life of asset	Capital in 2019/20	Capital in 2020/21	Capital in 2021/22	Capital in 2022/23	Capital in 2023/24	Reason for Spend	Consequence of delaying spend/alternative course of action	Funding available	Average Score LSFG
C C&N1	3	Stevenage Golf Centre	In excess of 30 years	£260,000	£0	£0	£0	£0	To avoid future flood damage to Golf Course. The brook at the Golf Course is approximately half a mile long (both sides of the bank account for 1 mile in total). During prolonged periods and high levels of rain the brook overflows on to the course this has the effect of making some of the course unplayable greens 12 -16. This has not been a significant problem since 2012 which was the last period of prolonged and heavy rainfall. There is also continuing erosion of the soft verge banks which widens the brook, reduces the flow of water and a consequential risk of significant damage to 10 crossing bridges. SBC Officers have consulted with the Environment Agency (EA) who agreed that a proposal for two overflow ponds and bank widening and reinforcement would be appropriate. The Brook is used by the EA as an outflow for the adjacent reservoirs. T**his item was first requested for 17\18 then 18\19 and not recommended by LSFG**	Further delay will cause further erosion of the brook, the EA may require SBC to undertake the works. There is no adverse effect on adjacent property.		**1.00**
C C&N2	4	Stevenage Golf Centre - Pond	In excess of 30 years	£80,000	£0	£0	£0	£0	Aesthetic improvement to Golf Centre pond. Golf Pond, the feature pond at the top of the course needs to be dredged and a liner placed into it. The pond used to be populated with fish and was a high profile visible feature of the course. Now it is dry most of the year and is an eyesore on the course	This will continue to be an eyesore, the alternative is to fill in the pond although some remedial works will have to be done to ensure that water flows are correctly diverted. I would estimate the cost of filling in the pond and water divert works at a cost of £15,000		**1.00**
C PR2	4	Parking restrictions						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.		**1.67**
		Total Bids Below Line (score<2)	**0**	**£496,000**	**£778,000**	**£288,000**	**£75,000**	**£35,000**				
		Withdrawn Bids										

Priorities:
Priority 1
Priority 2
Priority 3
Priority 4
Priority 5

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APPENDIX B - GENERAL FUND CAPITAL STRATEGY

Stevenage BOROUGH COUNCIL

Cost Centre	Scheme	2018/2019 Working Budget £	2018/2019 Actuals 31/12/18 £	2018/2019 February Final Report £	2019/2020 February Final Report £	On Hold	2020/2021 February Final Report £	2021/2022 February Final Report £	2022/2023 February Final Report £	2023/2024 February Final Report £
	General Fund - Schemes									
	Stevenage Direct Services	3,366,450	1,693,577	3,366,450	3,339,400		2,676,400	2,650,900	2,505,000	1,228,000
	Housing Development	940,670	124,412	940,670	4,050,450		1,703,790	190,460		
	Finance and Estates	275,770	28,089	275,770	13,646,170		241,100	15,000	76,020	10,000
	Corporate Projects, Customer Services & Technology	847,610	150,992	847,610	521,100		300,000	300,000	300,000	300,000
	Housing and Investment	1,512,440	242,934	1,512,440	177,500		870,000	30,000	35,000	
	Regeneration	7,299,680	2,202,803	7,299,680	9,900,000		2,800,000	3,579,000	1,295,000	26,768,000
	Communities and Neighbourhoods	225,260	79,079	225,260	112,000		20,000	40,000	170,000	20,000
	Planning and Regulatory	997,000	640,315	997,000	441,000		325,000	325,000	325,000	295,000
	Deferred Works Reserve	108,450		20,000	29,600		154,000	56,000	15,000	2,000
	Total Schemes with Growth Added	**15,573,330**	**5,162,202**	**15,484,880**	**32,217,220**		**9,090,290**	**7,186,360**	**4,721,020**	**28,623,000**
	Schemes included above on hold pending receipts				**368,500**		**898,000**	**263,000**	**403,000**	**173,000**
	General Fund -Resources									
	Capital Receipts	5,691,520		5,691,520	3,220,544		2,613,660	1,179,000	1,295,000	27,514,528
	New Build 1-4-1 Receipts - Additional Funding from HRA for RP Grants	728,170		728,170						
	Unpooled Receipts	12,500		12,500						
	Grants	257,800		257,800	814,420		85,580			
	S106's	25,000		25,000	20,000		10,000	10,000		
	LEP	5,600,000		5,600,000	8,800,000		1,800,000	2,400,000		
	RCCO	531,750		531,750	4,000		4,000	4,000	4,000	
	Regeneration Asset Reserve	356,770		356,770						
	Capital Reserve (BG916 Revenue Savings)	664,247		575,797	937,139		1,448,196	970,114	1,118,056	733,191
	Capital Reserve (BG903 Housing Receipts)	357,066		357,066	360,637		364,244	367,886	371,564	375,281
	New Homes Bonus	514,307		514,307	308,000		312,000	362,500	230,000	
	Prudential Borrowing Approved	834,200		834,200	14,516,450		834,400	1,702,400	1,702,400	
	Housing GF development short term borrowing- and funded from private sale				2,084,030					
	Housing GF development Ringfenced receipt from private sale				1,152,000		1,618,210	190,460		
	Total Resources (General Fund)	**15,573,330**		**15,484,880**	**32,217,220**		**9,090,290**	**7,186,360**	**4,721,020**	**28,623,000**

APPENDIX B - GENERAL FUND CAPITAL STRATEGY

Stevenage BOROUGH COUNCIL

Cost Centre	Scheme	2018/2019 Working Budget £	2018/2019 Actuals 31/12/18 £	2018/2019 February Final Report £	2019/2020 February Final Report £	On Hold	2020/2021 February Final Report £	2021/2022 February Final Report £	2022/2023 February Final Report £	2023/2024 February Final Report £
	General Funds Receipts									
	Unallocated B/fwd	**(5,319,964)**		**(5,319,964)**	**(205,244)**		**(20,700)**	**(439,200)**	**(2,888,740)**	**(2,888,740)**
	In Year Receipts	(752,500)		(576,800)	(4,188,000)		(6,734,400)	(3,819,000)	(1,295,000)	(26,768,000)
	Used in Year	5,691,520		5,691,520	3,220,544		2,613,660	1,179,000	1,295,000	27,514,528
	Ring Fenced Receipts Used to Repay Short Term Borrowing				1,152,000		3,702,240	190,460		
	General Fund Receipts Unallocated C/fwd	**(380,944)**		**(205,244)**	**(20,700)**		**(439,200)**	**(2,888,740)**	**(2,888,740)**	**(2,142,212)**
	Receipts Ringfenced for Regeneration NOT INCLUDED IN GENERAL RECEIPTS				**(1,657,250)**					
	Receipts Ringfenced for Garages Programme INCLUDED IN GENERAL RECEIPTS				**(600,000)**		**(878,400)**			
	Capital Reserve Resource									
	Unallocated B/fwd				**(422,203)**		**(555,064)**	**(176,868)**	**(276,754)**	**(228,698)**
	In Year Resource	(1,355,066)		(1,355,066)	(1,430,637)		(1,434,243)	(1,437,886)	(1,441,565)	(1,445,280)
	Used in Year	1,021,313		932,863	1,297,776		1,812,439	1,338,000	1,489,621	1,108,471
	Capital Reserve Unallocated C/fwd	**(333,753)**		**(422,203)**	**(555,064)**		**(176,868)**	**(276,754)**	**(228,698)**	**(565,507)**

APPENDIX B - GENERAL FUND CAPITAL STRATEGY

Stevenage BOROUGH COUNCIL

Cost Centre	Scheme	2018/2019 Working Budget £	2018/2019 Actuals 31/12/18 £	2018/2019 February Final Report £	2019/2020 February Final Report £	On Hold	2020/2021 February Final Report £	2021/2022 February Final Report £	2022/2023 February Final Report £	2023/2024 February Final Report £
	Stevenage Direct Services									
	Parks & Open Spaces									
KC218	Hertford Road Play Area (S106 Funded)	25,000		25,000						
KE911	Play Area Improvement Programme	286,260	135,777	286,260	137,000		243,000	283,500	220,000	
KE097	Litter bins	68,640	35,726	68,640	125,000		73,000	83,000	10,000	
KE329	Play Areas Fixed Play	17,000	16,185	17,000						
Growth	**Play Areas Fixed Play**				**20,000**		**10,000**	**10,000**		
Growth	**Green Space Access Infrastructure**				**95,000**	*	**148,000**	**153,000**	**128,000**	**128,000**
	Other									
KG002	Garages	1,054,200	200,700	1,054,200	2,047,400		1,957,400	1,952,400	1,952,400	375,000
KE487	Cavendish Depot - Road Markings and Barriers	12,750		12,750						
Growth	**Cavendish Depot - Renovation/Yard Drainage**				**100,000**					
Growth	**Refurbishment of Western Rd Cemetery Office**				**6,500**	*				
	Vehicles,Plant,Equipment									
KE349	Waste Receptacles	30,000	18,316	30,000	15,000	*	15,000			
Growth	**Trade Waste Containers**				**20,000**	*	**20,000**	**20,000**	**20,000**	**20,000**
Various	Vehicle/Plant replacement Programme -	1,872,600	1,286,873	1,872,600	743,500		190,000	149,000	174,600	
Growth	**Vehicle/Plant replacement Programme**				**30,000**		**20,000**			**705,000**
	Total Stevenage Direct Services	**3,366,450**	**1,693,577**	**3,366,450**	**3,339,400**		**2,676,400**	**2,650,900**	**2,505,000**	**1,228,000**
	Housing Development									
KG030	Grants To Registered Providers	728,170	(236,659)	728,170						
KE328	Archer Road Neighbourhood Centre 2014 (General Fund)	12,500	5,953	12,500						
KG032	Building Conversion into New Homes - Ditchmore Lane	200,000	355,118	200,000	680,000					
Growth	**Kenilworth - Retail**				**547,800**		**1,052,900**	**190,460**		
Growth	**Kenilworth - Community Centre**				**733,200**		**85,580**			
Growth	**Kenilworth - Malvern Close**				**1,739,450**		**565,310**			
Growth	**Housing Development Scheme (Joint GF/HRA)**				**3,020,450**		**1,703,790**	**190,460**		
Growth	**Private Sales Schemes - Wedgwood Way**				**350,000**					
	Total Housing Development (including grants to Registered Providers)	**940,670**	**124,412**	**940,670**	**4,050,450**		**1,703,790**	**190,460**		

APPENDIX B - GENERAL FUND CAPITAL STRATEGY

Stevenage BOROUGH COUNCIL

Cost Centre	Scheme	2018/2019 Working Budget £	2018/2019 Actuals 31/12/18 £	2018/2019 February Final Report £	2019/2020 February Final Report £	On Hold	2020/2021 February Final Report £	2021/2022 February Final Report £	2022/2023 February Final Report £	2023/2024 February Final Report £
	Finance & Estates									
KG025	Garage Site Assembly	180,000	9,870	180,000						
KR912	Investment Property				13,244,050					
KR914	IDOX Property Management Software	21,180	3,980	21,180						
KR915	Energy Performance Surveys and Proposed Building Works	42,000		42,000	15,000		15,000	15,000	15,000	
Growth	**Energy Performance Surveys and Proposed Building Works**									**10,000**
Growth	**Commercial Properties Refurbishment (MRC Programme)**				**387,120**		**226,100**		**61,020**	
KR147	Commercial Properties - Asbestos Removal	20,410		20,410						
KR148	15 The Hyde - Reroofing	12,180	14,239	12,180						
	Total Finance & Estates	**275,770**	**28,089**	**275,770**	**13,646,170**		**241,100**	**15,000**	**76,020**	**10,000**
	Corporate Projects, Customer Services & Technology									
	IT General									
KS251	Harmonising Infrastructure Technology (for shared service)	32,240	16,470	32,240						
KS268	Infrastructure Investment	250,450	88,245	250,450	200,000		300,000	300,000	300,000	
Growth	**Infrastructure Investment**				**221,100**					**300,000**
	Total IT General	**282,690**	**104,715**	**282,690**	**421,100**		**300,000**	**300,000**	**300,000**	**300,000**
	Employer of Choice (EOC)									
KS260	Replacement HR & Payroll System	23,520	7,004	23,520						
KS269	New Intranet	74,150	24,511	74,150						
	Total EOC	**97,670**	**31,515**	**97,670**						
	Connected to Our Customer (CTOC)									
KS270	Online Customer Account (formerly Capita Advantage Digital)	100,000	2,705	100,000						
KS271	Corporate Website - Redesign	99,000	878	99,000						
KS256	Uniform Implementation	10,000	3,650	10,000						
KS263	Waste and Recycling System	80,000	776	80,000						
KS272	Electronic SMB Reports System		5,695							
KS273	Call Recording	46,000	366	46,000						
KS264	Civica Icon Payments (Car Park Season Ticket Online Solution	10,000	111	10,000						
KS274	New CRM Technology	99,000	443	99,000						
KS275	Future Online Development of Civica Icon Payments	20,000	111	20,000						
TBA	Next Generation Telephony				100,000					
	Total CTOC	**464,000**	**14,733**	**464,000**	**100,000**					
	Housing All Under One Roof Programme									
KS262	On-Line Housing Application Form	3,250	29	3,250						
	Total Corporate Projects, Customer Services & Technology	**847,610**	**150,992**	**847,610**	**521,100**		**300,000**	**300,000**	**300,000**	**300,000**

