

Public Document Pack



EXECUTIVE

Date: Wednesday, 11 August 2021

Time: 1.00pm,

Location: Council Chamber, Daneshill House, Danestrete, Stevenage

Contact: Ian Gourlay (01438) 242703

committees@stevenage.gov.uk

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

AGENDA

PART 1

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

2. **MINUTES - 14 JULY 2021**

To approve as a correct record the Minutes of the meeting of the Executive held on 14 July 2021 for signature by the Chair.

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

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

Community Select Committee – 15 July 2021

Overview & Scrutiny Committee – 22 July 2021

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4. **COVID-19 UPDATE**

To consider an update on the Covid-19 pandemic.

5. TRANSFORMATION

To consider a proposed Transformation Programme aimed at improving customer satisfaction, increasing workforce productivity, and delivering savings to sustain services.

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

To consider the 4th Quarter Revenue Monitoring Report for 2020/21 in respect of the General Fund and Housing Revenue Account.

REPORT TO FOLLOW

7. 2020/21 CAPITAL EXPENDITURE OUTTURN

To consider the Capital Programme 2020/21 expenditure outturn.

Page Nos. 37 - 54

8. URGENT PART I BUSINESS

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

9. EXCLUSION OF PRESS AND PUBLIC

To consider the following motions –

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

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

To consider the proposed disposal of part of Marshgate Car Park for the delivery of a Life Sciences Centre.

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11. FAIRLANDS VALLEY FARMHOUSE

To consider the options available for the future development of Fairlands Valley Farmhouse.

Page Nos. 37 - 54

12. URGENT PART II BUSINESS

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

NOTE: Links to Part 1 Background Documents are shown on the last page of the individual report, where this is not the case they may be viewed by using the following link to agendas for Executive meetings and then opening the agenda for Wednesday, 11 August 2021 – <http://www.stevenage.gov.uk/have-your-say/council-meetings/161153/>

Agenda Published 3 August 2021

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STEVENAGE BOROUGH COUNCIL

EXECUTIVE MINUTES

Date: Wednesday, 14 July 2021

Time: 1.00pm

Place: Council Chamber, Daneshill House, Danestrete, Stevenage

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

Start / End Start Time: 1.00pm
Time: End Time: 4.37pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were submitted on behalf of Councillor Robin Parker, CC (observer).

There were no declarations of interest.

Members supported the Chair's suggestion that the Executive's congratulations be recorded regarding the inspirational and uplifting performance and the conduct of the England Football Team at the recent European Championships.

2 MINUTES - 9 JUNE 2021

It was **RESOLVED** that the Minutes of the meeting of the Executive held on 9 June 2021 be approved as a correct record for signature by the Chair.

3 MINUTES OF THE OVERVIEW & SCRUTINY COMMITTEE AND SELECT COMMITTEES

The Executive considered the Minutes of the meetings of the Overview & Scrutiny Committee held on 14 June 2021 and Environment & Economy Select Committee held on 22 June 2021.

In terms of the bulky waste charging item considered at the Environment & Economy Select Committee, the Chair reported that the pilot scheme for charging less for fewer items had yielded excellent results, and that work was underway with a view to introducing a permanent scheme.

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

Overview & Scrutiny Committee – 14 June 2021

Overview & Scrutiny Committee – 22 June 2021

4 COVID-19 UPDATE

The Executive considered a presentation providing an update on the Covid-19 pandemic from the Strategic Director (TP), assisted by other officers. The presentation covered Local and National epidemiology statistics; Step 4 – Removal of restrictions; National Five Point Plan – Living with Covid; Testing, outbreak management and compliance; Community Response; Business Support and Grants; Business Continuity, new ways of working and wellbeing & resilience; and Communications update

The following matters were raised during the presentation:

- it was confirmed that the 168 Covid-related deaths in Stevenage during the course of the pandemic were of Stevenage NHS-registered patients;
- officers undertook to respond to Members with any statistics they were able to find in respect of vaccine effectiveness (including anti-body testing);
- officers were requested to liaise with HCC officers with a view to asking the local bus companies to adopt a requirement for continued mask wearing on their vehicles (in line with Transport for London requirements); and also to investigate the possibility of continued mask wearing by the Borough's taxi drivers;
- officers agreed to confirm whether businesses were still required to use the QR code reader system for customers;
- it was considered that increasing the awareness of businesses in the Neighbourhood Centres in respect of the grants and support funding available to them (and how to access such funding) should form part of the work of the Co-operative Neighbourhood Teams;
- officers agreed to provide figures regarding the level of take up from businesses of the Covid-19 business support advice provided by SBC, the Business Technology Centre and Hertfordshire Growth Hub;
- it was clarified that a new Daneshill House office layout with a reduced number of work stations would be launched in September 2021; the Museum was also planned to re-open fully in September, as during its closure many staff had been redeployed on other duties;
- the backlog of complaints/service requests in certain areas, such as repairs, would be addressed in the coming weeks. It was noted that a recent surge was primarily due to the easing of Covid restrictions and residents feeling more comfortable about operatives visiting their homes, which was not the case during the height of the second wave of the pandemic in early 2021;
- officers undertook to share with Members the percentage of staff who had indicated that they wished to return to work full-time in response to the recent Employee Survey;
- it was confirmed that work flexibility would remain for those staff who undertook a caring role within their family unit.

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

5 REVIEW OF ARTICLE 4 DIRECTIONS AND EMPLOYMENT SITES IN STEVENAGE

The Executive considered a report in respect of a review of the Article 4 Directions and Employment Sites in Stevenage.

The Portfolio Holder for Environment & Regeneration advised that, in May 2013, the Government announced a series of planning reforms in order to make the process easier to secure residential development, through “permitted development rights”. A permitted development right was the carrying out of certain types of work or development, without needing to apply for planning permission. From the above date, various changes of use could be made without the need for a formal planning consent. The most prominent of these was from office, commercial and employment use (previous Use Class B1) to residential use (Use Class C3).

The Portfolio Holder for Environment & Regeneration commented that, as a response to these reforms, many local authorities across the country began to designate areas to protect against the loss of office, commercial and employment space to residential areas. This included imposing Article 4_Directions on areas which the local authority deemed worthy of additional protection from change of use from office, commercial and employment to residential.

The Portfolio Holder for Environment & Regeneration explained that an Article 4 Direction was a Direction under Article 4 of the General Permitted Development Order by which a local planning authority could bring within planning control certain types of development, or changes of use, which would normally be “permitted development” (i.e. not require an application for planning permission). There had, however, been two recent Government announcements:

- (1) On 1 September 2020, the Government made a series of changes to the “Use Classes Order”, which categorised different types of building uses for planning purposes, such as applications to change the use of a building.
- (2) On 31 March 2021, the Government announced new rules allowing commercial premises to be converted into homes, through a “prior approval” process, from 1 August 2021. This was part of a package of measures to “revitalise” high streets and town centres. Where there was an existing Article 4 Direction in force as at 31 July 2021 in respect of the change of use from offices to residential, it would continue to have effect until 31 July 2022.

It was noted that Stevenage currently had three Article 4 Directions in force, two of which removed permitted development rights for changes of use from office and light industrial to residential use.

The Portfolio Holder for Environment & Regeneration stated that, in addition to the Article 4 Directions in force, the Planning Policy team was progressing work on Employment Sites. This work highlighted the designated employment sites in the Stevenage Borough Local Plan, as well as any vacant employment sites, to show the potential for maximising commercial and employment space in the Borough and seek to future-proof space for likely future demand for grow-on space. This should

strengthen the argument for protecting Stevenage's employment land from change to alternative uses, such as residential, into the future.

The Chair of the Planning & Development Committee summarised the views of that Committee on the report, made at its meeting held on 13 July 2021, as follows:

- support to officers in their endeavours to firm up the evidence base in seeking to retain the protection afforded by the Article 4 Directions;
- the discord and disharmony that would ensue should residential and industrial/commercial uses be mixed, which could be the case should the Article 4 Directions cease;
- major planning applications should be determined by the Planning & Development Committee rather than through permitted development processes.

The Executive supported the views of the Planning & Development Committee, and considered that lobbying of the Hertfordshire Local Enterprise Board (LEP) and Hertfordshire Growth Board would be required to garner their support to the work of the Council in seeking to retain the protection afforded by the Article 4 Directions, based on the Borough's New Town heritage of separation of commercial/residential land uses.

It was **RESOLVED**:

1. That the new arrangements imposed by Government on use class changes and relating to change of use from commercial to residential use via permitted development rights be noted.
2. That the extended period that existing Article 4 Directions in Stevenage are in force, to 31 July 2022, relating to:
 - (A) Change of use from Light Industrial to Residential use – applicable to Gunnels Wood and Pin Green Employment areas.
 - (B) Change of use from Office to Residential use – applicable to Gunnels Wood and Pin Green Employment areas,be noted.
3. That the evidence base relating to employment sites in the Borough be developed to support the existing Article 4 Directions and further support protection of employment space in the Borough be agreed.
4. That the comments of the Planning & Development Committee, held on 13 July 2021, regarding the content of this report be supported.
5. That delegated powers be granted to the Assistant Director: Planning and Regulation, following consultation with the Portfolio Holder for Environment and Regeneration, to make any subsequent amendments to Article 4 Directions.
6. That the lobbying activities of the Council for retention of the protection afforded by the Article 4 Directions (including lobbying for the support of the

Hertfordshire LEP and Hertfordshire Growth Board) be concentrated and based on the Borough's New Town heritage of separation of residential/commercial land uses, which has not changed since the original Article 4 Directions were granted.

Reason for Decision: As contained in report; and 6. To lobby support for the continuation of the Article 4 Directions.

Other Options considered: As contained in report.

6 STEVENAGE DESIGN GUIDANCE SUPPLEMENTARY PLANNING DOCUMENT 2021: PUBLIC CONSULTATION

The Executive considered a report seeking approval of the draft Stevenage Design Guidance Supplementary Planning Document (SPD) 2021 for public consultation.

The Portfolio Holder for Environment & Regeneration reminded Members that a Supplementary Planning Document (SPD) built upon policies included in Local Plans, providing further guidance for development. They were a material consideration in planning applications.

The Portfolio Holder for Environment & Regeneration advised that the Council currently had a Design Guide SPD, which was adopted in October 2009. The document focused on traditional design issues, such as separation distances and design standards for new dwellings and was heavily focussed on the residential side of design.

The Portfolio Holder for Environment & Regeneration explained that local and national policy had changed significantly over recent years, with the examination and subsequent adoption of the Stevenage Borough Local Plan (2019), and with the introduction of the National Design Guide (2021). Policy now strongly supported sustainable development in all its forms and the protection and enhancement of a sense of place across the Borough.

To avoid any potential confusion, the Portfolio Holder for Environment & Regeneration commented that the new Stevenage Design Guidance SPD had been brought in line with the National Design Guide and highlighting the following characteristics:

- Context;
- Identity;
- Built form;
- Movement;
- Nature;
- Public Spaces;
- Uses;
- Homes and buildings;
- Resources; and
- Lifespan.

Members were informed that there was an additional section in the Design Guidance

SPD that sets out details for the redevelopment of the Town Centre and incorporated work commissioned by the Regeneration Team and that undertaken by BDP.

The Chair of the Planning & Development Committee summarised the views of that Committee on the SPD, made at its meeting held on 13 July 2021, as follows:

- An excellent externally-facilitated workshop on design had been attended by a number of Members of the Committee;
- Once adopted, documents like the SPD should be available via digital means, enabling Members to easily locate the latest versions;
- The need for site visits to other parts of the UK to view good urban design; and
- Debate on the Local Heritage List had centred on how buildings were allocated/added to that List.

The following comments were made by Executive Members:

- It was recommended that an All-Member Briefing on the Design SPD be held prior to public consultation, including further discussion on the Local Heritage List;
- In view of the size of the document, consideration should be given to a method whereby consultees could easily navigate around it;
- The SPD should contain a reference to the negative lessons learnt from the New Town heritage (such as Radburn layout housing);
- The SPD should also refer to the fact that Stevenage was comprised of self-contained neighbourhoods, based on New Town principles;
- The SPD should set out what would be expected of developers of new flat blocks in terms of their linkage and accessibility to green spaces in the town;
- The SPD should contain reference to the importance of fire safety in building design; and
- Officers were asked to bring the SPD, Local Heritage List; and the Stevenage Town Centre Public Realm Guide back separately when the SPD returned to the Executive following completion of the consultation process.

The Executive supported the recommendation for an All-Member Briefing on the SPD, and a deferral of the commencement of public consultation on the document until after it had been discussed at the All-Member Briefing, and no earlier than September 2021.

It was **RESOLVED**:

1. That the content of the Stevenage Design Guidance SPD 2021 be noted.
2. That delegated powers be granted to the Assistant Director: Planning and Regulation, following consultation with the Portfolio Holder for Environment and Regeneration, to make minor amendments as are necessary in the final preparation of the draft SPD prior to its consultation.
3. That an All-Member Briefing on the draft Design Guidance SPD 2021 be held

at the earliest opportunity, and the Assistant Director Planning and Regulation, following consultation with the Portfolio Holder for Environment and Regeneration, be given delegated authority to determine the commencement of the consultation period on the SPD (no earlier than September 2021).

4. That the comments of the Planning & Development Committee, at its meeting held on 13 July 2021, regarding the content of the report, be noted and taken into account in the further work on the SPD.