APPENDIX B - GENERAL FUND CAPITAL STRATEGY

Stevenage BOROUGH COUNCIL

Cost Centre	Scheme	2018/2019 Working Budget £	2018/2019 Actuals 31/12/18 £	2018/2019 February Final Report £	2019/2020 February Final Report £	On Hold	2020/2021 February Final Report £	2021/2022 February Final Report £	2022/2023 February Final Report £	2023/2024 February Final Report £
	Housing and Investment									
KG024	Asbestos Surveyor for Garages (one year contract)	26,720	4,453	26,720						
	Play Centres									
KC910	Pin Green - New Storage Heaters	8,500	5,450	8,500						
KC911	Pin green - Replace External lighting	12,000	3,719	12,000						
KC912	Pin Green - Replace Hall Lighting	10,000	6,975	10,000						
Growth	**Pin Green - Recover Flat Roof**				**35,000**					
KC913	Bandley Hill - Replace External Door Sets	6,000	852	6,000						
Growth	**Bandley Hill - Replace Fenestration**						**30,000**			
Growth	**Bandley Hill - Replace Hall Floor Covering**				**25,000**					
Growth	**St Nicholas - Replacement Doors**						**10,000**			
	Community Centres									
KE902	Community Centres General	32,000	(8,900)	32,000						
Growth	**St Nicholas - Replacmement Windows & Doors**							**30,000**		
KE471	St Nicholas - Boiler and Hot Water Installation Upgrade	42,000	18,738	42,000						
New	St Nicholas Annexe - External Decorations				20,000	*				
New	Bedwell - External Cedar Cladding Works					*	5,000			
Growth	**Bedwell - Boiler Upgrade**						**100,000**			
KE492	Shephall - Boiler Replacement	45,000	2,250	45,000						
KE472	The Oval - Replace Radiators	8,000		8,000						
Growth	**The Oval - Replace Windows**				**15,000**					
KE473	Springfield House - Works to External Envelope.	15,000	12,848	15,000						
KE484	Springfield House - Boiler upgrade	30,000	20,674	30,000						
KE488	Springfield House - Boundary Wall	20,000		20,000						
KE474	Timebridge - Boiler and Hot Water replacement (3/5th of Cost to SBC)	108,000	11,646	108,000						
Growth	**Timebridge - Resurface Felt Flat Roofs**						**60,000**			
Growth	**Symonds Green - Replacement Windowa & Doors**						**25,000**			
	Park Pavilions									
KE907	Park Pavilions General	9,000	187	9,000						
KE475	Chells - Decommission Shower & Provide Hot Water To Changing Rooms	25,000	1,250	25,000						
KE476	Shephalbury Bowls - Reroofing	18,000	26,484	18,000						
KE477	Ridlins - Upgrade Heating and Ventilating Equipment	7,500	7,857	7,500						
Growth	**Ridlins - M&E Refurbishment of AHU Plant & Controls**				**25,000**					
KE478	St Nicholas - Electric Heating Replacement	8,000	8,442	8,000						
KE479	Canterbury Way - Demolition	12,000	600	12,000						
KE493	King George V - Electrical Mains Intake & Supply Head	20,000		20,000						
	Other									
Growth	**Ridlins running track refurbishment**					*			**35,000**	

APPENDIX B - GENERAL FUND CAPITAL STRATEGY

Stevenage BOROUGH COUNCIL

Cost Centre	Scheme	2018/2019 Working Budget £	2018/2019 Actuals 31/12/18 £	2018/2019 February Final Report £	2019/2020 February Final Report £	On Hold	2020/2021 February Final Report £	2021/2022 February Final Report £	2022/2023 February Final Report £	2023/2024 February Final Report £
	Housing and Investment (cont'd)									
	Depots									
KE903	Depots	15,000	765	15,000						
KE480	Cavendish Rd - Office Alterations	35,000	1,750	35,000						
Growth	**CavendishRd - Re-roofing (on hold 2020/21 spend)**				**15,000**	*	**500,000**			
	Museum									
KE489	Museum Store Roof Replacement	40,000		40,000						
	Cemeteries									
KE904	Cemetery Buildings	15,000	698	15,000						
KE481	Weston Road - Replace / Upgrade Electric Space Heating.	25,000	8,624	25,000						
KE482	Weston road - External Joinery Decorations	10,000	8,678	10,000						
	Council Offices									
KR900	Council Offices	23,710	2,083	23,710						
KR139	Swingate House - Reroofing	3,360	168	3,360						
KR141	Corporate Buildings - Essential Health & Safety Electrical Works	25,000	1,250	25,000						
KR142	Corporate and Commercial Buildings - Condition survey	30,000	2,472	30,000						
Growth	**Daneshill House - Test & Risk Assessment Remedial Works**				**15,000**	*				
	Operational Buildings									
KE448	Indoor Market Essential Health & Safety Works	113,000	11,620	113,000						
KE449	Indoor Market - Fire Alarm Replacement	75,000	47,514	75,000						
KE450	Indoor Market Toilet Refurbishment	24,650	19,884	24,650						
Growth	**Indoor Market - New Hot Air Curtains**				**20,000**	*				
Growth	**Indoor Market - New LED & Lighting**					*	**65,000**			
	Town Centre									
KR136	Preparation Works to Units 1,4,5 of the former QD Building	57,500	90	57,500						
KR137	Works to 29 Town Square	27,500		27,500						
KR138	Town Square Assets - Condition Survey	113,000	5,650	113,000						
KE033	Town Centre Toilets - Reroofing / Remedial Works	27,000	1,915	27,000						
Growth	**Station Ramp (on hold 2020/21 spend)**				**7,500**	*	**75,000**			
KR143	Town Chambers - Reroofing, Guttering, Pipe replacement, Safe roof access	200,000		200,000						
KR144	Town Chambers - Essential Works to Existing Windows	50,000	1,000	50,000						
KR145	Town Chambers / Square - External Facade Structural Repairs	110,000	4,250	110,000						
KR146	Town Chambers - Landlords Electrical Inspection and Remedial Works	30,000	1,000	30,000						
	Total Housing and Investment	**1,512,440**	**242,934**	**1,512,440**	**177,500**		**870,000**	**30,000**	**35,000**	

APPENDIX B - GENERAL FUND CAPITAL STRATEGY

Stevenage BOROUGH COUNCIL

Cost Centre	Scheme	2018/2019 Working Budget £	2018/2019 Actuals 31/12/18 £	2018/2019 February Final Report £	2019/2020 February Final Report £	On Hold	2020/2021 February Final Report £	2021/2022 February Final Report £	2022/2023 February Final Report £	2023/2024 February Final Report £
	<u>**Regeneration**</u>									
KE384	Town Centre Improvements Phase 2 incl wayfinding signage	235,410	98,690	235,410						
KE438	Public Realm Improvements to Market Place	503,000	462,001	503,000						
KE439	Town Square Improvements (GD1)	545,000	70,695	545,000			1,000,000			
Growth	**Town Square Improvements (units 3 to 29)**						**200,000**	**300,000**		
KE454	Town Centre Regeneration Programme (GD1)	4,100,000	1,410,277	4,100,000	1,400,000					
Growth	**Town Centre Regeneration - Land Assembly (GD1)**				**100,000**					
KE466	Bus Interchange (GD3)	416,270	93,606	416,270	4,500,000		1,600,000			
KE467	CCTV Relocation (GD1)	1,000,000	67,533	1,000,000						
Growth	**CCTV Relocation (GD1)**				**1,400,000**					
KE439	Town Square Improvements	400,000		400,000				2,100,000		
KE469	Leisure Centre (GD1)	100,000		100,000	1,400,000					
Growth	**Public Sector Hub**				**1,100,000**			**1,179,000**	**1,295,000**	**26,768,000**
	Total Regeneration	**7,299,680**	**2,202,803**	**7,299,680**	**9,900,000**		**2,800,000**	**3,579,000**	**1,295,000**	**26,768,000**
	<u>**Community & Neighbourhoods**</u>									
KC900	Arts and Leisure Centre - Improvements	29,330	19,148	29,330						
Growth	**Arts and Leisure Centre - Improvements**					*			**150,000**	
KC901	Stevenage Swimming Centre	9,220	13,932	9,220						
KC202	Fairlands Valley Park - Aqua	7,000		7,000	24,000	*				
KC226	Fairlands Valley Park - Boathouse Roof Replacement	12,000	600	12,000						
KC227	Fairlands Valley Park - New Rowing boats/Pedaloes	23,000		23,000						
	Stevenage Golf Centre - Boiler Replacement	20,000		20,000						
KC224	Leisure Stock Condition	40,000		40,000		*		20,000		
KC221	St Nicholas Play Centre Equipment	19,200	19,143	19,200						
KC225	Bandley Hill Play Centre - Treehouse	30,000	1,500	30,000						
Growth	**Bandley Hill Play Centre - Fencing Replacement**				**23,000**	*				
Growth	**Pin Green Play Centre Equipment**				**35,000**					
KE452	Mobile CCTV Cameras	19,760	19,757	19,760						
KE224	CCTV - Replacement Cameras	15,750	5,000	15,750	20,000	*	20,000	20,000	20,000	
Growth	**CCTV - Replacement Cameras**									**20,000**
Growth	**Cycleways Installations (contribution to £100k Arts Council grant bid)**				**10,000**	*				
	Total Community & Neighbourhoods	**225,260**	**79,079**	**225,260**	**112,000**		**20,000**	**40,000**	**170,000**	**20,000**

APPENDIX B - GENERAL FUND CAPITAL STRATEGY

Stevenage BOROUGH COUNCIL

Cost Centre	Scheme	2018/2019 Working Budget £	2018/2019 Actuals 31/12/18 £	2018/2019 February Final Report £	2019/2020 February Final Report £	On Hold	2020/2021 February Final Report £	2021/2022 February Final Report £	2022/2023 February Final Report £	2023/2024 February Final Report £
	Planning & Regulatory									
KE119	Off Street Car Parks (Multi Storey Car Parks)	389,640	409,799	389,640	180,000		225,000	225,000	225,000	220,000
Growth	**Multi-storey Car Park - New Entrances/Resurfacing**				**15,000**	*	**25,000**	**25,000**	**25,000**	**25,000**
KE900	Off Street Car Parks (Surface Car Parks)	31,910	16,138	31,910						
KE122	MSCP's Lighting Improvements	80,000		80,000	20,000	*				
KE486	CCTV Cameras (en route to MSCP)	10,000		10,000						
KE201	Hard standings	73,810	71,104	73,810	50,000		50,000	50,000	50,000	
Growth	**Hard standings**									**50,000**
KE100	Residential Parking	18,610	3,044	18,610	100,000					
KE100	Residential Parking				30,000	*				
KE470	Electric Car Charging Points	15,000		15,000						
KE217	Parking Restrictions	44,700	5	44,700	25,000	*	25,000	25,000	25,000	
Growth	**Onstreet Contactless pay**				**10,000**	*				
KE441	Parking Enforcement - Phased replacement pay & display machines	22,000	14,637	22,000						
KE442	Parking Enforcement - Burymead Permit Parking Area Implementation	10,000	3,942	10,000						
KE443	Parking Enforcement - Old Town Permit Parking Area Implementation	1,000		1,000	11,000					
KE444	Coreys Mill Lane - Additional Parking Capacity	24,530	654	24,530						
KG010	House Renovation/Improvement Grants	18,000		18,000						
KG011	Disabled Facilities Grants	257,800	120,992	257,800						
	Total Planning & Regulatory	**997,000**	**640,315**	**997,000**	**441,000**		**325,000**	**325,000**	**325,000**	**295,000**
KR911	**Deferred Works Reserve**	**108,450**		**20,000**	**29,600**		**154,000**	**56,000**	**15,000**	**2,000**

APPENDIX C - HOUSING CAPITAL STRATEGY

Cost Centre	Scheme	2018/2019 Working Budget £	2018/2019 Actuals 31/12/18 £	2018/2019 Febrauary Final Report £	2019/2020 Febrauary Final Report £	2020/2021 Febrauary Final Report £	2021/2022 Febrauary Final Report £	2022/2023 Febrauary Final Report £	2023/2024 Febrauary Final Report £
	SUMMARY								
	Capital Programme Excluding New Build	14,719,530	7,200,683	14,719,530	20,118,760	19,071,510	18,908,690	15,785,058	14,116,760
	New Build	6,914,130	5,271,757	6,914,130	27,188,698	16,447,029	16,407,642	13,186,720	13,582,310
	Special Projects & Equipment	784,570	700,971	784,570	55,000				
	IT Including Digital Agenda	1,109,570	236,644	1,109,570	429,300	157,220	162,310	156,980	306,980
	TOTAL HRA CAPITAL PROGRAMME	**23,527,800**	**13,410,055**	**23,527,800**	**47,791,758**	**35,675,759**	**35,478,642**	**29,128,758**	**28,006,050**
	HRA USE OF RESOURCES								
	MRR (Self Financing Depreciation)	9,876,416		9,876,416	22,210,158	12,230,305	13,072,054	13,509,249	13,933,632
	Revenue Contribution to Capital	7,730,823		7,730,823	13,946,930	11,717,988	10,202,736	8,840,763	7,545,000
	Unpooled Receipts (BH902)								
	New Build Receipts (BH901)	1,709,966		1,709,966	4,825,017	4,934,109	4,139,313	3,095,324	3,188,183
	Debt Provision Receipts (BH903)	410,596		410,596	855,393	892,010	928,576	965,007	1,003,000
	Section 20 Contribution (BH905)				797,752	1,681,413	2,039,624	1,798,942	1,152,414
	Land Receipts				400,000			919,473	1,183,821
	S106					417,264			
	Borrowing	3,800,000		3,800,000	4,756,508	3,802,670	5,096,339		
	TOTAL HRA RESOURCES FOR CAPITAL	**23,527,800**		**23,527,800**	**47,791,758**	**35,675,759**	**35,478,642**	**29,128,758**	**28,006,050**
	Major Repair Reserve Bought Forward (BH930)	(9,264,380)		(9,264,380)	(12,028,306)	(1,974,598)	(2,347,525)	(2,280,986)	(2,225,363)
	Depreciation (increasing MRR)	(11,792,195)		(11,792,195)	(12,156,450)	(12,603,233)	(13,005,515)	(13,453,626)	(13,934,473)
	MRR Used (decreasing MRR)	9,028,270		9,028,270	22,210,158	12,230,305	13,072,054	13,509,249	13,933,632
	Major Repair Reserve Carried Forward	**(12,028,306)**		**(12,028,306)**	**(1,974,598)**	**(2,347,525)**	**(2,280,986)**	**(2,225,363)**	**(2,226,204)**
	Total RTB Receipts Bought Forward	(10,102,359)		(10,102,359)	(9,378,927)	(7,948,665)	(6,598,199)	(6,223,577)	(7,074,341)
	Total RTB Receipts Received	(2,526,917)		(2,526,917)	(4,650,147)	(4,475,653)	(4,693,268)	(4,911,095)	(5,136,032)
	Total RTB Receipts Used by General Fund (RP)	728,172		728,172					
	Repayment of One for One Receipts	346,232		346,232					
	Debt Provision Receipts Used for Provision of Interest on Repaid One for One Receipts	55,383		55,383					
	Total RTB Receipts Used by HRA & General Fund (for RP)	2,120,562		2,120,562	6,080,410	5,826,119	5,067,889	4,060,331	4,190,800
	Total RTB Receipts Carried Forward	**(9,378,927)**		**(9,378,927)**	**(7,948,665)**	**(6,598,199)**	**(6,223,577)**	**(7,074,341)**	**(8,019,572)**

APPENDIX C - HOUSING CAPITAL STRATEGY

Cost Centre	Scheme	2018/2019 Working Budget £	2018/2019 Actuals 31/12/18 £	2018/2019 Febrauary Final Report £	2019/2020 Febrauary Final Report £	2020/2021 Febrauary Final Report £	2021/2022 Febrauary Final Report £	2022/2023 Febrauary Final Report £	2023/2024 Febrauary Final Report £
	CAPITAL PROGRAMME EXCL. NEW BUILD								
	Planned Investment including Decent Homes								
KH157	Decent Homes - Redecs	20,000	342	20,000	20,000	20,000	20,000	20,000	20,000
Various1	Decent Homes - Internal Works	2,098,900	2,188,399	2,098,900	1,731,290	1,705,670	1,802,910	1,779,870	14,096,760
Various4	Decent Homes - Flat Blocks	5,748,870	2,841,520	5,748,870	12,248,020	12,602,600	12,852,780	11,780,398	
KH205	Communal Heating	1,331,320	155,220	1,331,320	1,333,030	1,313,300	1,316,820		
KH092	Lift Installation - Inspection & Remedial Works	307,230	109,569	307,230	307,620	303,070	265,390		
KH287	Temporary Lift Provision - Flat Blocks					450,000	450,000		
KH291	Sprinkler Systems - Flat Blocks	300,000	4,482	300,000	1,700,000				
TBA	High Rises - Preliminary Works				190,000				
	External Works (MRC Programme)								
KH284	Door Replacement	750,000	43,683	750,000					
KH285	Window Replacement	900,000	52,423	900,000					
	Health & Safety								
KH085	Fire Safety	81,740	45,090	81,740	81,400	80,190	80,410	79,380	
KH112	Asbestos Management	381,470	310,318	381,470	379,870	374,250	375,250	370,460	
KH114	Subsidence	150,000	78,125	150,000	102,540	101,020	101,290	100,000	
KH144	Contingent Major Repairs	450,000	196,123	450,000	420,420	425,480	435,560	440,000	
	Estate & Communal Area								
KH223	Asset Review - Challenging Assets	814,460	513,040	814,460	615,240	606,140	607,770	600,000	
KH224	Asset Review - Sheltered (non RED)	812,050	48,910	812,050	410,160	505,120			
	Other HRA Schemes								
KH174	Energy Efficiency Pilot Projects	25,600	3,517	25,600	15,200	15,150	15,190	15,000	
KH094	Disabled Adaptations	547,890	609,924	547,890	563,970	569,520	585,320	599,950	
	TOTAL CAPITAL PROGRAMME EXCL. NEW BUILD	**14,719,530**	**7,200,683**	**14,719,530**	**20,118,760**	**19,071,510**	**18,908,690**	**15,785,058**	**14,116,760**

APPENDIX C - HOUSING CAPITAL STRATEGY

Stevenage BOROUGH COUNCIL

Cost Centre	Scheme	2018/2019 Working Budget £	2018/2019 Actuals 31/12/18 £	2018/2019 Febrauary Final Report £	2019/2020 Febrauary Final Report £	2020/2021 Febrauary Final Report £	2021/2022 Febrauary Final Report £	2022/2023 Febrauary Final Report £	2023/2024 Febrauary Final Report £
	CAPITAL PROGRAMME NEW BUILD								
KH233	New Build Programme	6,914,130	5,310,306	6,914,130	27,188,698	16,447,029	16,407,642	13,186,720	13,582,310
KH233	**TOTAL CAPITAL PROGRAMME NEW BUILD**	**6,914,130**	**5,271,757**	**6,914,130**	**27,188,698**	**16,447,029**	**16,407,642**	**13,186,720**	**13,582,310**
	SPECIAL PROJECTS & EQUIPMENT								
	HRA Resurfacing								
KH276	Skipton Close - Resurfacing Parking Areas	23,300	22,237	23,300					
KH277	Kimbolton Crescent - Resurfacing Footpaths/Parking Areas	11,920	14,528	11,920					
	HRA Equipment								
KH015	Capital Equipment (including Supported Housing Equipments)	94,460	9,128	94,460	55,000				
KH278	Vans for RVS	654,890	655,077	654,890					
	Sub Total Special Projects & Equipment	**784,570**	**700,971**	**784,570**	**55,000**				

APPENDIX C - HOUSING CAPITAL STRATEGY

Stevenage BOROUGH COUNCIL

		2018/2019			2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Cost Centre	**Scheme**	**Working Budget £**	**Actuals 31/12/18 £**	**Febrauary Final Report £**	**Febrauary Final Report £**	**Febrauary Final Report £**	**Febrauary Final Report £**	**Febrauary Final Report £**	**Febrauary Final Report £**
	INFORMATION TECHNOLOGY								
	IT General (IT)								
KH218	ICT Programme (Business Plan)	90,810		133,760	81,970	151,890	156,980	156,980	156,980
KH235	ICT Equipment	23,650			10,000				
KH251	Harmonising Infrastructure Technology (for shared service)	23,920	8,112	23,920					
KH268	Infrastructure Investment	125,240	43,464	125,240					
Growth	**Keystone Module (to support fire safety)**				**32,000**				
Growth	**Tablets (x144)**				**5,330**	**5,330**	**5,330**		
KH268	**Infrastructure Investment**				**110,000**				**150,000**
	Total General IT	**263,620**	**51,951**	**282,920**	**239,300**	**157,220**	**162,310**	**156,980**	**306,980**
	Employer Of Choice (EOC)								
KH259	Replacement HR & Payroll System	11,780	3,450	11,780					
KH269	New Intranet	37,120	12,073	37,120					
	Total EOC	**48,900**	**15,522**	**48,900**					
	Connected To Our Customers (CTOC)								
KH270	Online Customer Account (formerly Capita Advantage Digital)	100,000	2,705	100,000					
KH271	Corporate Website - Redesign	51,000	452	51,000					
KH272	Electronic SMB Reports System		2,805						
KH273	Call Recording	12,000	188	12,000					
KH288	New CRM Technology		443	99,000					
KH289	Future Online Development of Civica Icon Payments		111	20,000					
	Total CTOC	**163,000**	**6,704**	**282,000**					
	Housing All Under One Roof programme (HAUOR)								
KH256	Automated Tenancy Contracts TA	6,000							
KH261	Mobile Working - Housing Management	9,180							
KH265	Planned Maintenance Software	4,120							
KH283	Housing Improvements	568,000	4,986	84,000	190,000				
KH260	On-Line Housing Application Form	46,750	5,414	46,750					
KH286	Housing Document Management System		152,065	240,000					
	Online Tenants Self-Service			125,000					
	Total HAUOR	**634,050**	**162,466**	**495,750**	**190,000**				
	TOTAL ICT INCLUDING DIGITAL AGENDA	**1,109,570**	**236,644**	**1,109,570**	**429,300**	**157,220**	**162,310**	**156,980**	**306,980**

Part I – Release to Press

Agenda item: ##

Meeting Audit/ Executive/ Council

Portfolio Area Resources

Date 04 February/ 13 February/ 27 February 2019

ANNUAL TREASURY MANAGEMENT STRATEGY INCLUDING PRUDENTIAL CODE INDICATORS 2019/20

NON KEY DECISION

Author –Anita Thomas	*Ext 2430*
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1 PURPOSE

1.1 To recommend to Council the approval of the Treasury Management[1] Strategy 2019/20 including its Annual Investment Strategy and the prudential indicators following considerations from Audit and Executive committees.