Reason for Decision: As contained in report; and amended 3. To allow All-Member input into the content of the SPD.

Other options considered: As contained in report.

7 COMMUNITY INFRASTRUCTURE LEVY (CIL) - 12 MONTH REVIEW

The Executive considered a report with regard to the amounts of Community Infrastructure Levy (CIL) secured and projected, and seeking approval to the maintenance of the current CIL Charging Schedule rates, with a review of the rates in 2022/23.

The Portfolio Holder for Environment & Regeneration reminded Members that the Community Infrastructure Levy (CIL) was a planning charge that could help local authorities to deliver infrastructure to support the development of their area. It allowed local authorities to raise funds from developers undertaking new building projects. The money could be used to fund a wide range of infrastructure, such as transport schemes, schools, community facilities, parks and leisure facilities, which were needed as a result of development taking place.

The Portfolio Holder for Environment & Regeneration stated that CIL was fairer, faster, more certain and transparent than the system of planning obligations (S106), which caused delay as a result of lengthy negotiations and was subject to viability. When the Executive and Council, in 2019/2020, agreed the current rates of CIL they also agreed to review it after a year. Since 1 April 2020 the Council had been charging at the agreed rates.

The Portfolio Holder for Environment & Regeneration commented that when the Council consulted about the rates back in 2018/2019, Hertfordshire County Council had considered that the rates should be higher to support funding that they wanted, but they were unable to justify higher rates in terms of viability.

Given that many of the CIL applications had yet to be formally issued, it was noted that the Council had limited data at this time. Furthermore, given the unknown stability of the Covid recovery it would be premature to review the rates at this time. As such, it was recommended that the Council delayed the review until 2022/2023 so that the impact of the rates and how the economy was fairing could be better assessed.

Members supported an additional recommendation proposed by the Chair that CIL performance be reported on a quarterly basis to the Executive through the existing budget/performance reporting mechanisms.

It was **RESOLVED:**

1. That the amounts of Community Infrastructure Levy (CIL) secured and projected be noted.
2. That the current CIL Charge Schedule (CS) rates be maintained until after the outcome of a review in 2022/2023.
3. That CIL performance be reported on a quarterly basis to the Executive through the existing budget/performance reporting mechanisms.

Reason for Decision: As contained in report; and 3. To ensure regular monitoring of CIL performance.

Other options considered: As contained in report.

8 ANNUAL REPORT 2020/21

The Executive considered a report seeking approval to the Council's Annual Report 2020/21.

The Leader advised that, as part of the Annual Report review process, consideration had been given as to how best the Council could deliver and communicate the Future Town Future Council (FTFC) programme for the period 2021/22 - 2022/23. The report proposed that the former nine programmes were consolidated into four external-facing and one internal-facing programmes, as follows:

- Transforming Our Town Centre
- Building More Social and Affordable Homes
- Working Co-operatively Within Our Neighbourhoods
- A Clean, Green, Safe and Thriving Town
- Making Your Money Count

The Leader stated that the 2021/22 Co-operative Corporate FTFC Programme was both ambitious and exciting. As always it reflected the priorities that had been identified by the Council's residents and businesses. Developing the programme for 2021/22 had been particularly challenging given the Covid-19 situation and the related impacts, some of which, regrettably, had continued into the new financial year.

Members noted that considerable uncertainty remained for the year ahead in particular, with regard to the return of key income streams, and it would therefore be necessary to keep the deliverability of the FTFC programme under review. Furthermore, if and when new priorities emerged during the course of the year, it may be necessary to review and revise the original FTFC programme in order to accommodate changes, subject to the identification of supporting resources.

The Leader stated that, in addition to setting out delivery plans for the FTFC programmes, the report included the suite of performance measures and targets

which would be used to monitor performance across all business units during the 2021/22 financial year. These were set out in Appendix B to the report.

The Chair advised that final changes to the Annual Report before publication would include retention of the term “Co-operative Neighbourhoods” (instead of “Working Co-operatively within our Neighbourhoods”) as one of the four external-facing themes; and an expansion of the section outlining the support provided by SBC to the Stevenage High Street within the “Covid and our Co-operative Council response” element of the document.

It was **RESOLVED**:

1. That the progress on the delivery of the Co-operative Future Town Future Council (FTFC) programme and the overall performance and achievements of the Council during 2020/21 be noted.
2. That the content and publication of the Council’s draft Annual Report 2020/21, as set out at Appendix A to the report, be agreed.
3. That delegated authority be given to the Strategic Director (RP), following consultation with the Leader of the Council, to approve any final changes to the Annual Report prior to its publication.
4. That the proposals to refocus the FTFC programmes in 2021/22 be agreed, including the proposal to deliver a number of the internal facing priorities through the new Transformation programme.
5. That the proposed Co-operative Future Town Future Council programme deliverables for 2021/22 be noted and the deliverability of the programme be kept under review.
6. That the suite of 2021/22 performance measures and targets, as set out at Appendix B to the report, be noted.

Reason for Decision: As contained in report.

Other Options considered: As contained in report.

9 REVIEW OF THE USE OF AGENCY STAFFING

The Executive considered a report with regard to a review of the use of Agency staffing by the Council.

The Portfolio Holder for Resources advised that the Executive, at its meeting held on 10 March 2021, had considered a report detailing the re-procurement of suppliers of temporary agency workers as part of a framework agreement. As part of that report, the Executive noted that the current spend on agency staffing was in excess of £3 Million per annum, and requested a further report come forward outlining measures currently underway and those which were planned to ensure that the Council was using agency workers in the most efficient way possible.

The Portfolio Holder for Resources stated that the report now before the Executive

provided a further update in relation to action being taken and highlighted the need for more work to be undertaken prior to a further report coming back to the Executive later in 2021/22.

It was **RESOLVED**:

1. That the actions in respect of the use of Agency staffing, as set out in Section 4 of the report, be noted.
2. That a further report be brought forward to Executive during the current financial year, detailing progress against the actions set out in the report.

Reason for Decision: As contained in report.

Other Options considered: As contained in report.

10 PROPOSED IN PRINCIPLE USE OF COMPULSORY PURCHASE POWERS FOR DELIVERY OF SG1 DEVELOPMENT

The Executive considered a report seeking approval, in principle, to the use of the Council's Compulsory Purchase (CPO) powers to facilitate the delivery of phases 2 and 3 within the wider development of SG1, the Council's regeneration scheme for Stevenage Town Centre with Development Partner, Mace.

The Portfolio Holder for Resources advised that the regeneration area ran north to south from Swingate House, down Danestrete, and included land along Southgate and between Southgate and Six Hills Way. However, not all the land and buildings within this area were within the Council's ownership, and hence it may be necessary to use CPO powers to progress the Council's regeneration ambitions for the town.

The Portfolio Holder for Resources stressed that officers would use all reasonable endeavours to assemble the land required to support the SG1 development by agreement with landowners, and only if this was not possible would a further report be brought to the Executive to trigger the CPO process.

Members noted that that the use of CPO powers related entirely to the acquisition of commercial business premises and would not be used to acquire any residential properties.

It was **RESOLVED**:

1. That the in principle use of compulsory purchase powers, pursuant to section 226 of the Town and Country Planning Act 1990 and section 13 Local Government Act 1976 be approved, to acquire the land, property and rights shown within the Red Line Area set out in Figure 1, Paragraph 4.1.2. of the report.
2. That Officers be requested to begin the necessary preparatory work for the use of Compulsory Purchase Order (CPO) powers, including:
 - (i) the appointment of Land Referencing Agents;

- (ii) the service of requisitions on landowners (where appropriate);
 - (iii) the preparation of Statement of Reasons; and
 - (iv) all other necessary documentation.
3. That it be noted that Compulsory Purchase powers should only be used as a matter of last resort and that Officers will use all reasonable endeavours to assemble the land required to support the SG1 development by agreement, and that it be further noted that, if it is not possible to assemble the land by agreement, then a resolution for the use of Compulsory Purchase Powers, supported by the relevant justification and Statement of Reasons, will be presented to a future meeting of the Executive.

Reason for Decision: As contained in report.

Other Options considered: As contained in report.

11 URGENT PART I BUSINESS

None.

12 EXCLUSION OF PRESS AND PUBLIC

It was **RESOLVED**:

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

13 PART II MINUTES - EXECUTIVE - 9 JUNE 2021

It was **RESOLVED** that the Part II Minutes of the meeting of the Executive held on 9 June 2021 be approved as a correct record for signature by the Chair.

14 URGENT PART II BUSINESS

None.

CHAIR

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STEVENAGE BOROUGH COUNCIL

COMMUNITY SELECT COMMITTEE MINUTES

Date: Thursday, 15 July 2021

Time: 6.00pm

Place: Council Chamber, Daneshill House, Danestrete

Present: Councillors: Sarah Mead (Chair), Margaret Notley (Vice-Chair), Myla Arceno, Stephen Booth, Matt Creasey, Alex Farquharson, Claire Parris and Simon Speller

Start / End Start Time: 6.00pm
Time: End Time: 6.35pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were submitted on behalf of Councillor Liz Harrington.

There were no declarations of interest.

The Chair then welcomed the new Members to the meeting.

2 MINUTES - 2 DECEMBER 2020

It was **RESOLVED** that the minutes of the meeting of the Community Select Committee held on 2 December 2020 be approved as a correct record subject to the following addition to Minute 3 – HCC Director of Public Health Presentation:

In response to a question from the Chair, the Director of Public Health confirmed that in the event of any future pandemic, he would recommend that the use of face coverings should be employed at a much earlier stage of the virus.

3 COMMUNITY SELECT COMMITTEE WORK PROGRAMME 2021-22

The Scrutiny Officer presented a suggested Work Programme and agenda planning for the future meetings. The Work Programme is a flexible working document that is subject to change as new issues arise.

Members were encouraged to suggest items to be included in the Work Programme at any time.

The Scrutiny Officer outlined the following key issues that would be discussed at the future meetings:

- Crime and Disorder – To be considered at the March 2022 meeting;
- Public Health – Autumn 2021. A further meeting with Jim McManus, Director

- of Public Health was welcomed by Members;
- Neighbourhood Wardens – a review would include interviews with the Wardens to identify the effectiveness of the working arrangements and the area based working model and to hear what the Wardens have been doing as Covid-19 Marshals during the Pandemic;
- Sports and Leisure – Ongoing scrutiny of the new Leisure Contract options which is scheduled to be awarded in December 2022 through PHAG (Portfolio Holder Advisory Group) meetings;
- Complaints/Your Say System – Further interviews with the Assistant Director (Digital and Transformation) on the performance of the System for a one-off update at a future CSC meeting;
- Damp and Mould – to receive a report on the progress of the implementation of the Scrutiny Committee’s recommendations following the review for a one-off update at a future CSC meeting;
- Cultural Strategy – an invitation be extended to Councillor Richard Henry, the Portfolio Holder for Children, Young People, Leisure and Culture to request an update on the Strategy;
- Third (Voluntary) Sector Review – scrutiny of this issue to be delayed to 2022/23 due to the impact of the Pandemic on the sector;
- Leisure – all aspects of Leisure including the Ridlins Athletics Track to be brought together and considered as one issue;
- Temporary Accommodation – members no longer require this item and it was agreed to withdraw it from the work programme;
- Housing Allocations Policy Review – the new Interim Assistant Director (Housing and Investment) be invited to a future meeting for interview on this subject.

The Committee then considered the possibility of the new Town Heritage Centre being the substantive matter to be considered this Municipal Year. Members agreed that this should form part of the Committee’s work programme and the review should include working with local schools, visits to other similar facilities, interviews with representatives from Arts Council England and other exemplars in this area and also working with current SBC Museum staff.

It was **RESOLVED**:

1. That the Committee noted the Work Programme.
2. That the substantive item for the year be the preparatory work for the new Town Heritage Centre.

4 **ACTION TRACKER**

The Scrutiny Officer presented the Action Tracker to the Committee. The Action Tracker contained useful information to track the progress of items that the Committee had previously scrutinised.

It was **RESOLVED**:

That the Committee noted the Action Tracker

5 **URGENT PART I BUSINESS**

None.

6 **EXCLUSION OF PUBLIC AND PRESS**

Not required.

7 **URGENT PART II BUSINESS**

None.

CHAIR

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**OVERVIEW AND SCRUTINY COMMITTEE
MINUTES**

Date: Thursday, 22 July 2021

Time: 6.00pm

Place: Council Chamber, Daneshill House, Danestrete, Stevenage

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

Start / End Start Time: 6.00pm
Time: End Time: 7.05pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received on behalf of Councillor Andy McGuinness.

There were no declarations of interest.

2 MINUTES - 14 JUNE 2021

It was **RESOLVED** that the Minutes of the Committee meeting held on Wednesday 14 June 2021 be approved as a correct record and signed by the Chair.

3 PART I DECISIONS OF THE EXECUTIVE

The Committee noted the minutes of the Executive meeting held on Wednesday 9 June 2021.

2. Minutes of the Executive – 9 June 2021

Noted.

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

Noted.

4. Covid-19 update

The Strategic Director (TP) advised that he provided an update on the latest Covid-19 position at the Executive meeting held on Wednesday 9 June 2021.

In response to a question from a Member, the Strategic Director (TP) advised Members that a small number of officers were self-isolating and working from home. Those members of staff not able to work from home due to the nature of their jobs

would be advised to undertake other tasks such as on-line training.

Officers also confirmed that the review into the backlog of complaints/service requests in certain areas such as repairs would include all factors that contributed to the backlog and not focus only on the impact of the Pandemic.