2 RECOMMENDATIONS

2.1 That subject to any comments from Audit Committee, the Treasury Management Strategy is recommended to Executive and Council for approval.

[1] CIPFA definition of treasury management and investments 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".

2.2 That Members approve draft prudential indicators for 2019/20.

2.3 That Members approve the minimum revenue provision policy.

2.4 That it be noted that no changes are being proposed to treasury limits contained within the Council's treasury management policies.

2.5 That Member's note the investment services provide to Queensway Properties LLP (see para 4.12.3)

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 2018/19 Prudential Code Indicators and TMS Report were approved by Council on the 28 February 2018. That report noted that CIPFA proposed to make changes to the Treasury Management Code and Prudential Code and that government changes to the minimum revenue provision was under consultation at the time of approving the 2018/19 Treasury Management Strategy.

3.2.3 Following this consultation all local authorities must consider the risk and implications for non-treasury investments[2] (for example commercial property purchases) decisions. The Council has purchased commercial properties, however this has been to deliver regeneration and support economic growth in the borough of Stevenage and within the economic area as defined in Stevenage's Local Plan. Risk considerations and implications of commercial property purchases can be included in the annual TMS or, as is the case for Stevenage, in the Capital Strategy 2018/19-2023/24 report presented to Executive (23 January 2019). The Capital Strategy (section 4.5 – 4.6) provided:

- High level overview of how capital strategy, capital financing and treasury management activities contribute to council services,
- how the associated risk is managed,
- and implications for the future financial sustainability of the council.

3.2.4 The returns achievable on the Council's investments are currently modest based on the low Bank of England base rate and the risk appetite of the TM Strategy, which is compliant with the advice from the Council's treasury advisors, Link Asset Management. 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%) and a further increase to 0.75% on 2 August 2018. In 2018/19 investment returns of 0.9% are forecast with a target of 1.15% for 2019/20.

3.2.5 The impact of a no deal EU exit on sterling may result in higher borrowing costs in future PWLB (Public Works Loan Board) rates as these rates are linked to gilts. The HRA and General Fund capital strategies both have significant borrowing requirements over the next few years and officers continue to monitor movements in the borrowing rates. Further information on the potential impact of Brexit on the Council and its borrowing and investment activities was included in the Brexit report to the 23 January 2019 Executive.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 LEGISLATIVE AND OTHER CHANGES IMPACTING ON THE TREASURY MANAGEMENT STRATEGY

4.1.1 The revision to CIPFA Prudential Code and CIPFA Treasury Management Code came into force from 1st April 2018 and this is the first revision of the TMS under the new requirements.

4.1.2 The main changes introduced by CIPFA are:

[2] Non-financial, or non-treasury investments tend to relate to s 1 expenditure powers under the Act and be either: Policy type investments, whereby capital or revenue cash is advanced for a specific council objective or commercial type investments whereby the primary aim is to generate capital or revenue resources to facilitate council services.

- Removal of the following prudential indicators:

  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

- Capital Strategy to include 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 and publication of a Member approved list of non-treasury Investments.

4.2 **MiFIDII**

4.2.1 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 became a counterparty. The council gained “professional” status which enabled the Council to maintain its existing relationships with financial institutions and ability to use alternative financial instruments. There has been no change to the Council’s professional status.

4.3 **Comments from the Audit Committee**

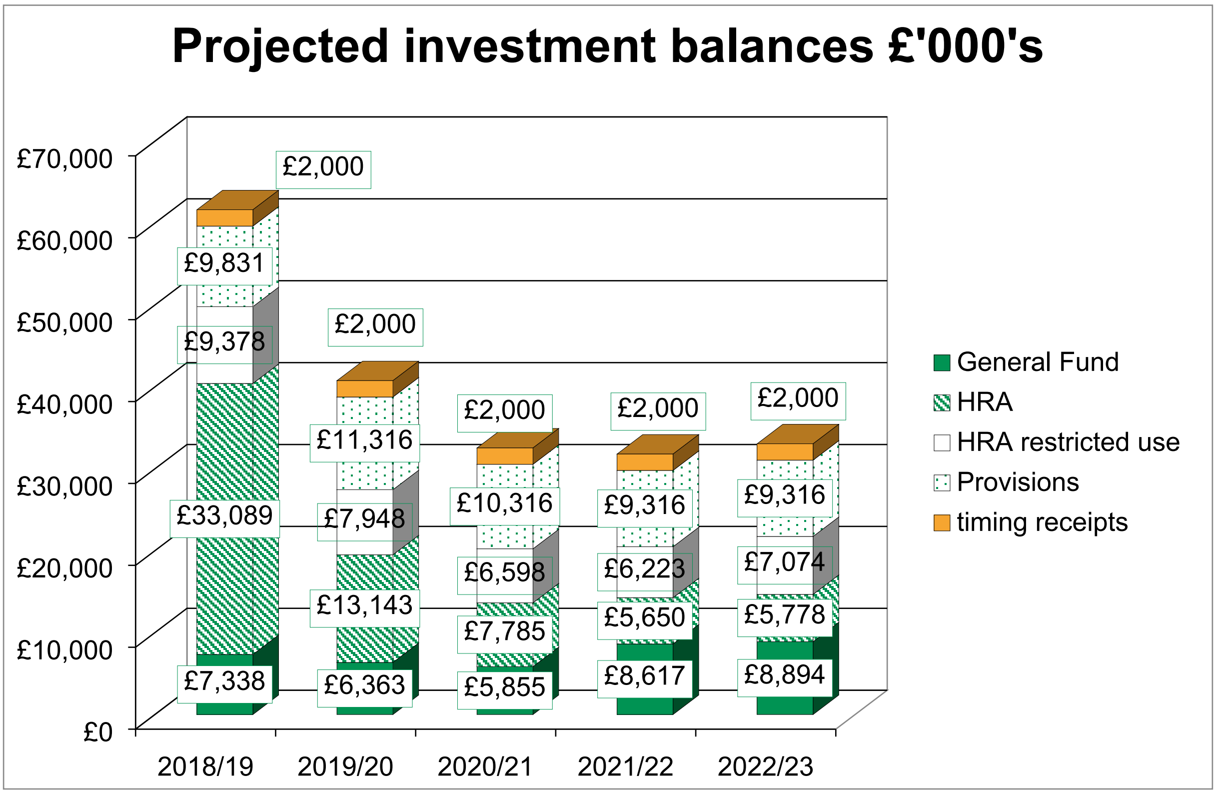
4.3.1 *To be incorporated into report to Executive and Council*.

4.4 **Performance of Current Treasury Strategy**

4.4.1 For the 2018/19 financial year to 31 December 2018 returns on investments have averaged 0.82% and total interest earned was £421,000 contributing to General Fund and Housing Revenue Account revenue income.

4.4.2 Cash balances as at 31 December 2018 were £63.18Million and are forecast to be £56.9Million as at 31 March 2019. 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.

4.4.3 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 resources over a minimum of five and up to 30 year period, which means, while not committed in the current year, they are required in future years. This means that the Council’s cash for investment purposes is projected to reduce from £59.6Million at 31 March 2019 to £30.3Million by 31 March 2023. In essence £29.3Million 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.

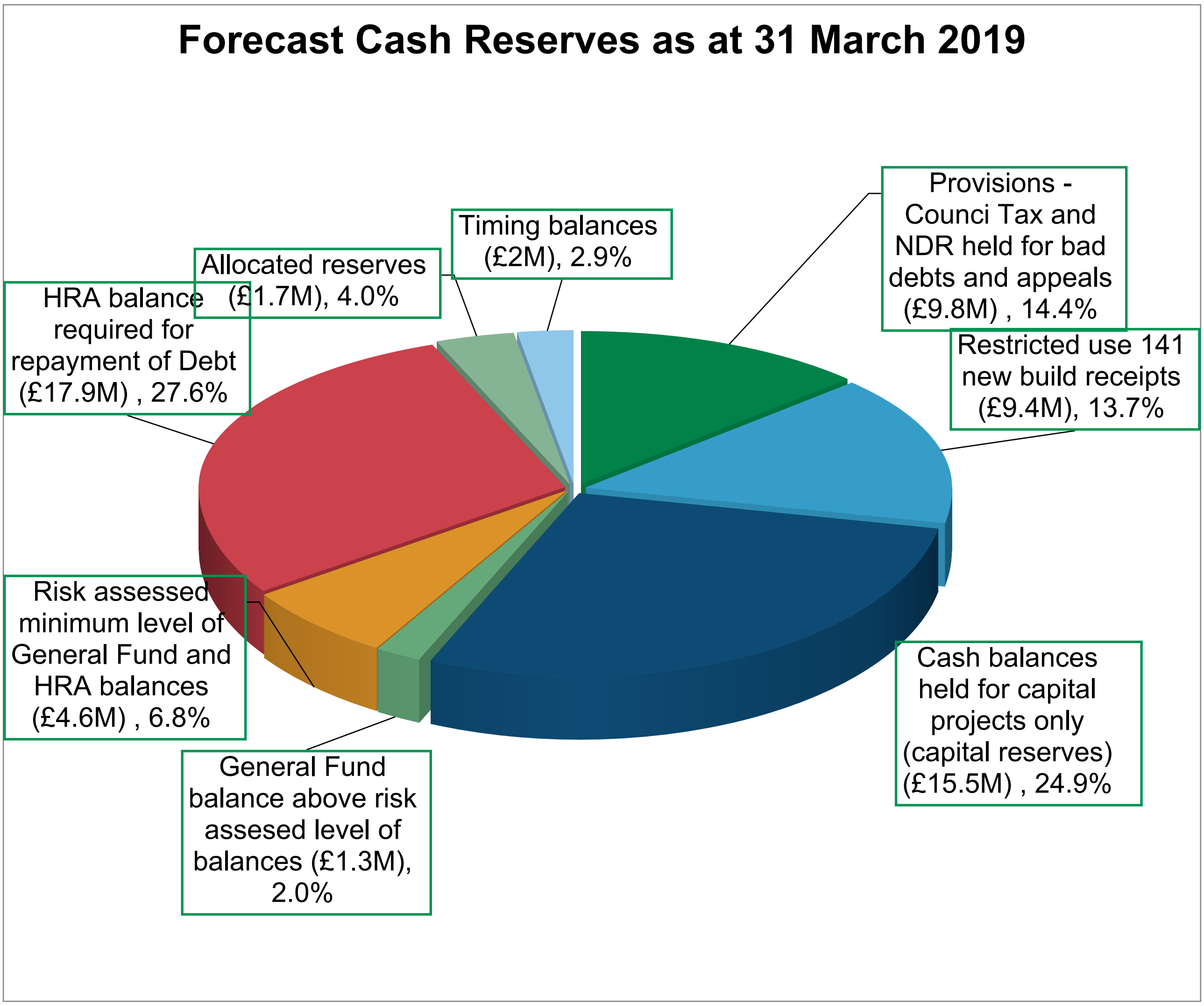


Note: General Fund and HRA balances are net of internal borrowing at year end

4.4.4 In addition to the balances projected to be held as at 31 March 2019 that will be used by 2021/22 there are other balances invested that cannot be used to run services. These may be balances related to restricted RTB receipts which in 2018/19 total £9.4Million. 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 yet to be realised and again these balances cannot be used to fund services.

4.4.5 Reserves and provisions forecast at 31 March 2019 to total £68.3Million, however the actual cash held is forecast to be £59.6Million, a difference of £8.7Million. This is because both the HRA and the General Fund have used investment balances totalling £6.7Million rather than take external borrowing as interest rates are so low, (see also para 4.7.4) plus timing differences of £2Million for creditor and debtors (para 4.4.4).