The Committee noted the update.

5. Review of Article 4 Directions and Employment Sites in Stevenage

In response to a question, the Assistant Director (Planning and Regulation) confirmed that new arrangements or an extension to current arrangements would be needed following the Central Government decision to cease Article 4 Directions from July 2022.

Members were pleased to note that the Executive had taken on board the comments on this item made at the Planning and Development Committee.

6. Stevenage Design Guidance Supplementary Planning Document 2021: Public Consultation

Members were reminded of the All Member Briefing arranged on this matter for 6.00pm on Wednesday 28 July 2021.

It was noted that Design was one of the topics which was to be considered by members of the Planning and Development Committee as part of their workload.

In response to a question regarding the street furniture strategy, the Assistant Director (Planning and Regulation) advised that although there was no defined programme for inspection, the Engineers within his Service checked on a regular basis, all furniture in the town for any maintenance and repair work needed. Following further consideration and suggestions from Members, the Assistant Director agreed he would look at formalising the inspection regime.

7. Community Infrastructure Levy (CIL) 12 Month Review

Members agreed that the review of CIL should take place in 2022/23. Officers also agreed to consider what other local authorities were doing to address the CIL issue.

It was also suggested that due to the confusing nature of the subject it would be useful for Members to have a separate session on it. The Scrutiny Officer agreed to work with the Assistant Director (Planning and Regulation) on this issue.

8. Annual Report 2020/21

In response to a suggestion from members, the Strategic Director (TP) agreed to look at increasing the information regarding the good work of the Refuse/Recycling and Street Cleaning Teams which would be of significant interest to the Public. He also agreed to include information about what happens to the waste in Stevenage in a future edition of the Chronicle.

The Strategic Director advised that the publication of the Annual Report would be on-line rather than in paper copy.

The Chair of the Committee agreed that the issue of Council communications could be a potential area to be looked at in the future by the Committee,

9. Review of the Use of Agency Staffing

In response to Members, the Senior HR and Transformation Manager advised that in-sourcing of services remained a preference for the Council but that there were a small number of services such as cleaning and security where agency staff were employed to ensure resilience in those areas.

It was also noted that agency staff continued to be used on an emergency basis or for those posts that could not be recruited to.

10. Proposed In Principle Use of Compulsory Purchase Powers for Delivery of SG1 Development

Noted.

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

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

None.

5 URGENT PART I BUSINESS

None.

6 EXCLUSION OF PRESS AND PUBLIC

It was **RESOLVED**:

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

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

7 PART II MINUTES - OVERVIEW AND SCRUTINY COMMITTEE - 14 JUNE 2021

Noted.

8 **PART II DECISIONS OF THE EXECUTIVE**

Noted.

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

None.

10 **URGENT PART II BUSINESS**

None.

CHAIR

Meeting	Executive
Portfolio Area	Resources
Date	11 th August 2021

TRANSFORMATION

AUTHORS: RUTH LUSCOMBE, ALISON HILL

LEAD OFFICER: CLARE FLETCHER

KEY DECISION

1 PURPOSE

- 1.1 This report proposes the development of a transformation programme to improve customer experience, increase workforce productivity and organisational resilience, while achieving the savings required by the Medium Term Financial Strategy.
- 1.2 Development and implementation of this transformation is recommended, to enable the Council to deliver on the priorities set out for our town and residents in the “Future Town Future Council” Corporate Plan.
- 1.3 This approach is proposed, with the intention of preventing service reductions where possible.

2 RECOMMENDATIONS

It is recommended that:

- 2.1 Executive agree the Transformation Approach (set out in section 4.1 to 4.6) to improve customer experience, deliver increased productivity and ensure sustainability.
- 2.2 Executive note that the Transformation Approach and underlying delivery programme is to be based on the Foundation Principles set out in sections 4.11 to 4.14. Executive is further recommended to approve the Foundation Principles.

- 2.3 Executive approve preparation of a detailed business case and implementation plan for a first phase of transformation and note that this will be brought forward for consideration and formal approval later in 2021/22.

3 BACKGROUND

- 3.1 The Council's vision and key priorities are set out in its Corporate Plan: Future Town Future Council (FTFC). The Council's Annual Report (2021/22) highlighted five specific priority areas for 2021/22.



- 3.2 In order to deliver on the FTFC priorities – including: *transforming our town*, *cooperative neighbourhoods* and *more social and affordable homes* - the Council is required to continue to address the financial challenges it faces. Following a number of years spending cuts by central government, pressures arising from new legislative requirements or taxation, and facing the challenges presented by the Covid-19 pandemic, the Council needs to identify and deliver around £3Million savings over the next three years, of which £2.419Million relates to General Fund services.
- 3.3 Across the country, local government has been facing a challenging financial position after a decade of central government funding reductions, uncertainty over a longer-term funding settlement, and with pressures heightened by the effects of the pandemic. Prior to the Covid-19 pandemic, the Council had already set out to residents a significant funding gap that would require savings in future years. This financial position has been further adversely impacted over the last 16 months, given the severe disruption brought by the pandemic. In addition, Officers anticipate that the effects of the pandemic are likely to bring longer lasting implications for the Council's finances through factors such as reduced income and increased demand for services including homelessness support. Therefore the focus on financial security is more important than ever in order to support a strong recovery for the Town and the Council.
- 3.4 The Council has had a number of budget saving programmes over the preceding years which have developed and implemented budget proposals to reduce the Council's cost base. Following a number of years of spending reduction, the ability to identify options to reduce net spend has become ever more challenging. The Council's financial position will be updated as part of

the Medium Term Financial Strategy, which will report to Executive in September 2021. Ahead of the update to the Medium Term Financial Strategy this report sets out the Council's proposed approach to transformation, aiming to help address the Council's finances (the 'Making Your Money Count' FTFC priority).

- 3.5 Alongside the financial challenge, the Council must address customer expectations. Customers increasingly want convenient services, with access when, how and where they choose. For many customers this means online services which are easy to use and available "24/7". With many different teams involved in customer service delivery, making sure services are designed from a customer perspective will be key.
- 3.6 The Council faces the challenge of balancing finite resources against significant demand. For example, at the start of the current financial year the Council's Customer Services team experienced up to 45% increase in service demand, with high volumes persisting in recent months. This means that there is an urgent imperative to consider the way customer demand and access to services is managed. Short term measures to support service delivery are currently being considered to improve experience, reduce complaints and improve performance. In addition to this, it is recognised that a sustainable approach is needed, which does not rely solely on increasing resource levels but finding more effective ways to meet customer needs.
- 3.7 The Council recognises that some customers and service types require in person support via the telephone or face to face and this support will remain crucial for many customers in the future. In order to enable resources to be prioritised for those who need it most, it is recognised that it will be essential to provide high quality information, advice and guidance which can be self-served online as well as quality online options for the majority of transactional services.
- 3.8 Over the last 16 months, the Covid-19 pandemic has required high levels of flexibility from many Council teams and services, adapting at pace to be able to meet new requirements, restrictions, guidance or particular service pressures. This included putting in place vital services, such as Stevenage Helps, to support residents and to provide a robust response for the local community. Other examples also include developing local Covid-19 support teams, from contact tracing, to marshalling and supplying teams to support the set up and operation of one of the first mass vaccination centres.
- 3.9 This flexible approach also meant redeploying colleagues into areas facing significant pressure such as homelessness (with the implementation of the Housing First approach), and putting place additional back up resource plans for vital services such as waste and recycling. This approach highlighted some of the benefits of a flexible in-house team, providing support to areas of particular challenge. Despite the Council being partway through an overhaul of its technology infrastructure, the workforce moved successfully to remote, working over a matter of days with video-conferencing and virtual collaboration becoming embedded quickly as a way to maintain connection. Nationwide many people who preferred to shop or transact in person, moved to online options. There is an opportunity now to embed new ways of working

and delivering services in a way which ensures a responsive, flexible offer for residents.

- 3.10 In October 2020, Executive agreed the Workforce Strategy which aims to embed new ways of working, respond to the changing world of work in response to the pandemic and to ensure its workforce are equipped and enabled to deliver the Council's priorities and ambitions.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

Proposed Transformation Approach

- 4.1 To respond to these challenges and opportunities, it is proposed a rolling transformation programme is implemented. This includes an holistic review of processes, technology and teams to make sure they are set up in the best way possible in order to meet the Council's strategic objectives outlined above and to minimise the need to reduce or cease services.

- 4.2 Our ambition for the transformation programme is :

Customers are at the heart of our services. We will serve customers in a straightforward way, with resolution at the first point of contact and through the provision of easy to access online services that are so good, people prefer to use them. We will work cooperatively with residents to make sure services are designed with them.

- 4.3 The proposed programme approach will involve a Council wide review of customer support and support services and will include:

- Modernising the service offer with digital options
- Cutting out waste by shortening processes
- Implementing a customer-focused culture to prevent failure demand

- 4.4 An initial assessment undertaken by Officers, sought to identify the opportunities and understand how the Council can best release savings as well as to improve the experience for staff and residents. Based on modelling the potential savings from a range of drivers (e.g. self service, efficiency, demand management, remodelling the organisation), it is estimated that the Council could save approximately up to £2million through adopting this proposed Transformation Approach. Further work is required to consider the detailed changes necessary, the resulting profile of possible savings and will require investment and substantial changes to achieve required services. It is proposed that a rolling programme will be established which will start delivering savings from 2023/24.

- 4.5 The approach outline above is the preferred option as:

- securing increased income in a post-covid economy will be challenging;
- the Council is committed to keeping service reductions to a minimum.

- 4.6 The Council has previously delivered savings through efficiency programmes, implementing shared services, and Business Unit Reviews. This programme, if approved, would sit alongside the Cooperative Commercial and Insourcing Strategy which seeks to support the Council's 'Making Your Money Count' priority by ensuring that additional income is maximised for the Council; however the Council's financial position is unlikely to be resolved solely by the implementation of the Cooperative Commercial and Insourcing Strategy.

Alternative options considered and not recommended

- 4.7 Alternative options, as set out immediately below, are available for the Council to consider.
- 4.8 Generating further commercial opportunities and income: the Council has an agreed Cooperative Commercial and Insourcing Strategy (2021), with a clear action plan to generate additional income which can fund priorities and protect local services. Having undertaken a thorough assessment of the potential of this approach - and having embarked on projects identified within this Strategy, it is not considered prudent to seek further stretch savings beyond those already set out in this Strategy.
- 4.9 Additional service reductions or reducing the FTFC programme: a further alternative approach would be to focus savings activities to reduce the level, quality, or number of services provided to Stevenage to achieve the full required £3m savings. This approach is not recommended given the disruption and adverse impacts that it would have on the town and on local people. Significant reductions to key corporate priorities such as regeneration of the town centre would have a sustained adverse impact on the quality of the local environment and the longer-term economic success of the town, local businesses and residents.
- 4.10 Seek additional efficiency savings: this option would be to consider and focus on additional efficiency gains that can be achieved across different service areas. Following a decade of spending reductions, there are fewer opportunities available for lighter-touch efficiency savings, presenting high levels of risk that this approach would not achieve required savings.

Foundation Principles

- 4.11 In support of a new transformation programme (set out in 4.1 – 4.6) a set of foundation principles are proposed below, to help shape particular projects and design of key services to achieve benefits for customers and reduce costs.
- 4.12 These foundation principles recognise the importance of work working cooperatively across teams within the Council, and with partners too. It seeks to build on the work that has taken place to adapt new ways of working through the Covid-19 pandemic, to reflect on what has worked well and where future improvements can be made to benefit customers and residents.
- 4.13 The approach recognises that there will need to be investment and enhancement to our digital foundations, to help ensure these channels are reliable, accessible and available for many customers to choose to use. There will be continued support both face to face and over the phone for customers who need it.

4.14 The principles also seeks to further embed the cooperative neighbourhood model, working closely with communities to help resolve problems, maintain a visible and proactive presence and help Council teams to work effectively together.



Align the spend and effort to strategic priorities and have a clear line of sight from inputs to measurable outcomes

Everything cannot be a priority, some choices must be made and it must be 'one in and one out' for all and any new initiatives

Adopt a new strategic framework with more outcome focused measures



Digital channels which are so good customers choose to use them

Ensure digital services are reliable, accessible and designed with customers

Actively reduce demand on other channels

Continue to provide support for vulnerable customers and those who need it



High volume and high priority digital services will be designed with customers and be improved through customer feedback

More customer insight to understand failure demand

Create a different dynamic through user-centred design and feedback from our customers



Focus process redesign effort and technology investment where volume and/or potential for productivity gains is high

Processes that are simplified and automated to boost productivity

Invest in integration to mitigate where there is inflexibility in current systems



Through our cooperative approach, focus on prevention and building self-sufficient communities with a strong neighbourhood presence

Community services focused on reducing demand and enabling customers to help themselves

Services working better together

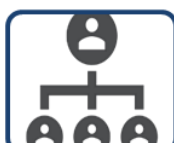
Positive relationships and co-production of services



Develop staff to adopt new ways of working, use technology confidently, solve problems and work flexibly on site, remotely and in the community

A strong development offer to build an empowered workforce

Ensure that staff are trained and have the appropriate skills to succeed



Leaders who are empowering and who prioritise coaching, personal accountability and pride in delivering innovative and excellent customer service

Avoid escalating decisions unnecessarily (due to risk-aversion)

A strong performance management culture

Less reliance on the management hierarchy

4.15 Outcomes for our customers

The transformation programme aims to transform the customer experience. In practice this will mean:

- One place to go for any council service – one front door for customers.
- A choice of how customers access services - Online, on the phone, in person.
- Self-serve is available on the website for the majority of services.
- Customers can talk to someone in person if they need to, for example where the issue is complex, sensitive or the customer cannot access online services.
- Services are convenient, and can be accessed when, how and where customers want.
- Customers don't have to talk to multiple people / teams to get what they need.
- Customers are involved in how digital services are designed – through feedback, engagement, designing and testing new services.
- Customers know what to expect when they contact the Council.

Outcomes for our workforce

4.16 The Council's workforce has a critical role to play in delivering the services Stevenage residents need; they also have a deep knowledge of the Council's business processes and how to improve them. As part of the transformation programme employees will be engaged and informed throughout, seeking their expertise and ideas to create even better services whilst building upon and continuing to develop in house expertise across the workforce.

4.17 Feedback will also be sought from Elected Members, who have deep knowledge of local communities as well as Council services, who experience with and work across many services, tackling complex cases and complaints that can sit across a range of service areas.

4.18 To deliver the outcomes needed we must continue to innovate, adapt and adopt new ways of working in line with our Workforce Strategy. In practice for staff this may mean:

- More self-service e.g. ICT requests, HR and facilities support.
- Easy to find information e.g. on the intranet.
- Customer case information in one place.
- A "Tell us once" approach e.g. no need to contact three or four teams separately about new starters / leavers.
- Embedding neighbourhood working and the cooperative neighbourhood model.
- More automation of manual processes.

- More time to help customers who need it.
- More productive working time and a more rewarding experience.
- Easy to use mobile technology.
- Reduced reliance on paper.
- Ability to learn new skills and work more independently.

4.19 A significant proportion of Council spend is on staffing and therefore the transformation will result in a headcount reduction over time; it is also likely that the Council will need to deliver some structural changes in order to enable the change – e.g. implementing larger multi-skilled teams in order to manage caseloads more effectively. However, it is not intended there will be top down structure change for the entire organisation.

4.20 Where possible the approach taken will minimise the impact on staff, such as looking at options to deliver savings through staff turnover rather than redundancy. Where structural change may be needed, this will be managed in accordance with our workforce policies and procedures. Our established approach is to work close with Trade Unions and staff, to plan ahead, reduce disruption where possible, to look at suitable options for opportunities such as retraining where colleagues are impacted by change.

Design and Delivery Approach

4.21 The programme will organise the work into four themes.

4.22 The four transformation themes will guide the design of the way the Council will operate in the future.



4.23 Each theme has a Strategic Director lead, to work across the organisation, with Members and with colleagues to look at potential opportunities for transformation and impact. This is supported by an assessment has identified the relative baseline cost of each area. A detailed plan for each area will be established as a next step.

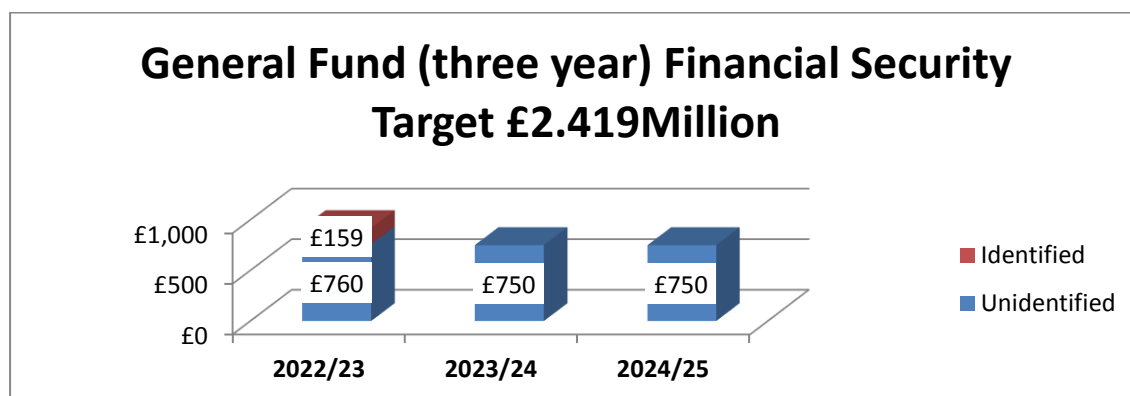
4.24 Detailed planning is underway to scope the first phase of the transformation programme, which is anticipated will be implemented in 2022/23 and deliver savings from 2023/24. Early projects to achieve quick wins or test out new 'proof of concept' ideas to deliver early benefits will also be considered.

- 4.25 A dedicated team is being mobilised in order to ensure sufficient capacity to deliver change alongside delivering the business as usual and other priority programmes.
- 4.26 An outline business case will be brought back to Executive later in the year with further detail on the first phase which will focus particularly on the Resources and Service Delivery themes including:
- Redesign of targeted customer processes
 - First phase of “single front door” (one access point) for customers
 - More self-serve for support services
 - Targeted technology changes e.g. payments, some digital services

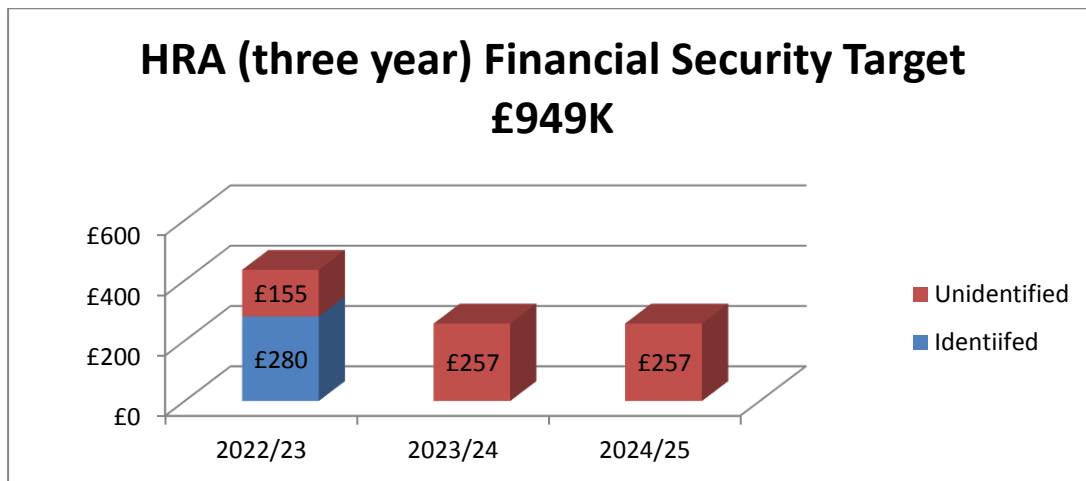
5 IMPLICATIONS

Financial Implications

- 5.1 The current General Fund Financial Security target for 2022/23-2024/24 is £2.419Million, (with £2.26Million of this unidentified) as set out in the General Fund budget setting report to the February Council. The target will need to be reviewed as a result of the last 16 months impact from the Covid-19 pandemic and any new emerging pressures. This will be reviewed formally via report Executive September, providing an update to the Medium Term Financial Strategy. This approach is to ensure that the principle of a contribution to General Fund balances is achieved by 2023/24, but also to reflect any further adverse financial impacts of Covid-19 on the General Fund.



- 5.2 The Housing Revenue Account (HRA) Financial Security Target for 2022/23-2024/24 is £949K, (with £669K unidentified). Although the target for the HRA is lower there are likely to be more cost pressures arising for the HRA from the Housing White paper, which could impact on the level of savings required in future years, along with the impact of Covid-19 on rent collection and services. The target will be reviewed as part of the November 2021 refresh of the HRA Business Plan.



5.3 The total level of unidentified savings for the next three years is £2.93Million and there is likely to be a need for on-going savings beyond that as inflation and pressures outstrips income growth and with rising inflation. The 'Making Your Money Count' programme has three strands. Firstly the Commercial and Insourcing Strategy. Secondly an expectation that savings options can be driven through the Transformation of services as proposed in this report . If sufficient savings cannot be identified through these initiatives then the probability of further service reductions is likely as the ability to deliver efficiency savings has diminished.

5.4 The types of initiatives implemented (as set out in the report) will need to be cognisant of the profile of savings required to be delivered and the level of investment to deliver them, to ensure the on-going financial resilience of both the General Fund and HRA.

5.5 The Making Your Money Count (MYMC) programme has identified funding within the Council's budgets to invest in the transformation programme from both the General Fund and HRA. However the level of investment required may need to be increased based on the detailed work to design interventions.

Legal Implications

5.6 There are no legal implications identified at this stage of developing the transformation approach and proposals.

Equalities and Diversity Implications

5.7 An initial Equalities Impact Assessment has been undertaken for the transformation programme to inform and shape the approach to the next stage of work.

5.8 Further assessments will be undertaken for the impact on customers as staff when proposals emerge through the transformation discovery work and the delivery programmes.

5.9 Risk Implications

5.10 The key risks associated with the transformation are outlined below, alongside proposed mitigations

Risk	Mitigation
If the Council does not pursue transformation, it will need to rely more heavily on other savings areas in order to meet the MTFS/ deliver a balanced budget which is likely to mean more service reductions	Seek Executive approval to the transformation programme
If resources are not available including staff time and external skills to support the transformation, the pace and scale of change will be reduced	Invest in a central team in order to reduce burden on service operational teams. Bring in additional skills and experience Prioritise improvement work which has the most impact via the central team.
If staff are not energised and motivated by the change, there will not be the buy in to the programme needed to deliver impact.	Continue to support staff with ways of working and resilience post-Covid Involve and engage staff in the programme design and delivery
If the shared ICT Service is insufficiently resourced/ prioritised to support technology change the Council will not be able to meet the full ambition of the programme.	Commit to partnership approach to agreeing technology priorities and align transformation plans with East Herts where possible. Refresh/ Review ICT strategy and implementation Ensure resources are sufficient programme

Information Technology Implications

- 5.11 Optimising our technology will be vital to support transformation. The ICT Partnership Strategy approved by East Herts District Council and Stevenage Borough Council in 2019 set a clear direction and the urgency to update the foundations of the services that customers, Members and staff rely on.
- 5.12 The vision for the strategy is to create a modern and transformational ICT service that drives and supports delivery of joined-up services to Customers through the effective use of technology.
- 5.13 A review is to be commissioned in order to identify how the current ICT programme can be accelerated where possible, and how the service model can be optimised.
- 5.14 The ICT strategy will be refreshed during 2021-22 and a core goal is to make sure it supports both organisations' transformation ambitions.
- 5.15 In line with the strategy refresh operating model options will be considered which will enable us to move at pace in order to support digital transformation.

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Meeting: EXECUTIVE

Agenda Item:

Portfolio Area: Resources

Date: 11 August 2021

2020/21 CAPITAL EXPENDITURE OUTTURN KEY DECISION

Author – Clare Fletcher Ext 2933
Contributors- Lee Busby Ext 2730
Belinda White Ext 2515
Lead Officer - Nick Penny
Contact Officer Nick Penny

1. PURPOSE

- 1.1 To update Members on the outturn position on the 2020/21 capital programme including the resources used to fund capital expenditure.
- 1.2 To update Members on the Council's Capital Strategy and any changes to the 2021/22 and future year's capital programme.
- 1.3 To update Members on the actual 2020/21 Minimum Revenue Provision (MRP) and the MRP for 2021/22.
- 1.4 To update Members on the resources available to fund the Capital Strategy.

2. RECOMMENDATIONS

- 2.1 That the 2020/21 General Fund capital expenditure outturn (£17.652Million) as summarised in paragraph 4.1.1 be noted, (subject to the completion of the 2020/21 external audit of accounts).
- 2.2 That the 2020/21 HRA capital expenditure outturn (£26.71Million) as summarised in paragraph 4.4.1 be noted, (subject to the completion of the 2020/21 external audit of accounts).
- 2.3 That the funding applied to the 2020/21 General Fund capital programme, as summarised in paragraph 4.2.1, be approved.
- 2.4 That the funding applied to the 2020/21 HRA capital programme, as summarised in paragraph 4.5.1, be approved.
- 2.5 That the 2021/22 General Fund capital programme increase of £2.114Million, as set out in paragraph 4.3.1, be approved.

2.6 That the 2021/22 HRA capital programme increase of £1.288Million as set out in paragraph 4.6.1, be approved.

3. BACKGROUND

3.1 The 2020/21 capital programme was last approved by Members at the March 2021 Executive as part of the 3rd quarter monitoring report. At the March Executive the 2020/21 revised General Fund capital programme was projected to be £20.13Million and the 2020/21 revised HRA capital programme was projected to be £26.8Million a total of £46.9 Million.

3.2 The 2020/21 capital programme has been impacted by the Covid19 pandemic, (as reported in the quarterly monitoring reports during 2020/21), with some works requiring re-phasing. In addition a number of measures were taken back in June 2020 to reduce the cost of the capital programme on the General Fund. The measures taken, approved at the June Executive and included in the capital programme were:

- Reducing the use of revenue contribution to capital (RCCO) by using an earmarked Regeneration receipt -£508K 2020/21 (2019/20 £1.2M), improving the General Fund balances by £1.7Million.
- Works totalling £125K were removed from the capital programme relating to:
 - CCTV £25K
 - Hard standings programme - £70K
 - Workforce travel plan- £15K
 - Parking Restrictions- £15K (part budget)

3.3 Further measures have been taken to improve the financial resilience of the General Fund in resourcing the capital programme 2021/22 onwards, helping to mitigate the cost of COVID and the revenue funding gap which is the sale of Locality Review sites as approved at the 2020 September and December Executive. This has reduced revenue contributions from the General Fund up to and including the financial year 2026/27, as shown below.