4.4.6 The majority of cash balances are held for the repayment of HRA debt (27.6%) and to fund the Council's capital programme (24.9%). Despite these sums held for the capital programme, external borrowing is still required as detailed in the 2019/20 capital strategy report. The forecast balances are summarised in the chart below.



Note: balances gross of internal borrowing of £6.7Million

4.4.7 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 treasury management 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 above base rate investment returns are being offered for standard cash deposits and these are being achieved by the TM team.

4.4.8 During 2018/19 no investments have been made with the Debt Management office (DMO) and there has been one breach (overdraft limit 21 May 2018 - as reported to Members on 17th October 2018) in the TMS in 2018/19 as at the time of writing this report.

4.5 **Review of the Treasury Management Strategy and Proposed changes**

4.5.1 The 2018/19 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 prudential code the Council will continue to apply credit criteria in order to generate a list of highly credit worthy counterparties whilst maintaining diversification.

4.5.2 To comply with the new Code requirement a list of non treasury investments is included in Treasury Management Practices. The non- treasury investments have been defined as properties soley held for rental income either directly by Stevenage BC or held via a wholly owned company. Stevenage BC holds no other types of “non-treasury” investments.

4.6 Prudential Indicators

4.6.1 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.

4.6.2 This Strategy’s Prudential Indicators are included in Appendix C and are based on the Draft Capital Strategy reported to the Executive in February 2019 and will be updated for the final Capital Strategy approved by Council on 27th February 2019.

4.6.3 **The Operational boundary** is the limit beyond which external debt is not normally expected to exceed and is most cases will be similar to the Council’s Capital Financing Requirement (CFR). Officers recommend that the operational borrowing limit is increased to:

- to accommodate uncertainty regarding the release of GD3 LEP monies and the cost of relocating the Bus Station, an essential requirement to progress the SG1 regeneration phase of the town centre
- recognise the finance lease (treated as borrowing -£8Million) that was entered into with Aviva for mixed use redevelopment at Queensway in the town centre. The annual finance lease payments will be used as a proxy for Minimum Revenue Provision (MRP) that would be made for this additional borrowing (see also Appendix B Minimum Revenue Provision Policy).
- To reflect the borrowing requirement in the capital strategy.

4.6.4 Members are asked to note that the finance lease valuation for Queensway is subject to external audit approval and as such may change, changing the operational boundary and authorised debt limits.

4.6.5 The **Authorised limit** for external debt has in turn been increased and represents a control on the maximum level of borrowing. This represents the legal limit to which the Council’s external debt cannot exceed.

4.6.6 Subject to confirmation of the valuation of the finance lease with external auditors, the Council is asked to approve the following authorised limit.

Authorised Limit for external debt	2018/19	2019/20	2020/21
	£000	£000	£000
Borrowing - General Fund	25,016	43,341	44,899
Borrowing - HRA	210,973	235,729	239,532
Total	**235,988**	**279,070**	**284,431**

4.7 The Council's Borrowing Position

4.7.1 The Council had external debt of £205.614Million as at 31 December 2018 is broken down as follows:

Purpose of Loan	PWLB Loan £'000
General Fund Regeneration Assets	**2,940**
HRA	
Decent Homes	7,763
Self Financing	194,911
Total HRA Loans	**202,674**
Total Debt at 31st December 2018	**205,614**

4.7.2 In 2018/19 a scheduled loan repayment of £1.241 million for the HRA was made. The HRA Business plan identified new borrowing of £3.5million due to be taken in 2017/18 but deferred to 2018/19. To date this borrowing has not been taken, the timing being dependent on cash balances held and forecast borrowing rates.

4.7.3 In 2018/19 there were General Fund loan repayments of £131,579 in August 2018 and February 2019. In addition approved prudential borrowing for the investment property portfolio and garage strategy is due to be taken, the timing of which is dependent on actual spend.

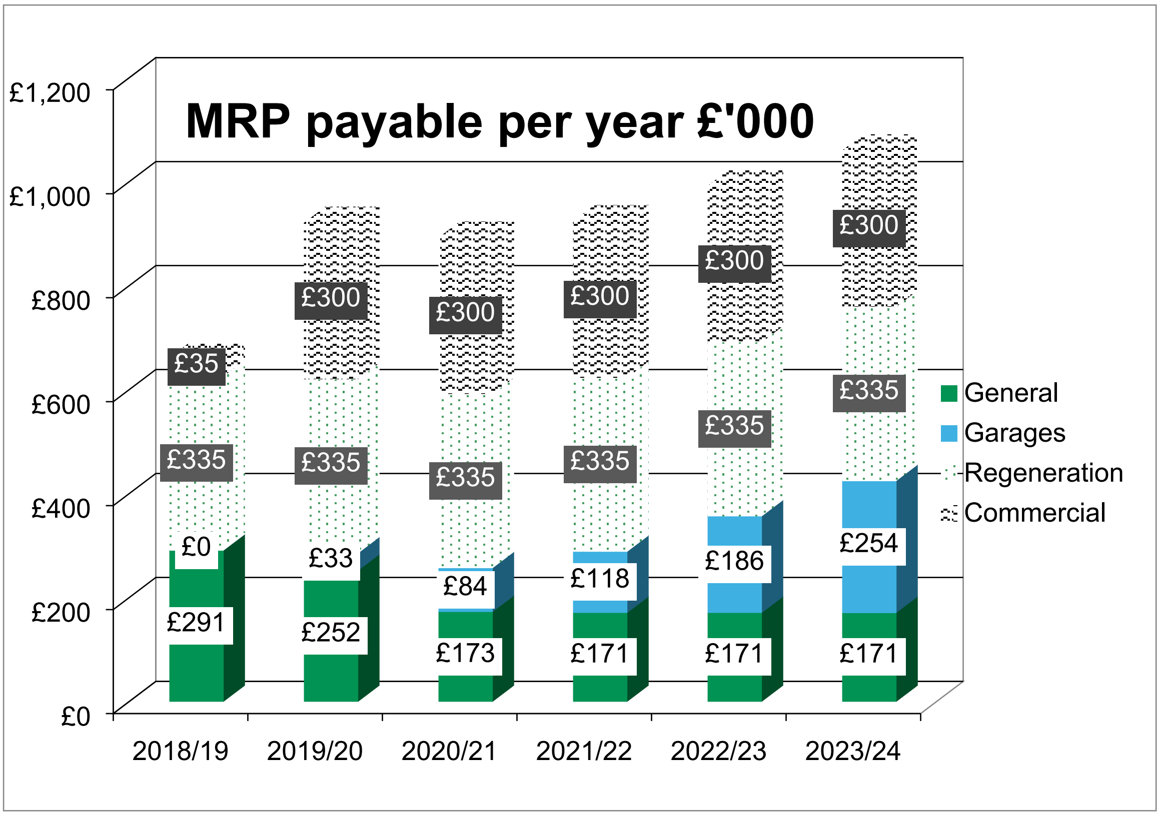
4.7.4 Cash and investment balances have been used in preference to external borrowing as the costs of internal debt (investment interest foregone at 0.9%) is significantly lower than external borrowing (2.7% based on 25 year loan). It is the view of the Chief Financial Officer that this approach will continue to be considered while interest rates remain low.

4.8 Minimum Revenue Provision

4.8.1 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.

4.8.2 Borrowing decisions and subsequent MRP payments impact on the affordability of capital schemes and subsequent revision to the current MRP policy may need to be approved by Council at a later date in 2019/20 to recognise the longer life of regeneration schemes. Current projections of MRP payments based on the existing policy are detailed in the following chart.



4.8.3 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 capital schemes 2011/12-2014/15) by £2.9Million of the total General Fund capital funded by borrowing as at 31 March 2019.

4.9 Future borrowing requirements

4.9.1 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded by taking loans out with PWLB. Instead the Council's reserves, balances and cash flow have been used. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

4.9.2 Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The Assistant Director

(Finance and Estates) will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

4.9.3 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.

4.9.4 The Council's treasury advisors now forecast the Bank of England base rate to increase to 1.0% in June 2019. Base rate and borrowing rate forecasts are shown in the table below. However there is volatility and uncertainty over Brexit and rates are monitored regularly.

Link Asset Services Interest Rate View														
	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.80%	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	0.90%	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.10%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

Source: Link Asset Services 4 December 2018

4.9.5 The Treasury's Certainty Rate for borrowing remains available and enables the Council to take PWLB loans at 20 basis points (0.2%) 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.

4.10 Investments

4.10.1 The Council complies fully with CIPFA Treasury Management Code 2017. The Council also complies with guidance on self-financing and the investment guidance issued by Ministry of Housing, Communities and Local Government (MHCLG).

4.10.2 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 2019/20

4.10.3 The 2019/20 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.

4.10.4 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.

4.10.5 The TM limits for 2019/20 (Appendix D) have been reviewed and no changes to these limits are being proposed.

4.10.6 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 credit rating of AA- . The Council retains the discretion not to invest in countries that meet the minimum rating but where there are concerns over human rights issues.

4.11 **Non Treasury Investments**

4.11.1 The update to the Prudential Code introduced the requirement for local authorities to produce a capital strategy to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and considers prudence, sustainability and affordability. As mentioned in paragraph 3.2.3 the definition of investments has been widened to include non- treasury investments. The capital strategy 2018/19-2022/23 explains further the non-treasury investments that the Council has undertaken.

4.12 **Other Treasury issues**

4.12.1 **HRA Debt Cap**: In October 2018, Prime Minister Theresa May announced a policy change of the abolition of the HRA debt cap. The Chancellor announced in the Budget that the applicable date was 29 October 2018. The HRA’s operational debt limit will be increased pending the outcome of the action plan contained in the HRA Budget report i.e. the HRA business plan review and the option between taking further borrowing in lieu of revenue contribution to finance the capital programme.

4.12.2 **Brexit** - **UK Sovereign rating and investment criteria:** If there were to be a disorderly Brexit, then it is possible that credit rating agencies could downgrade the sovereign rating for the UK from the current level of AA. The Council’s investment only uses countries with a rating of AA- or above. The UK is exempt from the sovereign rating criteria as recommended by Link so in this event if it were to result in the UK being downgraded below AA- it would not impact on the Council’s ability to invest with UK institutions.

4.12.3 **Queensway Properties LLP** -In December 2018 the Council entered into a 37 year agreement with Aviva to facilitate the regeneration of Queensway in the town centre. The regeneration scheme includes the provision of new housing, recreation facilities, and enhancement of the commercial shop units and offices. Following legal advice, a separate legal entity – Queensway Properties LLP, was incorporated to manage the rental streams and costs associated with the scheme. The Council’s treasury management team has offered its services to the LLP to manage and invest its surplus cash flows through a service level agreement. These investments and cash flows will be kept separate from the Council's and will be invested in accordance with Queensway Properties LLP treasury management strategy. As the LLP does not have the expertise or treasury management experience it will be classed as a retail client under MiFIDII regulations and so will have access to a narrower band of investments.

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 This report is if 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.

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 There remains uncertainty on the impact of exiting the EU on UK economy and borrowing rates. Officers monitor interest rate forecasts to inform he timing of borrowing decisions.

5.3.3 The Council's Treasury Management Strategy is based on limits for counterparties to reduce risk of investing with only a small number of institutions.

5.3.4 The thresholds and time limits set for investments in the Strategy are based on the relative ratings of investment vehicles and counter parties. These are designED to take into account the relative risk of investments and also to preclude certain grades of investments and counterparties to prevent loss of income to the Council.

5.4 Equalities and Diversity Implications

5.4.1 This report is technical in nature and there are no implications associated with equalities and diversity within this report. In addition 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 2017/18

BD2 2018/19 Mid Year Treasury Management Review

BD3 Draft Capital Strategy 2018/20 – 2022/23 (Executive 23 January 2019)

BD4 Potential Impact of the UK's withdrawal From the European Union (Executive 23 January 2019)

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 2019/20.