Table one Spend Requirements :	21/22	22/23	23/24	24/25	25/26	26/27	Total
	£'000						
Contribution to Capital Reserve	£0	£7	£250	£250	£250	£250	£1,007
Play & Bins (Capital)CNM	£0	£284	£220	£0	£0	£0	£504
Contribution to RCCO GF	£474	£474	£474	£474	£474	£474	£2,844
Total	£474	£765	£944	£724	£724	£724	£4,355
Receipts required each year	(£474)	(£765)	(£944)	(£724)	(£724)	(£724)	(£4,355)
Estimated receipts remaining							(£104)

- 3.4 The General Fund capital programme still continues to be limited to priority works and third party funded schemes because of the constraints on capital resources available.
- 3.5 The Accounts and Audit Regulations contain provisions on financial management, annual accounts and audit procedures. Within the amended regulations there is no requirement for Member approval of the Statement of Accounts prior to the completion of the external audit and only the Responsible Financial Officer must certify the presentation of the pre audit annual accounts.
- 3.6 In January 2021, the government consulted on amendments to the Accounts and Audit Regulations 2015 to implement recommendation, to extend the deadline for publishing audited local authority accounts to 30 September from 31 July. The deadline was extended for two years from 2020/21 with a review at that point to see whether there is a continued need to have an extended deadline. These regulations came into force on 31 March 2021.
- 3.7 The deadline for unaudited accounts has been extended to the 31 July (2021) (formally 31 May). However even with the extension the production of the pre-audit accounts has been impacted by the delay to the 2019/20 audited account process, key staff leaving and the impact of additional financial monitoring as a result of COVID. This has meant the pre-audited accounts were not published on the Council's website by the 31 July 2021 and a notice to that effect was disclosed on the Council website. The Finance Team are working hard to meet an August deadline.
- 3.8 This report therefore includes unaudited outturn figures which may be subject to change following the completion of the external audit for the financial year 2020/21.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 2020/21 GENERAL FUND CAPITAL PROGRAMME

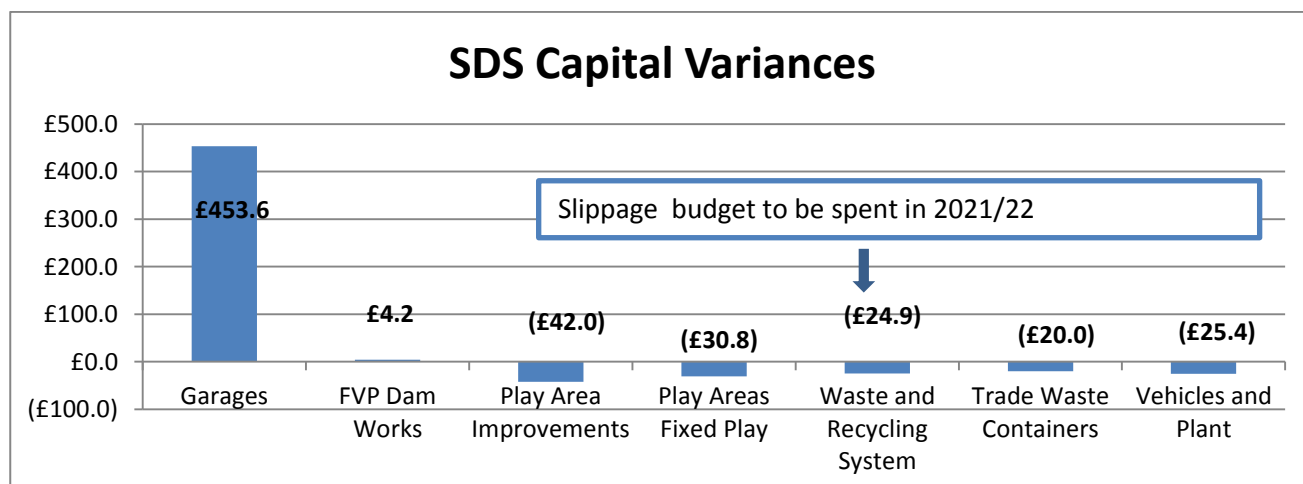
- 4.1.1 The actual outturn for General Fund capital expenditure was £2.15Million lower than that projected in the March 2021 report (as summarised below). However Members should note that even under restrictions in force during 2020/21 works to the value of £17.65Million were completed, with the majority of the slippage/underspend relates to regeneration related schemes, comprising 81% of the net underspend. Again Members will be aware that a significant part of the Regeneration scheme programme relates to Growth Deal monies (GD3) that was only unlocked for the Council to spend on the 20 March 2020.

Table Two	2020/21 £'000			Slippage from 2020-21	2021/22 £'000		
	Working budget	Actual	Var.		Working budget	Revised budget	Var.
General Fund Capital Programme							
Stevenage Direct Services	£1,397.1	£1,711.8	£314.7	(£310.5)	£3,775.8	£3,465.4	(£310.5)
Housing Development	£2,177.6	£2,137.4	(£40.2)	£47.4	£7,003.7	£7,051.1	£47.4
Finance & Estates	£948.9	£535.0	(£413.9)	£414.2	£1,758.1	£2,172.4	£414.2

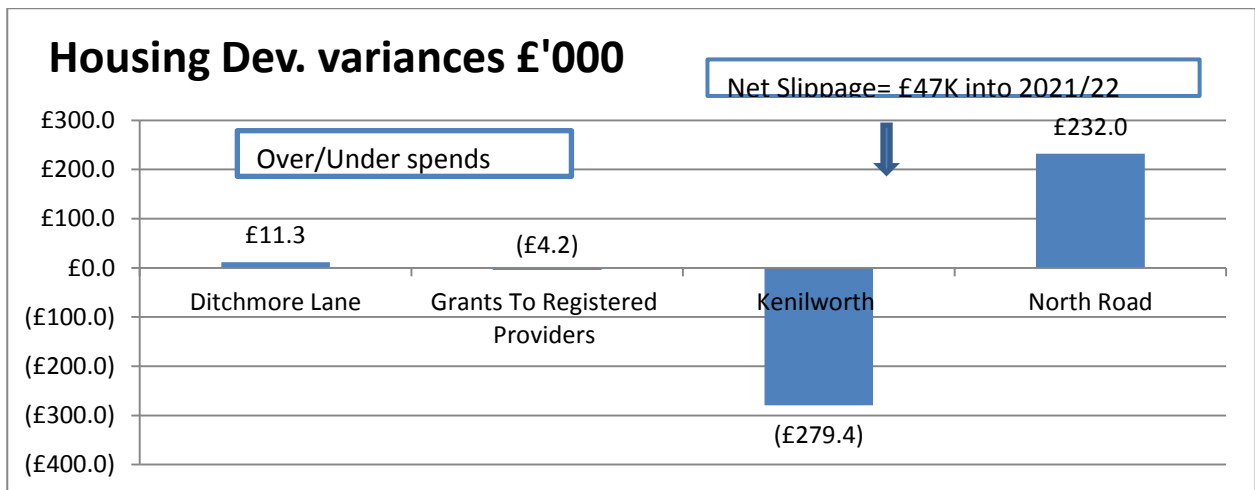
Table Two	2020/21 £'000			2021/22 £'000			
	Working budget	Actual	Var.	Slippage from 2020-21	Working budget	Revised budget	Var.
General Fund Capital Programme							
Corporate Projects, Customer Services & Technology	£641.3	£442.1	(£199.2)	£103.1	£796.3	£899.4	£103.1
Regeneration	£14,264.7	£12,516.0	(£1,748.7)	£1,794.5	£3,900.0	£5,694.5	£1,794.5
Communities & Neighbourhoods	£240.3	£257.2	£16.9	(£16.9)	£381.4	£364.4	(£16.9)
Planning & Regulatory	£72.0	£53.3	(£18.7)	£18.0	£366.3	£384.4	£18.0
Deferred Works Reserve	£64.9	£0.0	(£64.9)	£64.9	£200.0	£264.9	£64.9
Total	£19,806.8	£17,652.8	(£2,154.0)	£2,114.7	£18,181.6	£20,296.3	£2,114.7

4.1.2 Further analysis between budget and actual spend are shown below by Business Unit - **Stevenage Direct Services (SDS)** – There was a net overspend for SDS of £314K, a mixture of over and underspends. The biggest element was £454K of garage programme spend ahead of the budgeted profile, (£929K spend versus a working budget of £477K). However, Members should note when the 2020/21 Capital Strategy was approved back in February 2020, the 2020/21 original budget was £3.6Million, subsequently reduced in year and re-profiled into later years. The 2021/22 garage programme budget has been reduced by £454K to reflect the spend brought back into 2020/21.

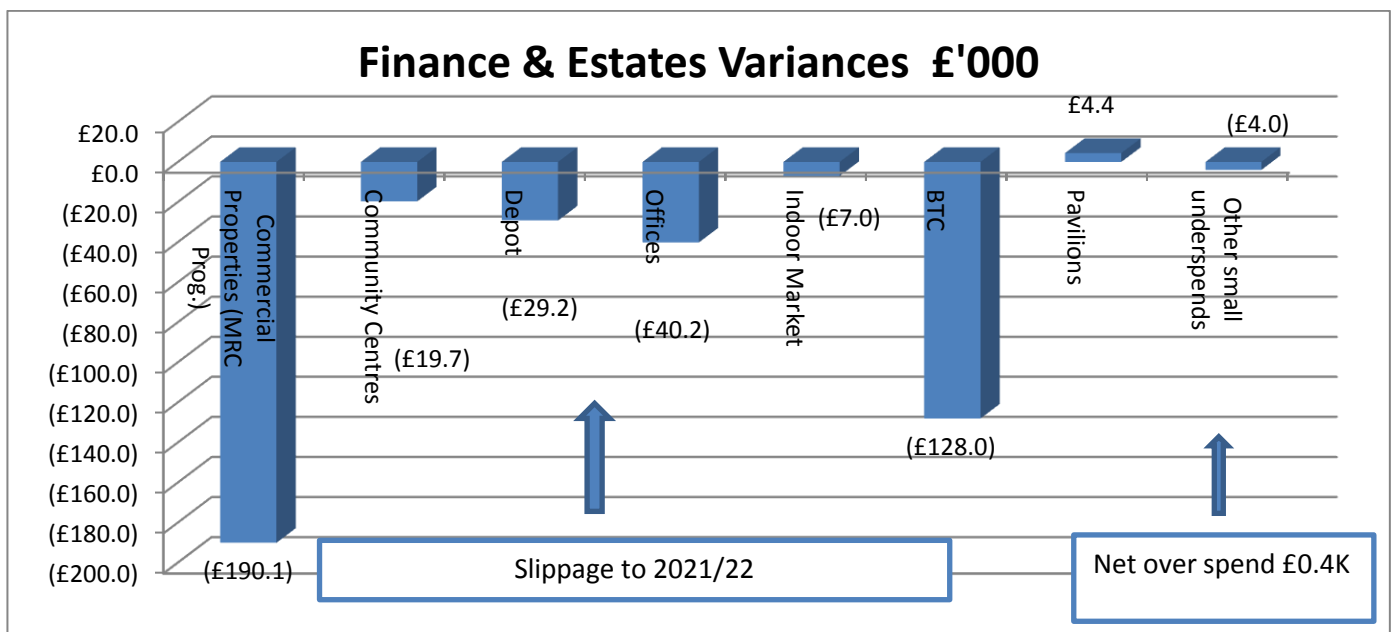
4.1.2 The remaining underspends are across a number of schemes summarised in the chart below and projected to be spent in 2021/22.



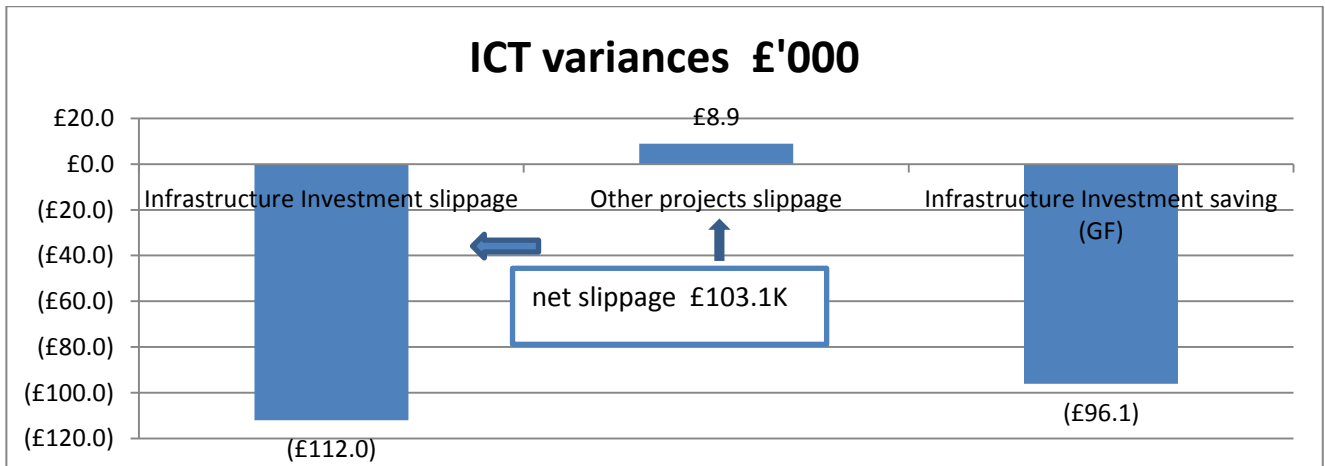
4.1.3 **Housing Development**- there was an underspend of £40K or 1.9% of the total budget, however within this was £11.3K relating to a small overspend as summarised in the chart below. The small overspend on the Ditchmore development is fully funded from the sale receipts.