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 2017. 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 MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

The Council's investment policy has regard to the following: -

- Ministry of Housing, Communities and Local Government (MHCLG) Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return).

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

a. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

b. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as **"credit default swaps"** and overlay that information on top of the credit ratings.

c. **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

d. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix D under the categories of 'specified' and 'non-specified' investments.

- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
- **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

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

e. **Lending limits and Transaction Limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in Appendix D and will consider investments longer than 365 days

f. This authority has engaged **external consultants**, Link Asset Services, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

g. All investments will be denominated in **sterling**.

h. The Council only invests in counterparties with a high credit quality in the UK or other countries meeting minimum AA- sovereign rating. The Council understands that changes have taken place to the ratings agencies and that their new methodologies mean that sovereign ratings are now of lesser importance in the assessment process. However, the Council continues to specify a minimum sovereign rating as the underlying domestic and where appropriate, international, economic and wider political and social background will still have an influence on the ratings of a financial institution (see Appendix E).

i. As a result of the change in accounting standards for 2018/19 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18.)

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.

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 applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

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

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

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.

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

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.

- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

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 2018 the Council had £66.18Million on deposit with various the institutions.

5.2 **Interest Rate Forecast** - The Bank of England base rate remains at 0.75% as at 31 December 2018. Link now forecast that Bank Rate will increase gradually over the next few years to reach 2.0% by 1st quarter 2022.

Bank Rate forecasts (source: Link 4th December 2018) for financial year ends (March) are:

- 2018/19 0.75%
- 2019/20 1.25%
- 2020/21 1.50%
- 2021/22 2.00%

5.3 Investment returns expectations.

The Council has budgeted for investment returns of 0.55% in 2018/19 and is budgeting for returns of 0.7 % in 2019/220. For comparison Link's suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

	As at 4-12-18
2018/19	0.75%
2019/20	1.00%
2020/21	1.50%
2021/22	1.75%
2022/23	1.75%
2023/24	2.00%
Later years	2.50%

And are based on the following assumptions:

- The overall balance of risks to economic growth in the UK is probably neutral.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

6 Borrowing Strategy and Policy on Borrowing in Advance of Need

6.1 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

6.2 Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The Assistant Director (Finance and Estates) will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

6.3 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 2018/19 limits and proposed limits for 2019/20 are:-

	2018/19 Revised	2019/20
	£000	£000
Operational Boundary	237,080	243,776
Authorised Limit	246,470	253,166

6.2 Based on the capital programme 2019/20 (February 2019 Update) resourcing projections, the Council has the following borrowing requirements in 2019/20 are projected:

- General Fund £7,636,700. (£2,036,700 in relation to the10 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 17th May 2017.)
- General Fund £XXXX recognising the finance lease within the Queensway Regeneration project (Approved XXXX)
- 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.

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

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.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-

financial investments and is in accordance with the risk appetite of the authority

- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to Members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following (covered in Annual Capital Strategy Report).

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 30th 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 2019 Update)

Minimum Revenue Provision Policy

Minimum Revenue Provision Policy Statement 2019/20

Note: It may be necessary to take a revised strategy and/or MRP policy to Council at a later date subject to progression of the wholly owned housing company and regeneration schemes to reflect the longer life of regeneration assets .

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 2019/20 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. Useful life is dependant on the type of asset and ranges from 7 years (ICT equipment) and 50 years (Investment properties).**

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 2018/19 is £673,090 and for 2019/20 is £634,324 based on the Draft 2019 Capital Strategy Update having the need to borrow for the General Fund. In addition finance lease payments due as part of the Queensway regeneration project made in 2018/19 and 2019/20 will be applied as MRP.

MRP Overpayments - A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision (VRP) or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.
MRP payments are required on regeneration assets and a decision was made to make a voluntary MRP payment in the year of acquisition for these assets (the Council's policy is to make a MRP payment the year after acquisition). Up until the 31 March 2019 the total VRP overpayments were £68,739.65. No MRP overpayments have been made.

Voluntary MRP made	
2012/13	£46,929.65
2013/14	nil
2014/15	£21,810.00
2015/16	nil
2016/17	nil
2017/18	nil
2018/19	TBC
cumulative total	**£68,739.65**

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 31st 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.

Treasury Management Prudential Indicators **Appendix C** 2019/20 Treasury Management Strategy

Capital Expenditure (Based on Draft Capital Strategy: Jan 2019)

	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Revised Mid Yr review 18-19	Revised Draft Cap Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec
	£000	£000	£000	£000	£000	£000	£000
General Fund	32,007	15,573	32,188	8,936	7,130	4,706	28,621
HRA	26,128	23,528	47,792	35,676	35,479	29,129	28,006
Total	**58,135**	**39,101**	**79,979**	**44,612**	**42,609**	**33,835**	**56,627**

Ratio of financing costs to net revenue stream:

	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Revised Mid Yr review 18-19	Revised Draft Cap Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec
	%	%	%	%	%	%	%
General Fund Capital Expenditure	7.90%	7.82%	6.77%	10.31%	10.44%	9.82%	10.39%
HRA Capital Expenditure	16.94%	16.94%	16.78%	16.46%	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.

Authorised Limit for external debt

	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Revised Mid Yr review 18-19	Revised Draft Cap Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec
	£000	£000	£000	£000	£000	£000	£000
Borrowing - General Fund	40,666	25,016	43,341	44,899	45,727	46,554	45,680
Borrowing - HRA	217,685	210,973	235,729	239,532	244,628	244,628	244,628
Total	**258,351**	**235,988**	**279,070**	**284,431**	**290,355**	**291,183**	**290,308**

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. It may be subject to review pending external audit agreement of the valuation of the Queensway finance lease.

Operational Boundary for external debt

	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Revised Mid Yr review 18-19	Revised Draft Cap Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec
	£000	£000	£000	£000	£000	£000	£000
Borrowing - General Fund	38,166	20,016	38,341	39,899	40,727	41,554	40,680
Borrowing - HRA	211,209	205,973	230,729	234,532	239,628	239,628	239,628
Total	**249,375**	**225,988**	**269,070**	**274,431**	**280,355**	**281,183**	**280,308**

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 £2.5m headroom in addition to our General Fund capital plans and £20m pending HRA business plan action plan.

Gross & Net Debt

	31-Mar-19	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
	Revised Mid Yr review 18-19	Revised Draft Cap Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec
	£000	£000	£000	£000	£000	£000	£000
Gross External Debt - General Fund	18,390	20,016	38,341	39,899	40,727	41,554	40,680
Gross External Debt - HRA	209,074	205,973	230,729	234,532	239,628	239,628	239,628
Gross External Debt	**227,464**	**225,988**	**269,070**	**274,431**	**280,355**	**281,183**	**280,308**
Less Investments	(54,119)	(58,727)	(38,770)	(29,806)	(31,479)	(29,756)	(31,061)
Net Borrowing	**173,345**	**167,261**	**230,301**	**244,625**	**248,876**	**251,427**	**249,247**

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.

The Net Borrowing is defined as gross external debt less investments. The net borrowing requirement may not, except in the short term, exceed the total capital financing requirement in the preceding year, plus the estimates of any additional financing.

Capital Financing Requirement (CFR)

	31-Mar-19	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
	Revised Mid Yr review 18-19	Revised Draft Cap Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec	Updated Jan 19 Exec
	£000	£000	£000	£000	£000	£000	£000
Capital Financing Requirement GF	29,835	17,516	35,841	37,399	38,227	39,054	38,180
Capital Financing Requirement HRA	211,857	205,973	210,729	214,532	219,628	219,628	219,628
Total Capital Financing Requirement	**241,692**	**223,488**	**246,570**	**251,931**	**257,855**	**258,683**	**257,808**

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).

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

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:

<table>
<tr><th>Investment Counterparty</th><th>Investment Instrument</th><th>Minimum High Credit Quality Criteria</th><th>Investment Duration</th></tr>
<tr><td rowspan="3">Banks or Building Societies</td><td>Overnight Deposit</td><td rowspan="3">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).</td><td rowspan="4">Maximum duration as per Treasury Advisor's (Link's) colour coded Credit List, and less than one year</td></tr>
<tr><td>Notice Account</td></tr>
<tr><td>Short Term Deposit</td></tr>
<tr><td>Debt Management Office or UK Local Authority</td><td>Any deposit</td><td>No limit.</td></tr>
<tr><td>Money Market Funds</td><td>Instant Access</td><td>AAA rated</td><td>Instant Access</td></tr>
</table>

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:

<table>
<tr><th>Investment Counterparty</th><th>Investment Instrument</th><th>Minimum High Credit Quality Criteria</th><th>Investment Duration</th></tr>
<tr><td>Banks or Building Societies</td><td rowspan="2">Any deposits with maturity up to a maximum of five years</td><td>Fitch: Short Term F1+ and Long Term AA-
and
Moody, Standard & Poor, equivalent where rated, the lowest rating used where different</td><td rowspan="2">Maximum duration suggested by Treasury Advisor's (Link's) colour coded Credit List, and not in excess of five years</td></tr>
<tr><td>Debt Management Office or UK Local Authority</td><td>No Limit.</td></tr>
</table>

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Table 3 **Treasury Limits**

Investment Instrument	Cash balances less than £30Million Limits	Cash balances higher that £30Million 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	
Certifcates 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 (as at 4th December2018)

Based on lowest available rating

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- U.S.A

AA

- Abu Dhabi (UAE)
- France
- Hong Kong

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 I – Release to Press

Meeting Executive

Portfolio Area Communities, Community Safety and Equalities

Neighbourhoods and Co-operative Working

Date 13 February 2019

COMMUNITY ENGAGEMENT DRAFT FRAMEWORK

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1 PURPOSE

1.1 This report summarises the draft development of a Community Engagement Framework outlining the council's co-operative approach to engaging local residents and community groups. The framework builds upon the recommendations from the review into resident engagement undertaken by the Community Select Committee.

2 RECOMMENDATIONS

2.1 That Executive note the draft Community Engagement Framework, as attached at Appendix A to the report.

2.2 That the Strategic Director (MP), following consultation with the Portfolio Holders for Communities, Community Safety & Equalities and

Neighbourhood & Co-operative Working, be delegated authority to finalise the Community Engagement Framework and arrange its publication.

2.3 That Executive note the need for development of a related toolkit and training programme to support the effective implementation of the framework across council departments after final publication of the completed framework.

3 BACKGROUND

3.1 The need for a framework setting out the dynamic ways in which the council can engage with the town's residents was identified as part of the Business Unit Review for Communities and Neighbourhoods. The Business Unit review recognised that there were numerous examples of excellent community engagement practice across the town, often led by elected members and supported by officers, but these were not always documented and the learning not shared across council teams. It was also clear that a number of engagement activities were being supported that did not broaden involvement of local residents and young people in decision making and some were disconnected from the Future Town, Future Council programme.

3.2 The council has undertaken some flagship work to demonstrate its commitment to co-operative working. A community engagement framework helps to illustrate this commitment through the way it works with residents on issues and aspirations identified across the town. The Co-operative Neighbourhood Management Programme represents a very clear corporate priority to work with local residents to improve local neighbourhoods and is a programme where community engagement is actively undertaken. There are however, opportunities through the Future Town, Future Council Programme where a Community Engagement Framework can be embraced to help drive the best possible outcomes for local communities. This may range from work with current tenants and leaseholders through the Homes for Life programme, through to new Housing Developments or the Town Centre Regeneration programme.

3.3 In tandem with this 'Resident Engagement' was agreed by the Community Select Committee as a scrutiny review item when it met on 7 March 2018. The Committee met on 12 July 2018 and agreed a scope for the review of the Resident Engagement, which it agreed should focus on the way the Council delivers its resident engagement and look at what is working well and ways to improve, in particular:

- Look at the effectiveness of Resident Engagement by the council, incorporating Consultation Demographic of Residents' Survey and the diversity of currently involved groups
- Can the Council adopt more creative, dynamic engagement? Use of social media/digital platforms? Establish how and why we do resident engagement and in which areas?
- Have a focus on Housing resident engagement as this is the largest service that the Council operates

3.4 The Committee met formally on five occasions in 2018 to undertake the review. The Committee met as follows: On 20 June to agree the scope and receive an officer presentation on the service and on 12 July to amend the Scoping Document, on 4 September, 2 October and 7 November to interview the Executive Portfolio Holders for Communities and Neighbourhoods, Consultant Rachel Eden, Hertfordshire County Councillor Judy Billing, officers including AD Communities & Neighbourhoods, Rob Gregory, Community Development Manager, Neil Baker, Resident Involvement Officer, Guru Lota and finally on 9 January 2019 to sign off and agree the draft report and recommendations of the review. Councillor Jim Brown and the Scrutiny Officer also attended a Youth Council meeting to canvass their views

3.5 Recommendations from the review where finalised on 9th January, highlighting a need to move toward a more dynamic approach to community engagement across the town

3.6 Recommendations were followed by a practical presentation of options to elected members via the Community Select Committee and a Portfolio Holders Advisory Group on the 9th January.

3.7 Summary of Analysis

The review highlighted the positive work already undertaken in resident and community engagement, whilst clearly demonstrating the need for a more community-focussed engagement model, responsive to how different sections of the community live their lives in Stevenage today.

The review clearly identified the need to ensure a practical framework and toolkit approach to involving and engaging that could adapt and change with the council and town over time.

The review also highlighted a range of recommendation that can be summarised under three overarching headings;

Diversity and Inclusion

a) Providing simple and easy to use literature and advice
b) Building diversity in community engagement groups and services
c) Embedding youth engagement and support in wider community development
d) Continuing the important relationship between council tenants and scrutiny of housing services
e) Involving families
f) Celebrating the diversity of Stevenage through community engagement
g) Expanding and diversifying groups such as the Disability Forum/Resident Inspectors and Customer Scrutiny Panel

Digital Transformation

a) Improving access to minority groups and those who struggle to have a voice via digital engagement
b) Improving access to digital engagement
c) Community engagement/consultation branding
d) Utilising the council main reception more
e) Improving council use of social media in engagement
f) Improving website information on community groups, activities and access to opportunities

Co-operative Community

a) People and issue led engagement
b) Community and neighbourhood mapping
c) Removing a one size fits all approach to engagement
d) Creating opportunities for empowerment
e) Embedding community development and consultation across departments
f) Promoting community leadership and valuing community action
g) Encouraging a vibrant voluntary and community sector
h) Providing simple and convenient ways of engaging
i) Simplifying ways for communities to take the lead in developing their area

3.8 As part of the review process a Policy Advisory Session was held with members chaired by the Portfolio Holder for Communities, Community Safety and Equalities.

3.9 The session highlighted the need to build a simple, effective and active framework that could be reviewed and monitored by Community Select Committee.

3.10 The feedback reflected the need to develop a more comprehensive digital engagement platform, while ensuring realistic delivery with current IT infrastructure.

3.11 The feedback highlighted the importance of current resident engagement activities alongside a need to diversify and modernise engagement structures within these areas.

3.12 Feedback supported the need to link wider co-operative values into the new engagement framework.

3.13 Feedback demonstrated the importance of elected members as community champions and the need for more guidance of how elected members could facilitate interaction between residents and the council.

3.14 The proposed draft Community Engagement Framework (Appendix A) responds to these points and sets out clear objectives in the way that the council facilitates community engagement. It is intended to act as a clear reference point, both for council officers and elected members, but also for residents who might want to get more involved.

3.15 It is recommended that a practical toolkit is developed after final publication of the framework with training and briefing sessions for officers and elected members.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 The delivery of the Co-operative Neighbourhood Management Programme has highlighted the importance of effective community engagement to deliver Future Town, Future Council ambitions. Some good practice has emerged through the development of this programme. This has created an opportunity to consider how community engagement represents a way of working for council services.

4.2 In response to the above, the Communities and Neighbourhoods Business Unit Review resulted in the creation of a community development service, combining previous community development, resident involvement and social policy functions.

4.3 The Community Engagement Framework enables this capacity to grow beyond the community development service across all council service areas.

4.4 The more detailed scrutiny review work undertaken by the Community Select Committee identifies opportunities to improve the council's approach to community engagement as a co-operative council.

4.5 It is clear that not documenting the council's strong approach to working with residents in a dynamic way limits awareness and future opportunities.

A work programme will support the implementation of the framework as outlined below:

4.6 Timetable for process

Community Engagement Framework	Start date	Completion date
Final Publication	**March 2019**	**March 2019**
AD briefings	**April 2019**	**May 2019**
Training for officers	**May 2019**	**July 2019**
Modern Members Briefing	**May 2019**	**August 2019**
Digital transformation	**July 2019**	

5 IMPLICATIONS

Financial Implications

5.1 There are no direct increases in financial support required through the introduction of the Community Engagement Framework and an associated toolkit. This support functions will be maintained by the community development service.

5.2 A time-limited training programme for officers will be included in the launch of the Community Engagement Framework. Delivery of this will be structured into the work plan of the Community Development team.

Legal Implications

5.3 There are no legal implications presented.

Risk Implications

5.4 The Framework depends on full council implementation for success and will sit closely alongside communications strategies and regulatory consultation processes.

5.5 It is recommended that the framework is reviewed bi-annually by the Community Select Committee after community consultation on strengths and potential weaknesses

5.6 The active nature of the Framework allows risks to be assessed and managed throughout delivery. All engagement exercises should be risk assessed as standard practice.

Equalities and Diversity Implications

5.7 Equality and diversity in engagement is a central platform of this Framework. Due consideration has been given throughout the review and modelling of the framework in increasing diversity and inclusion through engagement processes. The frameworks embeds the council's obligations under the 2010 Equalities Act.

5.8 The recommended Community Engagement Framework embeds diversity as key consideration in the delivery of all engagement while allowing measurement and review of diversity and inclusion through monitoring.

5.9 The Community Engagement Framework is designed to have a positive impact on diversity and inclusion throughout council engagement structures.

5.10 A full Equality Impact Assessment is attached to this report

Service Delivery Implications

5.11 Implementation of the framework will need to be supported by information exchange and training on use. The need to embed community engagement has been fully explored through the development of the framework.

5.12 The Framework and an associated toolkit will assist services across the council to better engage with local residents and to ensure services are more effective and better meet their needs.

Safeguarding Children Implications

5.13 Safeguarding implications have been fully assessed during the review and development of the Community Engagement Framework. The council will ensure engagement with children and young people follows national standards in ensuring safety and security for those involved, including the use of digital engagement tools

Other Corporate Implications

5.14 The Community Engagement Framework builds upon the council's Co-operative Commitment, outlining how the council pro-actively engages with the town's residents.

5.15 The review also references the ambitions of the Arts and Cultural Strategy, Housing Strategies and the wider consultation needs has across council business units.

APPENDICES

A Draft Community Engagement Framework.

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DRAFT Community Engagement Framework

Stevenage Borough Council 2019

A Stronger, more Co-operative Stevenage

The Community Engagement Framework has been developed to provide a clear overview of ways in which the council engages with communities across Stevenage.

The Framework identifies the first set of aims in our engagement, while also acting as a practical resource for use across the council and for partners. This is not the starting block for our work, and in developing this framework, we recognise that good community engagement, co-operative working and innovation in delivery has and is happening across the town for many years. Our commitment to co-operative working and community development remains central to the development of our town. This framework acts as a tool in furthering this work, celebrating success and improving quality engagement even further. Our purpose through this framework is to be clear in our aspirations to improve people’s lives, and the quality of public services, ensuring our residents are equal partners in Stevenage as we enter 2020 and beyond.

Strong communities are co-operative communities where individuals, groups and communities work together to grow, develop and lead the aspirations for our town.

Our Co-operative Commitment

Stevenage's Co-operative Principles

In January 2011, Stevenage Borough Council formally became a Co-operative Council and adopted five co-operative principles. These are:

- The council as a strong community leader
- Working together with the community and other agencies to provide services based on needs
- Communities empowered to design and deliver services and play a role in their local community
- A clear understanding between the council and our communities – this is what we do, this is what we will help you to do
- Joined-up and accessible services that offer value for money and focus on the customer.

But what do these really mean?

- We're here when you need us
- We can all support each other
- You can play a part
- We all understand each other
- We're all working together for our town

Our co-operative principles promote and support the close working relationships the council has with the town's residents and organisations. They demonstrate that we will continue to listen and involve community groups and residents in shaping the town.

These commitments are reflected in the council's values

Our co-operative commitments are central to our community engagement framework integrating our co-operative approach with wider community engagement

Diversity and Inclusion in engagement

The council believes in working across our community to ensure all people no matter of age, gender, sexual orientation, race, income, ability or cultural heritage have the opportunity to thrive, enjoy and take part in their town. This community engagement framework builds on our belief that diversity and inclusion is central to stronger co-operative communities.

We believe social cohesion comes from developing understanding and communication across the town, allowing people to explore the issues and ideas that bind communities together.

Our Diversity and Inclusion commitments in engagement are:

- **Providing accessible information that is easy to understand**
- **Understanding communities of place and communities of interest/identity**
- **Providing digital opportunities to engage**
- **Working with groups, services and forums representing minority communities**
- **Enabling the sharing of ideas and aspirations**

Our aims in community engagement

We believe stronger cooperative communities are built on meaningful community engagement, where individuals, groups and neighbourhoods are empowered to find solutions through coproduction of outcomes.

To achieve this our community engagement framework is built the following key aims;

1. **Investing in the development of stronger communities through people, groups, organisations and neighbourhoods**
2. **A commitment to community engagement and community development**
3. **Providing and developing creative ways to engage with our communities, ensuring equality of opportunity in having a voice**
4. **Celebrating our communities and the role individuals, groups and organisations play in building a stronger more cooperative town**

Our aims are underpinned by commitments on how we will achieve them.

Aim 1 - Investment in the development of stronger communities through people, groups, organisations and neighbourhoods

We will do this by:

- **Providing funding opportunities at a neighbourhood level through Councillor's Local Community Budgets**
- **Support the creation and facilitation of neighbourhood and resident groups, forums and networks**
- **Working co-operatively with communities in mapping community assets and investment needs through our Co-operative Neighbourhood Management programme**
- **Providing opportunities for our young people and older people to influence decision making directly affecting their lives**
- **Providing information and networking opportunities for local groups**

Aim 2 - A commitment to community engagement and community development

We will do this by

- **Investing in community development at a neighbourhood level**
- **Ensuring communities have support in developing their skills and need**
- **Ensuring good communication and response, providing feedback on decision making**
- **Providing opportunities for the coproduction of services and community led development initiatives**
- **Ensuring communities have the right information to make effective choices**

Aim 3- Providing and developing creative ways to engage with our communities, ensuring equality of opportunity in having a voice

We will do this by

- **Promoting and supporting processes that engage and provide representation for communities in decision making**
- **Developing more creative approaches that encourage engagement from all sections of our community, using digital and neighbourhood networks**
- **Provide opportunities for our *protected characteristic communities to come together in exploring the needs of minority communities, groups and organisations.**

Aim 4 - Celebrating our communities and the role individuals, groups and organisations play in building a stronger more cooperative town

We will do this by

- **Celebrating the role of volunteering in building stronger communities**
- **Supporting the further development of vibrant and independent voluntary and community sector**
- **Supporting community leadership and training for individuals, groups and organisations who can make a difference in their neighbourhoods**

***Protected characteristic refers to groups and individuals protected by law under the Equality Act 2010, as a council we also refer to protected characteristic as including those suffering socio-economic disadvantage.**

Our Communities

Our community engagement framework for Stevenage relates to;

The town, its neighbourhoods, wards, specific streets and housing areas. Our framework involves all those who live in; work in; study in or visit Stevenage bringing the town their skills, ideas and community connections

Our definition of 'community' also aims to recognise that different people identify themselves in different ways and that we should be sensitive to this when carrying out any type of engagement activity.