4.1.4 **Finance and Estates**- There was a 2020/21 underspend of £413.9K, with a large part, £190.1K or 46% relating to slippage on works to commercial shops from the MRC programme, (the General Funds share of the shared areas for flats above shops). The Finance and Estates slippage is shown in the chart below and is across the Council's estate.



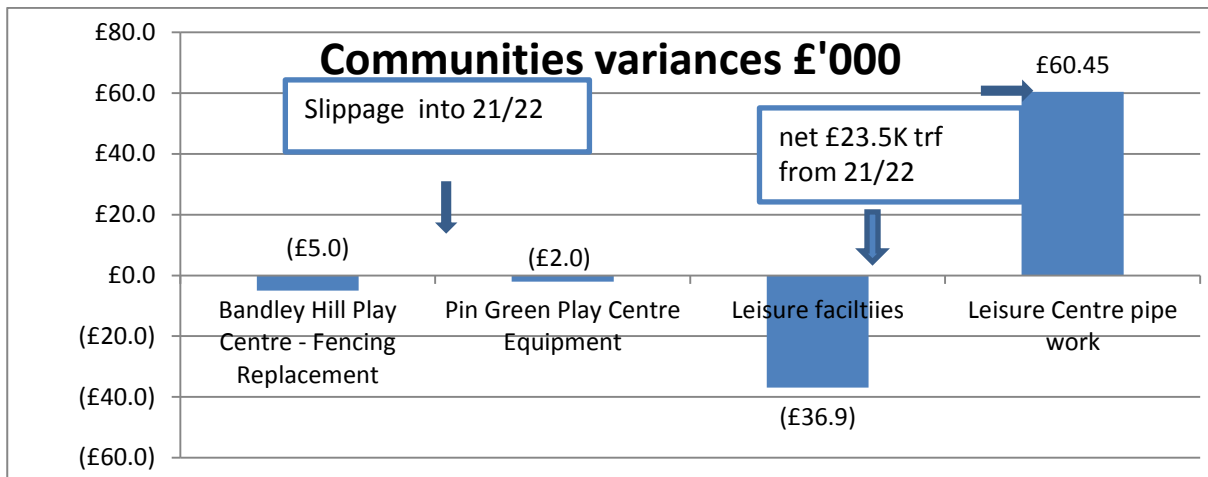
4.1.5 **ICT and Digital projects** underspend was £199.2K, of which £96.1K related to the General Fund share of the ICT infrastructure savings (HRA £65.5K). The budget was not required in 2020/21 as the spend had been accounted for in the previous year. The remaining ICT budgets were an overall net underspend of £103.1K slipped to 2021/22



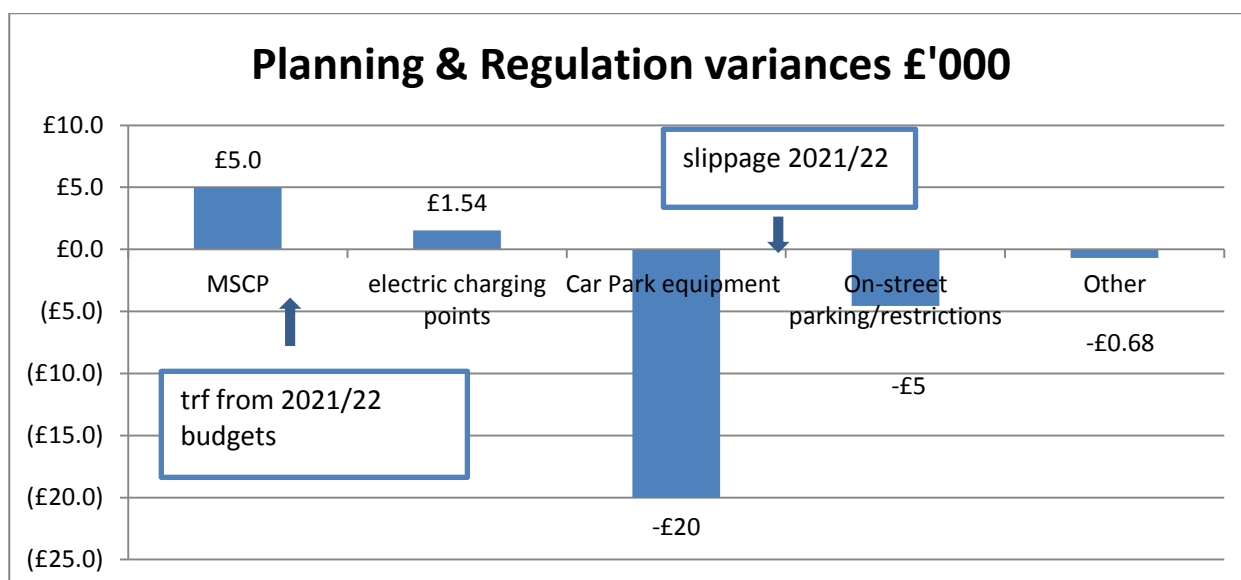
4.1.6 **Regeneration** capital budgets had a net underspend of £1,748.7K, (underspends of £1.784.8M and an overspend £45.8K). The majority of the underspend relates to North block fit out costs of £1.12Million, which has been spent in 2021/22 and there was a further £500K and £172K, slipped to 2021/22 for the bus interchange and design work for the Railway North MSCP respectively.

4.1.7 The overspend in 2020/21 of £45K related to more of the Regeneration Team salary costs being capitalised, based on their work on the capital projects for the year, but funded from the Regeneration allocated reserve and not capital resources.

4.1.8 **Communities and Neighbourhoods**-There was a net overspend of £16.9K on Community budgets, but this did include an overspend on the pipe works at Stevenage Leisure Centre of £60.4K. However £30K of this was already in the 2021/22 budgets and the remaining overspend has been found within other budgets. This means the 2021/22 programme will be £16.9K lower, giving no overall variance for the two years combined. This position is summarised below.



4.1.9 **Planning and Regulatory**- There was a net underspend of £18.7K, but this did include spending 2021/22 capital budgets of £6.5K on MSCP and electric charging points and the budgets in 2021/22 has been reduced by a compensation amount. The remaining £25K has been slipped into 2021/22, predominately for car park equipment digital works as summarised below.



4.1.10 **Deferred Works Reserve-** £64.9K of the deferred works reserve was not required in year, however it is anticipated that there will be further pressures on the capital programme in 2021/22 and the budget is requested to be slipped into that year.

4.1.11 The 2020/21 General Fund capital programme had a net underspend of £2.154Million, which is summarised in the table below.

Table Three	2020/21 £'000	2021/22 £'000	Funded from allocated reserve £'000	Funded from higher Housing Dev sale receipts £'000	Impact on capital resources £'000
General Fund Capital Programme Summary					
Slippage	(£2,114.7)	£2,114.7	£0.0		£0.0
Other net overspends	£56.8	£0.0	(£45.8)	(£11.3)	(£0.2)
ICT saving	(£96.1)	£0.0	£0.0		(£96.1)
Total	(£2,154.0)	£2,114.7	(£45.8)	(£11.3)	(£96.3)

4.2 2020/21 GENERAL FUND CAPITAL RESOURCES

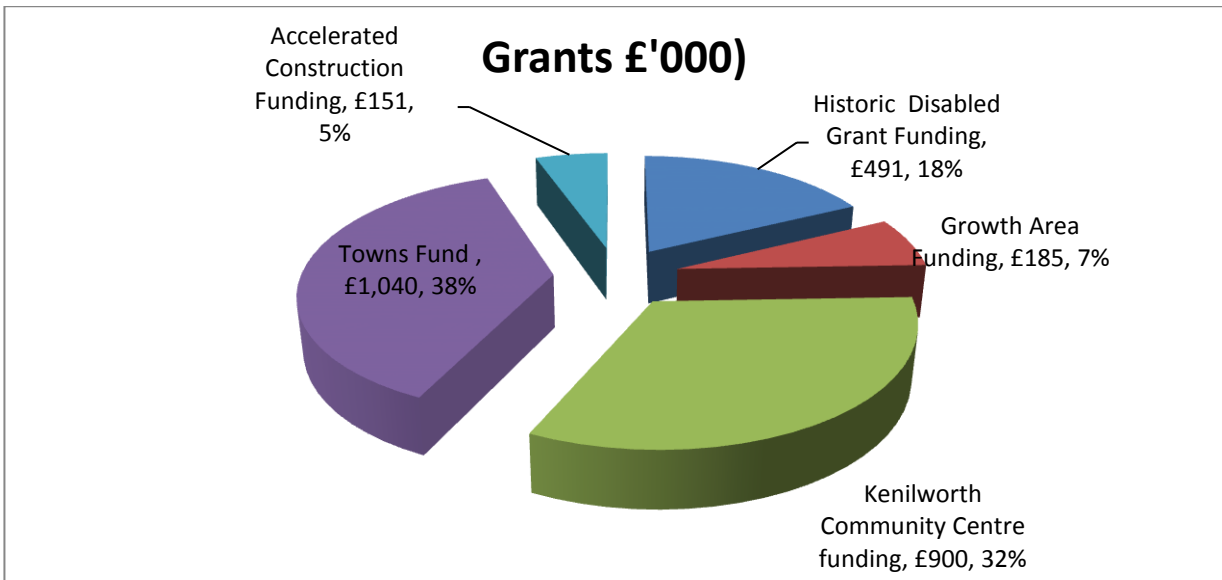
4.2.1 The total resources used and available to fund future General Fund capital expenditure are summarised in the following table:

Table four- General Fund Resources	Brought forward	Received in Year (for capital)	Used in HRA	Used in Year	Available to Fund Future Year Expenditure
	£'000	£'000	£'000	£'000	£'000
Usable Capital Receipts	(£3,644.5)	(£1,923.7)	£0.0	£4,146.0	(£1,422.2)

Table four- General Fund Resources	Brought forward	Received in Year (for capital)	Used in HRA	Used in Year	Available to Fund Future Year Expenditure
Usable Capital Receipts ring fenced for Regeneration	(£508.4)	£0.0	£0.0	£508.4	£0.0
One for One Receipts-contribution from HRA	£0.0	(£1,275.8)	£0.0	£1,275.8	£0.0
Section 106 Receipts	(£292.8)	(£118.3)	£62.1	£0.0	(£349.0)
Grant and Other Contributions General Fund	(£1,630.4)	(£1,679.0)	£0.0	£541.9	(£2,767.5)
Capital reserve	(£1,094.0)	(£714.4)	£0.0	£415.0	(£1,393.3)
LEP Funding	£0.0	(£9,736.8)	£0.0	£9,736.8	£0.0
RCCO (includes use of revenue reserves)	£0.0	(£72.9)	£0.0	£72.9	£0.0
Revenue - New Homes Bonus (available for capital)	(£285.9)	(£342.4)	£0.0	£164.6	(£463.7)
Short Term Prudential borrowing	£0.0	(£548.7)	£0.0	£548.7	£0.0
Prudential borrowing	£0.0	(£242.7)	£0.0	£242.7	£0.0
Total	(£7,455.9)	(£16,654.7)	£62.1	£17,652.8	(£6,395.7)

*Numbers in brackets () =available funds/funds received in year, Positive numbers = spent in year

4.2.2 The largest capital funding resource as at 31 March 2021 are grants and contributions (£2.8Million) which consists of grants as set out in the chart below. These are either committed or ring fenced to schemes, with the exception of historical Disabled Facilities grant (DFG) balances which could be used by the Hertfordshire Homes Improvements Agency (HHIA) if/when in year resource allocations fall short. *(For note: DFG allocations have increased in the last two years and have not been fully spent by the HHIA).*



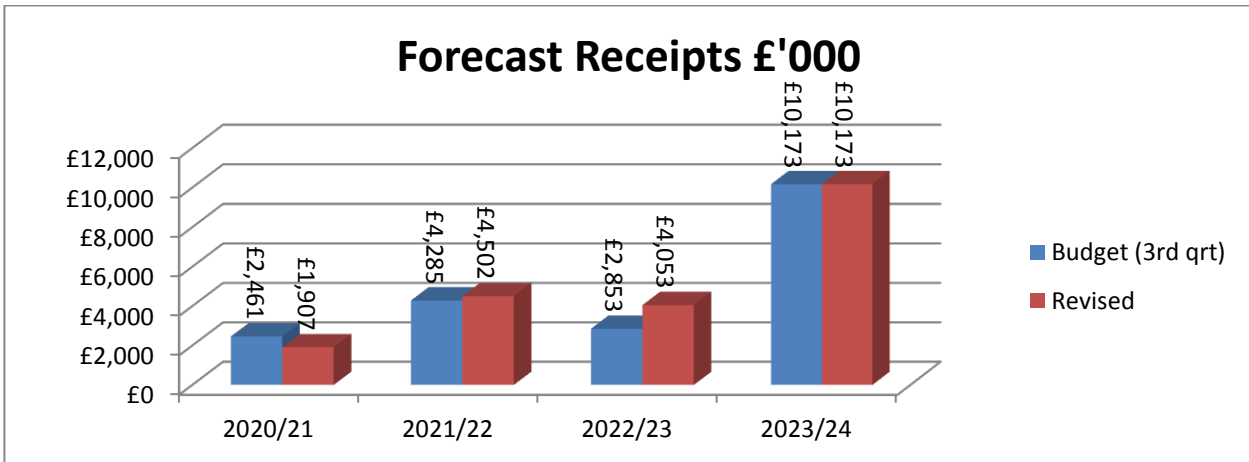
4.2.3 The 2020/21 General Fund capital receipts received in year were £1.947Million compared to budgeted receipts of £2.5Million, this is £553K lower than budgeted, with some sites now due to be realised in 2021/22. The changes are summarised below in the table.

Table Five -Capital Receipts	2020/21	2021/22
Budget (quarter 3)*	(£2,461)	(£4,285)
Changes:		
Sales 2020/21 slipped into future years	£1,264	(£1,196)
Sales 2021/22 slipped into future years		£1,200
Increased land value receipt Kenilworth**	(£808)	£0
Ditchmore lane receipt re-profile**	£97	(£221)
Total Adjustments	£554	(£217)
REVISED RECEIPT	(£1,907)	(£4,502)

*a factor of £156K has been applied to receipts

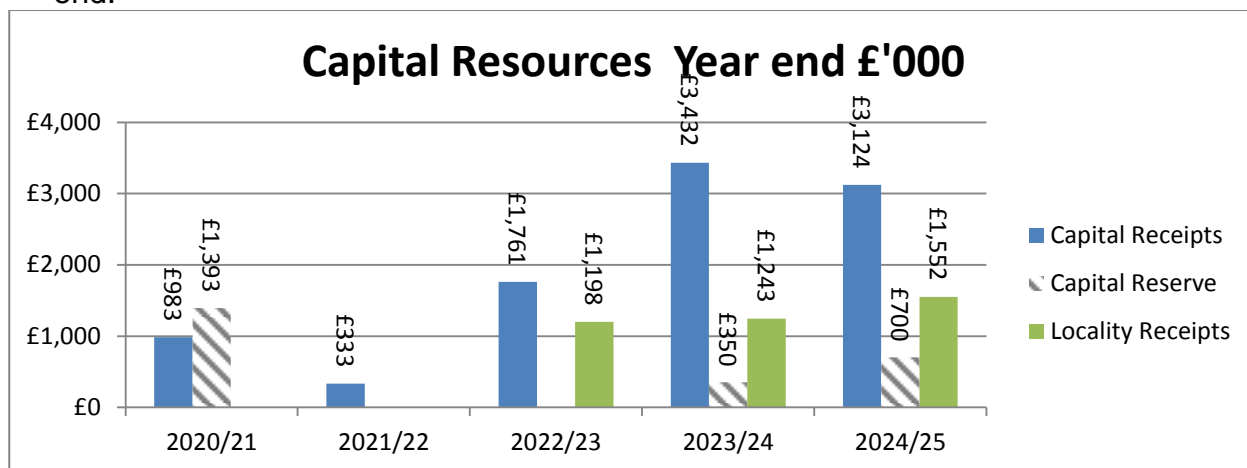
** housing sale receipts are used for regeneration or housing investment

4.2.4 The profile of revised capital receipts in year is shown below.



*excludes Locality receipts and any SG1 receipts

4.2.5 Looking at a summary of available capital resources, the forecast shows that at the end of 2021/22 these are projected to be £0.333Million, subject to land receipts being received as forecast. This is a modest level of capital reserve/capital receipts versus size of programme and any major slippage in receipts will require a review of the programme and funding and will need closely monitored during the year. Notwithstanding slippage in the 2021/22 capital programme, this also means any new additions to the programme need to be carefully considered. The position for 2022/23 is much improved with £1.7Million receipts forecast to be remaining at year end.



4.2.6 The Covid-19 pandemic may also impact on land sale prices which will also need to be tracked during the year and updates provided quarterly.

4.2.7 The capital programme also uses third parties such as developers in the form of S106 agreements. Most of this income is linked to specific projects and cannot support an unrelated scheme in the capital programme. The current capital strategy contains S106 monies that have been earmarked to support current and future capital schemes. An update on the balances available for 2021/22 onwards is set out in the following table, (this is currently subject to review and the numbers may change).

Table Six S106 Update						
Available for financing	£	Used in Year	£	remaining	Budgeted in Future Years	
					£	
Affordable Housing	£62,091	New Build Programme	£62,091.21	£0	New Build Programme	£0
Childrens Play space	£10,392		£0.00	£10,392	Play Area Improvement Programme	£10,392
Outdoor Sports/Open Space Facilities	£17,661			£17,661		£17,661
Community / Greenspace / Ecological Infrastructure	£70,338			£70,338	Green Space Access Infrastructure	£70,338
Parking / Transport (Revenue)	£131,951	Traffic Regulation Orders	£8,191.41	£123,760		£123,760
Gardening Club	£4,576		0	£4,576		£4,576

Table Six S106 Update			Table Six S106 Update				
Available for financing	£	Used in Year	£	remaining	Budgeted in Future Years	£	remaining
Arboretum	£25,420		0	£25,420			£25,420
Biodiversity Net Gain	£45,867			£45,867	various schemes	£45,867	£0
Pedestrian Link	£35,000		0	£35,000			£35,000
Household Surveys	£15,990		0	£15,990			£15,990
Total	£419,286	Total	£70,283	£349,002	Total	£126,597	£222,406

4.2.8 Where the Council has identified a **borrowing** need to finance the capital programme the Council has a statutory requirement to make a General Fund Minimum Revenue Provision (MRP) to reflect the cost of borrowing over the life of the assets funded through borrowing. The Council's MRP policy is approved with the Treasury Management strategy in February and is applicable regardless of whether physical borrowing has taken place. The MRP charge to the General Fund calculated for 2020/21 was £218.5K (2019/20, £622K,) and can be broken down as follows:

- £0K related to regeneration assets (funded from commercial income), there is an MRP holiday due to the re-profiling of the asset lives in 2020/21
- £35.1K to investment properties (funded from commercial income)
- £157.6K to general borrowing (funded from General Fund revenue resources)
- £24.6K for the Garage Improvement Programme (funded from the General Fund revenue resources).

4.3 GENERAL FUND CAPITAL EXPENDITURE 2021/22

4.3.1 Members approved the 2021/22 General Fund capital programme totalling £18.18Million at the March 2021 Executive. This report identifies an increase as a result of scheme slippage of £2.11Million to £20.29Million as summarised in paragraph 4.1.1.

4.3.2 The 2021/22 capital programme includes a deferred works reserve of £265K which is included to fund any increase in programme costs or for priority works that arise in year. This is because of the restricted nature of the current capital programme and associated resources. Emerging urgent needs will be monitored and considered by the Assets and Capital board.

4.3.3 There are some financial capital pressures emerging which may exceed the level of deferred works reserve and the low level of 2021/22 receipts (£333K). These include:

- Fire suppression system at the Council's depot which is currently being reviewed circa £200K.
- Replacing some of the on-street parking meters to provide more flexible payment methods, circa £100K.

4.3.4 These potential cost pressures and any use of the deferred works budget will be updated as part of the 1st quarter update to the September Executive and may

require some of the programme being held if funds are not available. In addition there is a risk some of the £4.5Million in year receipts are not realised.

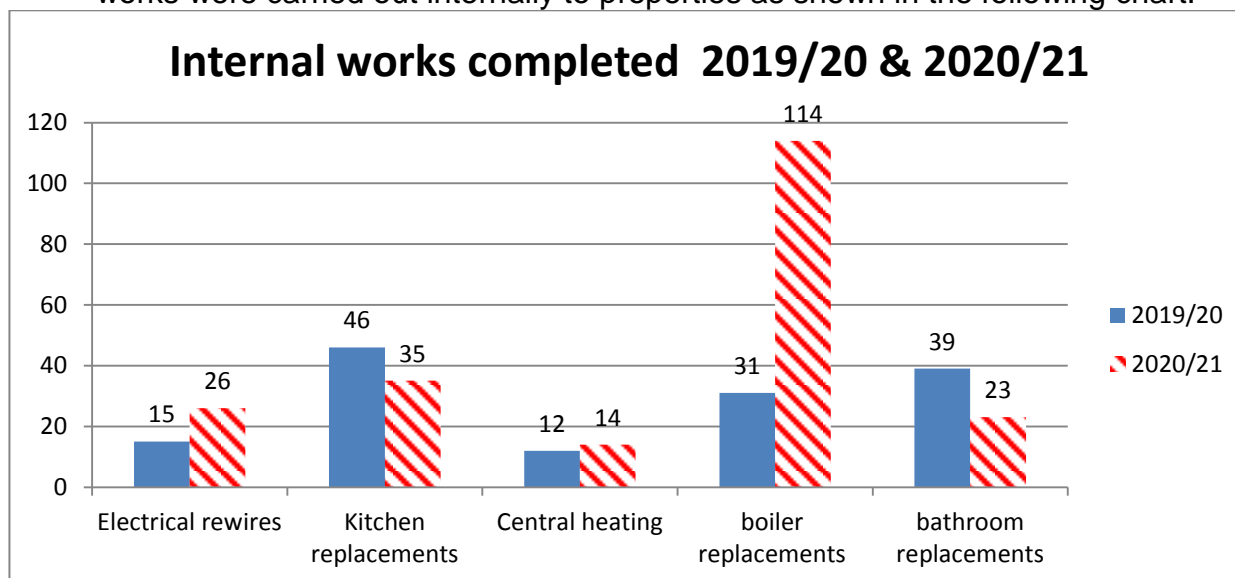
4.4 HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

4.4.1 The actual outturn for 2020/21 HRA capital spend was £0.427Million lower than the projected 3rd Quarter report. This represents a 1.57% underspend on the 2020/21 £27Million programme. This does include the ICT savings (as set out in paragraph 4.1.5), of £65.5K. The following table identifies the areas of underspend, overspend and slippage.

Table Seven Housing Revenue Capital Programme	2020/21 £'000			Slippage	2021/22 £'000		
	Working budget	Actual	Variance		Working budget	Revised budget	Variance
Capital Programme Excluding New Build	£16,883.8	£16,622.2	(£261.6)	£242.1	£25,881.2	£27,069.1	£1,187.9
Special Projects & Equipment	£149.5	£15.0	(£134.5)	£134.5	£25.0	£159.5	£134.5
New Build (Housing Development)	£9,608.9	£9,672.5	£63.6	(£63.6)	£30,176.6	£30,113.0	(£63.6)
IT Including Digital Agenda	£493.0	£398.2	(£94.7)	£29.2	£892.1	£921.3	£29.2
Total	£27,135.2	£26,707.9	(£427.2)	£342.2	£56,974.8	£58,262.8	£1,288.0

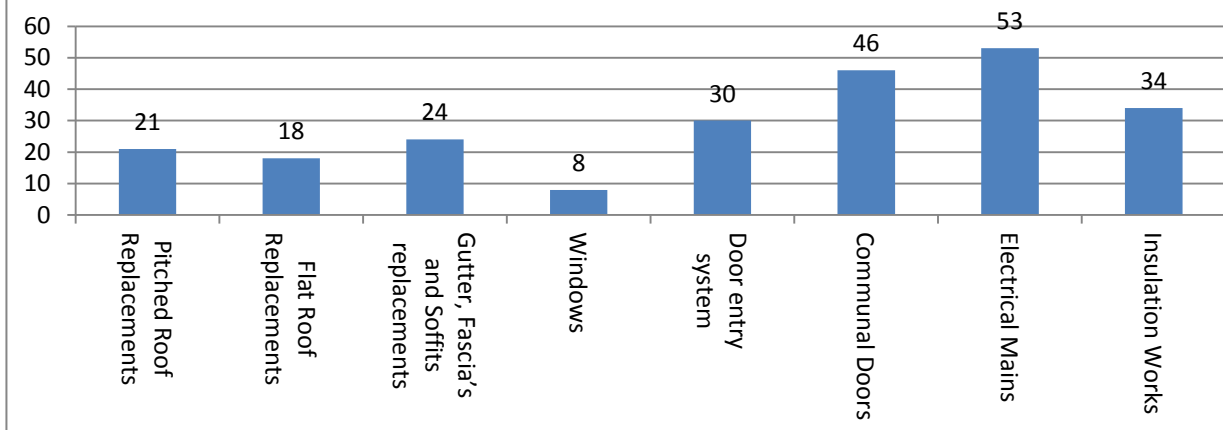
Underspend =()

4.4.2 In 2020/21 the **major works programme** has delivered 4 (2019/20- 130) window replacements, 14 (2019/20 -220 door replacements). Further capital improvement works were carried out internally to properties as shown in the following chart:



4.4.3 In addition to the works carried out internally to properties, the works carried out externally and to flat blocks contributed to homes meeting the decent homes standard. In 2020/2021 the MRC programme delivered works to 91 flat blocks around Stevenage. The works consist of the following:

2020/21 MRC works by number of blocks



4.4.4 The number of properties where works have been carried out to bring the property up to the decent homes standard (the standard by which each element i.e. kitchen, bathroom, electrics, windows, roof etc. whose condition is measured) in 2020/2021 was 529. The number of non-decent properties was 2500 at year end against the target of 2392.