A community of place

The places in which we live, work and socialise will often include the people we share our lives, interests and backgrounds with. It may be a place with a physical or locally agreed boundary or simply a shared understanding or 'feeling' about a place

Communities of interest or identity

Across the town and within the areas in which we all live some people define themselves in addition to their community of place. This is quite often as part of a group of people with a shared interest or identity/experience

A community of interest or identity can include:

People who often identify themselves or are identified by society or by demographic characteristics, for example, children and young people, faith groups, older people, black and minority ethnic people, lesbian, gay, bisexual and transgender people or people with a shared social background

People with a shared or similar interest may also identify as a community of interest, for example, in shared appreciation and/or membership of sport, art, school groups or community garden

Digital Communities

Digital communities can be based around place, interest or identity. We understand how important digital or virtual communities can be in engagement and aim to ensure our engagement framework understands and embraces digital communities across the town

Engagement

There are many different words used to describe community engagement – ‘participation’, ‘involvement’ and ‘consultation’ are just a few. All of these are types of engagement, and all have their place in achieving an active community voice.

The success of any engagement activity is often related to the level of information, support, training and empowerment that individuals, groups and communities can access. The role of community development in Stevenage is therefore central to this Community Engagement Framework.

‘Community development is about building active and sustainable communities based on social justice and mutual respect. It is about changing power structures to remove the barriers that prevent people from participating in the issues that affect their lives‘

(The Community Development Exchange www.cdx.org.uk/what-is-community-development)

No single type of activity is more or less important than another.

For example, the provision of high quality and accessible information is just as important as providing more opportunities for community ownership or control.

Barriers that prevent people getting information, giving their views as part of a consultation or getting more involved in must be considered and addressed as part of the engagement process.

We also believe that it is important that all engagement is linked to an outcome. Individuals, groups and communities must be able to see the impact of giving their time, views and energy, embedding a cooperative approach in our engagement

Good service planning should maximise opportunities for community engagement to test data and community insight and to review customer feedback. This in turn leads to more responsive and effective council services.

Our approach to community engagement

The Community Engagement Framework defines community engagement in Stevenage as incorporating the following range of activities, linking to our Co-operative Council principles

Informing

Informing communities with realistic, balanced and objective information to assist them in identifying and understanding community challenges. Helping communities coproduce alternatives, opportunities and solutions to their community needs.

Case Study

Stevenage Healthy Hub

The Healthy Hub provides a one-stop-shop for health and wellbeing information and support located near Stevenage town centre in a previously unused space within Stevenage Arts and Leisure Centre. The Hub was established and is operated by Stevenage Leisure Limited (SLL) working in partnership with the Council and a range of local partners including the NHS, Public Health, and a range of VCSE organisations, some of which provide services in the Hub. Health professionals can refer patients through an exercise referral scheme which includes rehabilitation and management of chronic medical conditions. The Hub provides access to specialist equipment such as an anti-gravity treadmill and a functional electrical stimulation bike which have allowed hundreds of people who could not use standard equipment to become active.

Since opening in January 2016 there have been 528 walk-ins, 820 referrals from health professionals, and 12,307 visitors to organisations based in the Hub. 241 people have been referred to other partners and 287 were signposted to community services.

The Healthy Hub has achieved financial stability through increasing the take-up of exercise referral memberships and hiring rooms to partners. This means it can function independent of any future subsidy.

Consulting

Providing opportunities for community, individual and group feedback on potential choices and decision making. Listening to responses, considering and valuing input, ensuring feedback.

Case Study

Green Paper on Social Housing Consultation

In October 2018 the Government launched their Green Paper on Social Housing for consultation with residents, organisations and local authorities providing social housing needs.

Working in partnership with ARCH (Association of Retained Council Housing) and our resident ARCH lead, the council felt residents views should form a significant part of our response to government.

Our lead resident ARCH member worked alongside Community Development and Performance teams in structuring a special afternoon at the council were local residents and lease holders could come together to explore the green paper, giving local responses, ideas and suggestions based on government recommendations.

Using our customer pool database our team supported the resident ARCH lead to contacting a wide and diverse selection of local people to take part. This resulted in a consultative group of 16 tenants and leaseholders attending the consultation afternoon where refreshments and lunch were provided alongside a support from Community Development and Performance team members.

The consultation exercise was led by the resident ARCH lead member, focusing on each part of the green paper, allowing open discussion and problem solving, while developing a clear Stevenage response.

Results from the consultation were then shared with residents taking part and ARCH through our lead member ensuring local people had a voice in government decision making.

Involving

To work directly and virtually with communities, individuals, groups and partners throughout out a process, ensuring the opportunity share ideas, concerns and aspirations in building solutions, new opportunities and considerations for further development.

Case Study

Enabling Social Action Project

Enabling Social Action is a nationwide project running from March 2018 - March 2020 as a collaborative partnership between the Department for Culture Media and Sport and the Universities of Sheffield and Hull.
In June 2018 Stevenage was selected as one of two pilot areas in the roll out of the social action project, based on our innovative work on cooperative neighbourhood management.
Our work with the enabling social action research team has involved an active learning based model of workshops based on the second year of our cooperative neighbourhood programme in St Nicholas and Martins Wood. These workshops have involved researchers, DCMS, the voluntary sector, police, youth services, elected members and our community development team. The focus of workshops has been the sharing of expertise, understanding and ideas in the delivery of

cooperative neighbourhood work and investment. These workshops have already led to a more inclusive and multi-agency approach to future cooperative neighbourhood programme work in 2019/20, allowing changes and adaptions to the delivery of the work that are shared by those working out in our communities and informed by a partnership approach to delivery.

By involving a diverse group of people, outcomes and delivery have changed, through joint learning, joint action and honest discussion

Collaborating

Collaborating with our community, groups or organisations in identifying cooperative solutions to community development. Involving partners at each stage of decision-making and preferred solutions.

Case Study

Stevenage Against Domestic Abuse (SADA)

Stevenage Against Domestic Abuse has developed a strategic and co-ordinated approach to tackling and reducing domestic abuse in Stevenage through working with internal and external partners. This co-operative service puts the victim and their family at the heart of the support and involves them in the decision-making.

The service is unique and believed to the first in the country that encourages organisations to refer victims and their families a Safe Space provided by the council to stay for up to seven nights whilst they make life changing decisions on their future. The service encourages and empowers victims and survivors to make the decision that is right for them. This could include applying for their own orders against the perpetrators and to be able to access support through courses such as "You and Me Mum". The service has so far supported 85 victims of domestic abuse across the town.

SADA facilitate a monthly SADA Multi-Agency Panel Meeting (mini marac) with partners, which includes Independent Domestic Violence Advisors, Children's Services, the Mental Health Team, Health Visitors and the Police to discuss "medium and low risk" cases by definition. By using this approach we can help to stop escalation of cases and support the victim by working in partnership with all the agencies including statutory and voluntary sector that are signed up to be part of the SADA partnership.

The SADA partnership also includes the Domestic Abuse Forum, which is a survivors group that informs the direction of the SADA service.

The SADA team also delivers training to neighbouring local authorities and partner agencies in order to build skills and support available to those suffering domestic abuse. By working in this co-operative way, we can help victims, families and our partners to offer a joined up approach to tackling domestic abuse and helping to keep victims safe.

Empowering

Placing decision making in the hands of the community as a result of engagement, allowing communities to self-identify solutions and take action in building local responses

Case Study

Stevenage Youth Council Conference 2018

Community Development team members worked collaboratively with 13 Stevenage Youth Council members aged 11-18 and Herts Youth Connections this year to organise and deliver a town wide youth conference involving Stevenage secondary schools.
Planning for the youth conference started in March 2018 with youth council members aged 11-18 mapping the issues and needs that they felt were of importance to young people across Stevenage. Our Community Development team and Herts Youth Connections youth workers empowered youth council members to take the lead in this mapping, drawing on experiences, school topics and ideas in coming up with the theme of 'Staying Safe'. As part of their theme young people wished to explore a wide range issues relating to knife crime, personal safety, confidence, mindfulness and conflict before deciding on the key themes they wanted to include in the conference. Community Development and Youth Workers empowered young people to source people who had expertise in the areas they wished to explore, inviting people and organisations into the youth council to help youth council members choose key themes and workshops for the conference. Youth Council members led the selection of workshop themes (Mindfulness, Conflict Resolution and Personal Safety) recruiting organisations to deliver each workshop through example activities, interview and selection.
Young people were also empowered to manage the conference budget, manage the delivery plan and manage the invitations to local schools. The young people successfully managed a financial underspend on the conference this year, while delivering a highly successful and professional conference involving four local secondary schools. By empowering young people to lead the event, the conference enabled young people attending to openly share their concerns and aspirations while empowering five new young people to join the youth council and continue its important work across the town.

Evaluations and learning from the conference are now informing new projects and engagement activities for young people led by youth council members

Our council wide standards for community engagement

Our standards mark our commitment to you in delivering community engagement. These standards apply across council departments, ensuring that you get the best possible standards of engagement

We will

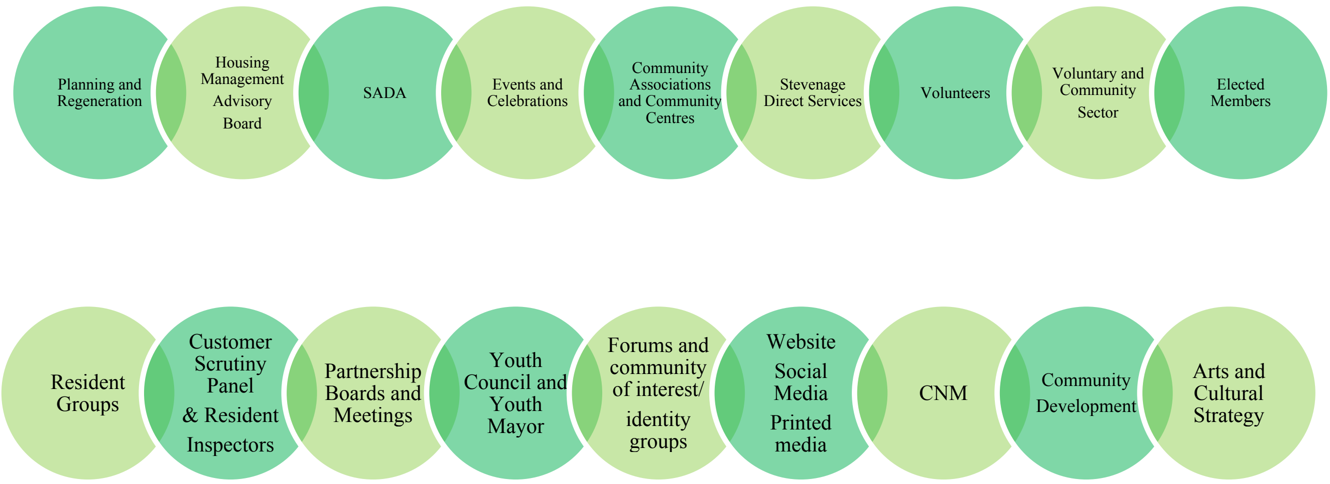
- **Always be clear about why we are engaging**
- **Always be clear about what can and cannot be influenced**
- **Always allow sufficient time for engagement**
- **Always be open, honest and accountable when sharing information and responding to contributions from our community**
- **Always seek to develop partnerships where expertise in specific issues from external organisations can greatly increase success in outcomes**
- **Always provide feedback and be clear on when feedback will be presented**
- **Always monitor, review and learn from engagement activities, involving those taking part**
- **Always seek to ensure wide representation and involve a diversity of individuals, groups and partners**

How will the community engagement framework be monitored and reviewed?

We are committed to continuous assessment and scrutiny in measuring the impact of our Community Engagement Framework. Key performance indicators have been established for the community development service that help to monitor progress against a number of these ambitions. The Framework will reviewed bi-annually by the community development service, involving the collection of evidence and data from communities across the town via consultation and involvement. These reviews will be made public via our digital platforms.

Current Engagement Structures

The council already engages in multiple ways and formats, and we will continue to support these engagement routes within the new Framework, building on success and challenging our methods to further develop and improve our offer.



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
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Agenda Item 10

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