4.4.5 **New build and acquisitions programme:** A total of 27 additional homes were provided to Stevenage residents including the renewal and conversion of properties into high quality additional homeless accommodation. Additionally, a further 147 new homes are under construction with nine homes at Addison House having already handed over early in Quarter one 2021/22.

4.4.6 Work at the Kenilworth Close site is well underway, which will provide over 200 new homes, including 118 units of new affordable accommodation. This includes the provision of a high quality new independent living scheme, as well as four new units of high quality retail at the site.

4.4.7 All properties at the Ditchmore Lane development were reserved over the course of 20/21, with eight completing in 20/21 and the final two early in 21/22. This scheme achieved a total capital receipt of £2.57m, with £910K for the General Fund and £1.66m for the HRA. A further £425K was achieved for the HRA from the sale of the private unit at the Blackwell Close development. Work continues on a number of other development sites in 2021/22.

4.5 HOUSING REVENUE ACCOUNT CAPITAL RESOURCES

4.5.1 The capital resources available to support the future capital programme (as at 31 March 2021) are £26.14Million. The resources are summarised in the following table:

Table Eight Housing Revenue Account Resources	Brought Forward	Received in Year	Used in Year	Used in year GF	Available to Fund Future Year Expenditure
	£'000	£'000	£'000	£'000	£'000
Major Repairs Reserve (Depreciation)	(£4,746.3)	(£11,900.4)	£2,328.2	£0.0	(£14,318.5)

Table Eight Housing Revenue Account Resources	Brought Forward	Received in Year	Used in Year	Used in year GF	Available to Fund Future Year Expenditure
Usable Capital Receipts	£0.0	(£1,858.5)	£425.0	£0.0	(£1,433.5)
One for One Receipts for HRA, General Fund and 1.4.1 repayment	(£10,364.1)	(£2,367.9)	£1,996.4	£1,275.8	(£9,459.7)
Debt Provision Receipts	(£106.2)	(£585.6)	£691.8	£0.0	£0.0
S20 and Other grant contributions	(£62.1)	(£1,277.3)	£408.8	£0.0	(£930.6)
Borrowing	£0.0	(£20,857.7)	£20,857.7	£0.0	£0.0
TOTAL	(£15,278.7)	(£38,847.4)	£26,707.9	£1,275.8	(£26,142.3)

numbers in brackets () =available funds/funds received in year, Positive numbers = spent in year

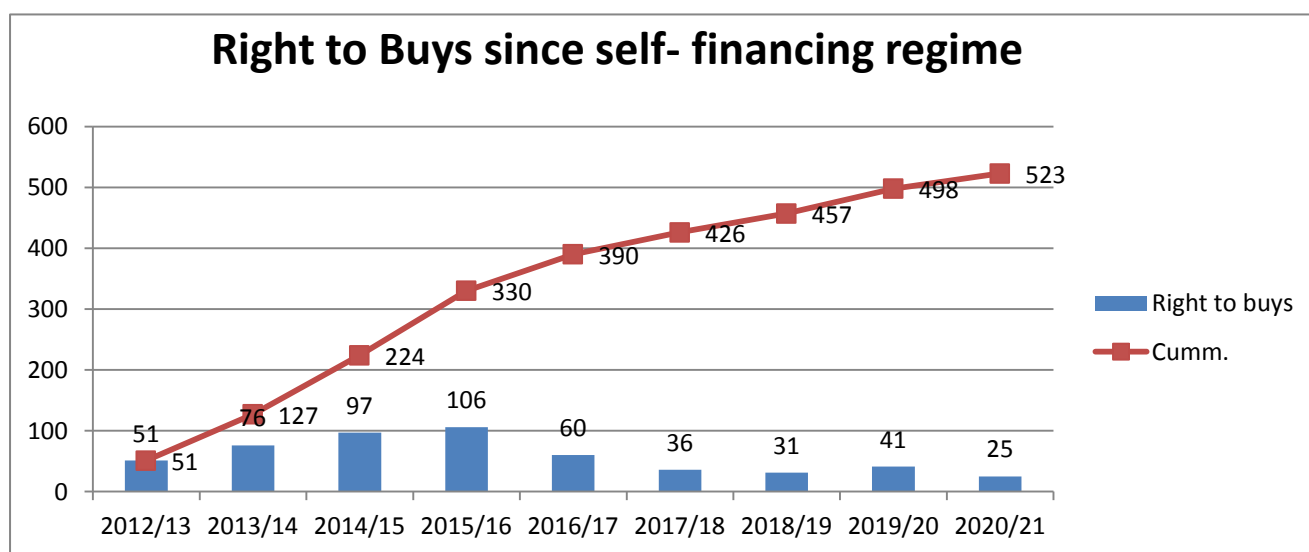
- 4.5.2 There were 25 homes sold under Right to Buy (RTB) during 2020/21, the resulting 2020/21 HRA net capital receipts were £3.317Million, less £346K of LA share which is utilised by the General Fund. The government share of RTB sales was £864K which is formula calculation regardless of the number of sales, (subject to there being sufficient receipts to fund it).
- 4.5.3 The HRA RTB receipts used in year to finance the capital works and grant aid registered housing providers was £3.272Million leaving a balance of £9.460Million of 1-4-1 receipt available to fund future new build schemes such as Kenilworth and Symonds Green.
- 4.5.4 The government announced a relaxing of the return of 1.4.1 receipts to take into consideration the impact of Covid-19 on the ability to build and purchase replacement homes and spend the receipts within the deadline, resulting in a temporary relaxation of the rules. Councils were able to apply for an extension of the three year deadline to December 2020, for receipts to be used in quarters one to three of 2020/21. Since then the government has announced further changes which are set out below and mean a greater proportion of receipts can be used for replacing one property and they can be retained for longer. However one caveat is there is a limit to the amount that can be used for open market acquisitions (OMA's), however the Council has focused on a new build rather than OMA acquisition strategy. The changes to the rules are:
- Pooling of RTB receipts will take place annually, replacing the former quarterly system. Deadlines for spending retained receipts will also be calculated on an annual basis. A minimal amount of non-financial management information will still be collected quarterly.
 - The timeframe LA's have to spend new and existing Right to Buy receipts is extended from 3 years to 5 years. Helping to undertake longer-term planning, including remediation of larger plots of land.
 - The percentage cost of a new home that local authorities can fund using 1.4.1 receipts increases from 30% to 40%. Although not as much as SBC

responded to in the consultation and still does not address the replacement of homes on sites such as Kenilworth.

- Authorities can use receipts to supply shared ownership and First Homes, as well as housing at affordable and social rent.
- A cap is introduced on the use of Right to Buy receipts for acquisitions with the intention to help drive new supply with effect from 1 April 2022 and phased in over 2022-23 to 2024-25.

4.5.5 The current projection for the use and return of 1.4.1 receipts based on the rule changes is being calculated, but the ability to hold receipts for longer and to apply 40% to anyone new home is an improvement on the existing scheme and welcome. However as part of the consultation the Council also lobbied for the application of 1.4.1 receipts to be applied to replacement properties for large scale 'place making' schemes, such as Kenilworth, however this was not included in the changes.

4.5.6 Right to buy sales have fallen from the peak of 106 sales in 2015/16 to 25 sales in 2020/21 as shown in the chart below, it is anticipated this has been impacted by COVID. The estimated total of RTB sales for 2020/21 was 35.



4.5.7 COVID may have an impact on the capital programme for some time in terms of:

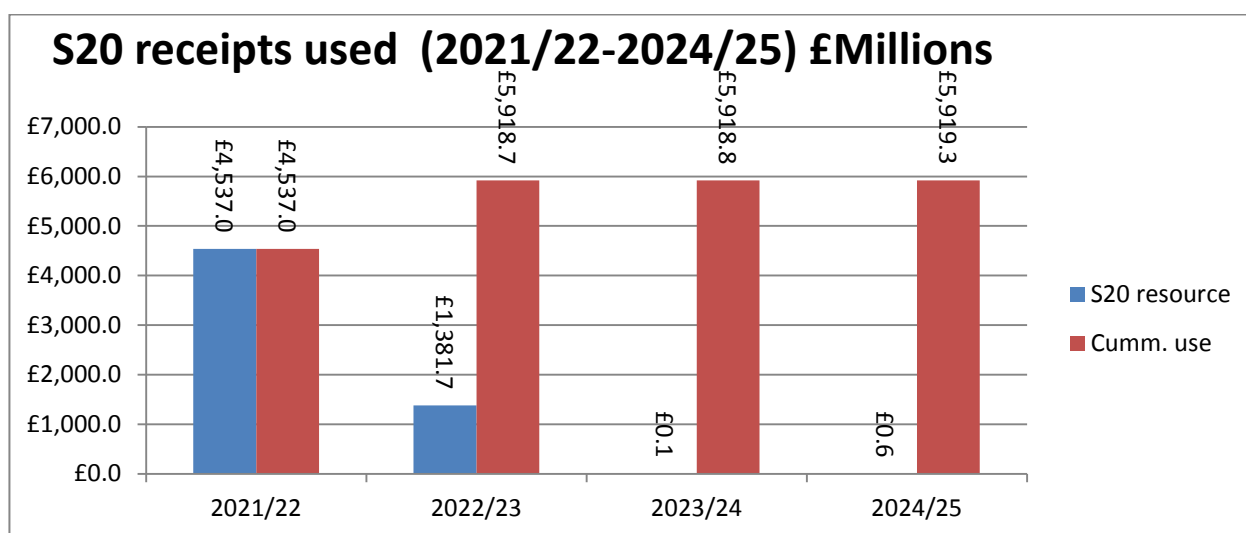
- Availability of contractors
- Cost of construction materials (which have seen an increase COVID/BREXIT related)
- An anticipated increase in inflation which could see materials and borrowing rates rises.

4.5.8 The HRA plans to borrow £57Million over this and the next two years to fund future capital works. The HRA had the programme funded from £20.857Million of borrowing for 2020/21. Only £10Million was physically taken with rates slightly above the business plan estimates for 2020/21 and 2021/22.

4.5.9 If all the loans were taken for 2020/21 and 2021/22 at rates as of 14 July 2021 this would increase borrowing costs to the HRA by £170K in a full year, (budgeted interest for 2021/22 £7.8Million). However there are number of mitigating factors such as:

- Cash flow doesn't dictate the loans need to be taken immediately, leaving time to track rates and borrow at the optimum time
- The HRA Business Plan can look at a different profile of loans (e.g. different repayment profiles to reduce costs).
- The HRA has an interest equalisation reserve.

4.5.10 The HRA capital programme does assume funding from S20 receipts, (works done to leaseholder properties) will be used to fund some of the Major Repair Contract (MRC) works totalling £5.9Million for the period 2021/22-2024/25. This will need to be reviewed as part of the HRA Business Plan refresh in terms of any revised profiling, particularly as £4.5Million is assumed in 2021/22, there may be a need to switch funding resources between years.



4.6 HOUSING REVENUE ACCOUNT CAPITAL EXPENDITURE 2021/22

4.6.1 Members approved the 2021/22 Housing Revenue Account capital programme totalling £56.97Million at the March 2020 Executive. This report identifies an increase to the 2021/22 programme of £1.288Million, as a result of

- Scheme slippage of £342K as summarised in paragraph 4.4.1, arising from revised delivery dates of schemes.
- Increased costs of £930.6K which relates to funding from the Green homes grant (LAD1 b) received 23 March 2021 and will contribute to green energy initiatives in the Council's social and affordable housing stock.
- Minor increase of £15.2K

This means the total budget for 2021/22 is £58.26Million.

4.6.2 There is likely to be additional pressures on the HRA capital programme in terms of works to high rise blocks and replacement works to windows, building safety works and decarbonisation of the housing stock. The HRA Business Plan will be on the Executive agenda, later in the financial year.

5. IMPLICATIONS

5.1 Financial Implications

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

5.2 Legal Implications

5.2.1 None identified at this time.

5.3 Equality and Diversity Implications

5.3.1 This report is of a technical nature reflecting the projected spend for the year for the General Fund 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.

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

5.4 Risk Implications

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

5.4.2 There is a risk that the value of land sales is not realised due to the impact of COVID on the confidence on the market or prices are lower than anticipated due to higher material costs as set out in paragraph 4.5.7 linked to BREXIT/COVID.

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

5.4.4 The Council manages this risk by reviewing and updating the Strategy quarterly, including resources where a sale is likely to complete. This will enable action to be taken where a receipt looks doubtful.

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

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

5.5 Climate Change Implications

5.5.1 The Council's buildings across the town do not meet the climate change agenda in terms of energy efficiency or divestment of use of fossil fuels and in their current condition they would undermine the Council's attempt to be carbon zero by 2030.

5.5.2 However, there is an opportunity with the local asset review agenda to have design principles built into renewed assets in terms of energy efficiency and sustainable energy sources. This should be a core principle of any future designs arising from the local asset reviews. There would be a further benefit of reduced energy costs.

BACKGROUND DOCUMENTS BD1 - Capital Strategy Update January 2021 (Executive)
BD2 - Capital Strategy February 2021 (Council)
BD3 - Capital Strategy March 2021 (Executive)

APPENDIX None

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

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of the Local Government Act 1972.

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

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